



## NORTH YORKSHIRE SCHOOLS FORUM

<b>Date of meeting:</b>	Thursday, 19 March 2026
<b>Title of report:</b>	<b>High Needs Block 2026-27</b>
<b>Type of report:</b> Delete as required	For information only
<b>Executive summary:</b> Including reason for submission	The report outlines the expected budget for the High Needs Block in 2026-27, how this compares to an anticipated in-year funding of £81.4m, and the extent of the anticipated financial pressure.
<b>Budget / Risk implications:</b>	There is a projected accumulated deficit as at 31 <sup>st</sup> March 2026 of c.£27.4m and a projected in-year deficit in 2026-27 of c.£14.1m which would result in an accumulated deficit as at 31 <sup>st</sup> March 2027 of £41.5m, excluding any funding support from the High Needs Stability Grant.
<b>Recommendations:</b>	Schools Forum are asked to note the contents of the report.
<b>Voting requirements:</b>	None
<b>Appendices:</b> To be attached	None
<b>Report originator and contact details:</b>	Howard Emmett, Assistant Director, Resources (howard.emmett@northyorks.gov.uk)
<b>Presenting officer:</b> If not the originator	



## 1.0 PURPOSE OF THE REPORT

- 1.1 This paper outlines the high-level High Needs Block funding position, the anticipated expenditure and projected in-year deficit position. The outline includes information on the current and projected accumulated deficit position. The paper also refers to decisions made by Executive on 6 January 2026 in relation to Special School budgets and E3 top-up banding payments as well as mitigating actions that the local authority is exploring in order to reduce the unfunded financial pressure.

## 2.0 HIGH NEEDS BLOCK FUNDING

- 2.1 The anticipated overall High Needs Block allocation available for North Yorkshire in 2026-27 is £93.22m. This allocation is inclusive of the grant funding (£5.08m) previously allocated to the High Needs budget outside of the Dedicated Schools Grant (DSG) which has been rolled into the High Needs DSG for the 2026-27 financial year. The 2026-27 High Needs DSG has remained “cash flat” at the 2025-26 funding level after accounting for the rolled in grant funding. The High Needs DSG initial funding allocation is reduced by the Department for Education (DfE) in relation to funding provided directly to academies and for some post-16 provision. It also includes an anticipated import/export adjustment (adjustments made to reflect cross-border movement of pupils living in one local authority who attend provision in another; adjustments for 2026-27 will be finalised by the DfE in early Summer 2026). The anticipated total deductions amount to an estimated £14.18m resulting in a net funding allocation to the local authority of £79.04m. In addition, the Executive on the 6 January 2026 approved a funding transfer of 0.5% (£2.41m) from the Schools Block DSG to the High Needs Block DSG for the 2026-27 financial year; this transfer was supported by the North Yorkshire Schools Forum. The final High Needs Block figure will not be known until June 2026 following confirmation of the import/export adjustment. Table 1 summarises the anticipated funding position.

*Table 1: HNB Funding Position*

	2025-26 £m	2026-27 £m	Variance £m
High Needs Block Allocation	88.142	93.217*	5.075***
DfE Deductions	(11.964)	(14,179)**	(2.215)
<b>North Yorkshire LA Allocation</b>	<b>76.178</b>	<b>79.038</b>	<b>2.860</b>
0.5% Schools Block Transfer		2.409	2.409
<b>Total High Needs Block Funding</b>	<b>76.178</b>	<b>81.447</b>	<b>5.269</b>

\* Latest High Needs DSG funding position provided by DfE

\*\* These figures are the LA's latest prediction as at 06/03/26 (figure previously reported to Schools Forum in January 2026 - £13.623)

\*\*\*"Rolled in" grant funding previously received outside of High Needs DSG

- 2.2 Item 2.4 SEND Reform sets out the position with regard to high needs and SEND funding made following the publication of the Final Local Government Funding Settlement for 2026-27 and the publication of the White Paper: 'Every Child Achieving and Thriving' and associated consultation paper.



