CUMBERLAND COUNCIL SCHOOLS FORUM
Report Title: High Needs Budget Monitoring YE 2025/26
Meeting date: 10th September 2026
Report of: Emma Hamer, Assistant Director, Education, SEND & Inclusion

1.0 Executive Summary

1.1 This report presents the provisional outturn deficit position on the High Needs (HN) Block as at 31 March 2026. The cumulative budget deficit is forecast to be £33.126m as at 31 March 2026, this is an improvement on the forecast position at Q3, 31st December 2025.

2.0 Link to Council Plan Priorities

2.1 The utilisation of the HN Block within the Dedicated Schools Grant (DSG) is supportive of the Council Plan "to improve the health and wellbeing of its residents" and the priority to "address inequalities and enable its residents to access opportunities that will empower them to achieve their goals."

3.0 Recommendation

3.1 The Schools Forum are recommended to note the provisional outturn position on the High Needs budget as at 31 March 2026.

4.0 Rationale & Evidence for the Recommendation
Background

4.1 A balanced High Needs budget has been set for 2025/26 with no planned transfer to or from reserves. The initial budget available for the HN Block was £39.556m based on the provisional HN Block allocation from central government as confirmed in December 2024. There were no transfers from the Schools Block.

Budget Revisions

4.2 Since the initial budget was set the HN block allocation has been updated to reflect adjusted recoupment for HN places as shown in the table below:

	2025/26
	£m
High Needs allocation before recoupment for place funding in academies and FE institutions	43.037
Less recoupment for high needs places in academies and FE institutions	(3.481)
Initial Budget	**39.556**
In Year Adjustments	(0.018)
Total High Needs Budget	**39.538**

Projected Outturn

4.3 Performance against the High Needs Block budget is monitored monthly with reports presented to senior management and