- 2.3 Changes in government regulations since January 2020 effectively prohibit the local authority from using its general resources to fund any overspend in the High Needs Block (and any other DSG blocks).
- 2.4 The “cash flat” national funding quantum for the High Needs DSG for the 2026-27 financial year does not enable local authorities to respond to the combination of pay and price inflation and increased demand for support. Inequities in the distribution of resources between local authorities need to be addressed. The Public Accounts Committee’s report<sup>1</sup> into “Support for children and young people with special educational needs” found that the SEND system “...is reaching, or, arguably, has already reached, crisis point. Despite a 58% increase in the [DfE’s] high needs funding over the last decade, funding has not kept pace with demand following a 140% increase in the number of children with education, health and care (EHC) plans. Outcomes for children have not improved which inevitably undermines parents’ confidence in the system.” It goes on to say that: “[A]s well as not delivering outcomes, the SEN system is unaffordable, placing a significant strain on local authorities’ finances. Most worryingly, government does not know how it will address immediate financial challenges faced by local authorities where, for many years, local authority spending has outstripped departmental high-needs funding, leading to substantial deficits. Local authorities now face the prospect of these deficits, which could total £4.6 billion, hitting their books in March 2026 and impacting their wider finances....the gap between high-needs annual funding and forecast costs looks set to rise further, with an estimated £3.4 billion mismatch in 2027-28”
- 2.5 The local authority is ranked 146 out of 151 local authorities in terms of revenue funding per head (2-18 population). The way that the Department for Education determine how much each local authority receives depends on a number of factors, including:
- Historic spend factor – this bears no resemblance to the needs of today and means local authorities with similar SEND responsibilities can receive different funding levels
  - Deprivation factors – which do not mirror demand in North Yorkshire
  - To put this into context, North Yorkshire received £797 per pupil in 2025-26; the top-funded local authority gets £1,738 per pupil.

### 3.0 HIGH NEEDS BUDGETS

- 3.1 The proposed budget for High Needs has been prepared building in provisional estimates for increased numbers of children and young people assessed as requiring Education, Health and Care Plans. This reflects recent trends, known planned movements and best estimates of future demand. The proposed High Needs Budget for 2026-27 is outlined in **Table 2** below:

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<sup>1</sup> Support for children and young people with special educational needs, Public Accounts Committee, published on 15 January 2025 available at: <https://committees.parliament.uk/publications/46238/documents/231788/default/>

Table 2: High Needs Budget

	2026-27
	£k
High Needs Commissioning	88,679
Alternative Provision	1,239
Inclusion	1,820
Hubs & SEN Provision	3,362
Financial Support	54
DSG Overheads	420
<b>Estimated Spending</b>	<b>95,574</b>
<b>Estimated Funding</b>	<b>79,038</b>
<b>Estimated 0.5% Block Transfer</b>	<b>2,409</b>
<b>Estimated In-year Deficit</b>	<b>14,127</b>
<b>Projected In-year Deficit</b>	<b>14,127</b>
<b>Projected Accumulated Deficit B/f</b>	<b>27,447</b>
<b>Projected Accumulated Deficit C/f</b>	<b>41,574</b>

- 3.2 In total, anticipated expenditure in 2026-27 amounts to £95.6m with a provisional projected shortfall of £14.1m. It should be noted that c.93% of anticipated spend is within High Needs Commissioning. This principally funds special school commissioned places and top-up funding, mainstream Element 3 top-up funding, independent and non-maintained special school commissioned places and special provision institution (SPI) commissioned places. The figures included in section 3.1 reflect the latest estimates and will be closely monitored throughout the year.
- 3.3 For financial planning purposes, the 2026-27 High Needs Commissioning budget supports approximately 6,400 FTE children and young people assessed as requiring Education, Health and Care Plans (EHCPs). In reality, the number of children currently supported is in excess of this. The financial planning assumptions indicate that there will be an increase of approximately 1,000 children and young people financially supported through EHCPs in 2026-27 in different types of provision.
- 3.4 The High Needs Commissioning Budget of £88,679k represents the single largest area of spending; most of the financial pressure in the last three years has been in this area. The budget, outlined in **Table 3**, comprises:



Table 3: High Needs Commissioning Budget 2026-27

	£k	%
North Yorkshire Special Schools	26,867	30.3
Independent and Non-maintained Special Schools	18,876	21.3
North Yorkshire Mainstream School E3 Top-up Funding	15,042	17.0
Other Local Authority provision	4,340	4.8
PRU's	3,878	4.4
Special Provision Institutions	3,620	4.1
Pooled Budget	3,174	3.6
Education Other Than at School (EOTAS)	2,801	3.2
FE Colleges	2,757	3.1
Personalised Learning Pathways	2,495	2.8
Targeted Mainstream Provision	2,196	2.5
Independent Learning Providers (ILP's)	1,569	1.8
Early Years	939	1.0
Other	125	0.1
<b>Total</b>	<b>88,679</b>	<b>100</b>

- 3.5 47.3% of the High Needs Commissioning is spent directly with schools and academies in North Yorkshire, with 30% targeted at supporting the ten special schools in North Yorkshire to develop and deliver provision to meet the needs of children and young people locally. However, c.£20m is spent on approximately 300 places in independent and non-maintained special schools. This represents over 20% of the High Needs Commissioning Budget and represents an increase in absolute cost and an increase in overall share of the total spend compared with 2025-26. This continues to represent a high per pupil cost to the overall budget.

#### 4.0 SPECIAL SCHOOLS

- 4.1 The Special schools funding formula for 2026-27 was agreed by Executive on 6 January 2026, taking into account the following specific aspects of the budget allocations:
- The specific operation of the Minimum Funding Guarantee (MFG) for special schools;
  - The requirements placed on local authorities by the DfE for the allocation of the additional High Needs funding in 2023-24;
- 4.2 The Minimum Funding Guarantee (MFG) is a protection for special schools against seeing a reduction in funding from year to year assuming that the number and type of



places remain the same. The DfE determined that this rate should be set at 0% for Special schools for the 2026-27 financial year.

- 4.3 The Executive confirmed approval for Banded Funding allocations for 2026-27 providing a 2% increase on the 2025-26 financial year funding levels. Allocations are outlined in **Table 4**.

*Table 4: Element 3 Banding Allocations*

	Funding Rates 2026-27
Band 3	£0
Band 4	£1,890
Band 5	£4,160
Band 6	£6,000
Band 7	£9,170
Band 8	£10,960
Band 9	£15,200
Band 10*	£20,000*

\*actual allocations dependent on Placement Resource Panel evaluation

- 4.4 Executive approval was also provided for a 2% increase on the factor elements within the Special Schools Contextual Funding for 2026-27 compared to the 2025-26 financial year funding levels.
- 4.5 Special school funding statements have been prepared and shared with North Yorkshire special schools reflecting the above decisions, alongside accompanying guidance on how the formula allocations have been determined and incorporating the assessment of the commissioned places for the 2026-27 academic year.
- 4.6 The Special School budget for 2026-27 is based upon a combination of 1,273 North Yorkshire Pupils commissioned places for the 2025-26 academic year and 1,371 commissioned places for the 2026-27 academic year. Due to open in September 2026 is a development of a new Secondary Autism provision in Harrogate - these places are not in the commissioned numbers but are accounted for in the budget. However, there continues to be a need to enhance capacity further, both in terms of the overall level of capacity in the sector and meeting specific gaps in the existing range of provisions. Furthermore, the development of significant additional capacity (through the development of the two free schools in Selby and Northallerton) are a cornerstone of our High Needs programme as forecasts indicate that we will be able to support a significant number of young people in specialist provisions who would otherwise need support through an independent sector placement.

## 5.0 PUPIL REFERRAL SERVICE

The Pupil Referral Service / Alternative Provision budget for 2026-27 has been constructed on the basis that planned secondary commissioned places at all settings

will be at the same level of local authority commissioned places in the 2026-27 academic year as in the 2025-26 academic year (i.e. 168 places). Top-up funding allocations (Element 3 funding) and preventative place funding allocations will be increased in line with the inflationary uplift described in **section 5** above.

- 5.1 The Local Authority has maintained the number of secondary preventative places for the 2026-27 academic year at the same level as in the 2025-26 academic year. The uptake of these preventative places does vary between establishments and whilst some establishments have made significant positive progress in increasing the number of young people through this route, that position is not universal.
- 5.3 The Local Authority has recently consulted on the move to create primary commissioned places, the 2026-27 budget has provision to potentially allow for this transition during the 2026-27 academic year.

## 6.0 NEXT STEPS

- 6.1 The local authority has adopted a transformational approach to high needs identifying mitigating actions to reduce the growth of the financial pressure. This includes the co-production of an ordinarily available inclusive mainstream framework to systemically support pupils with additional needs to access local, mainstream provision. Improvements to SEN administration, assessment and co-ordination have been progressed with improvements in timeliness of assessment. During 2026, a digital EHCP will start to be rolled out to support more efficient and streamlined processes. The local authority has, over a number of years, expanded specialist provision both within special schools and through targeted mainstream provision. New special schools are planned for Selby and Northallerton whilst the local authority has in recent years completed significant capital developments at Welburn Hall School, Skipton, Harrogate and Springwater.
- 6.2 The local authority will carefully consider the White Paper, 'Every child achieving and thriving' and will respond to the associated consultation paper. Local authorities are required to produce a Local SEND Reform Plan – which will need to be approved by DfE prior to the approval of any High Needs Stability Grant payment

## 7.0 RECOMMENDATIONS

- 7.1 Schools Forum are asked:
- (i) to note the contents of this report;
  - (ii) to note the financial position.

EL MAYHEW

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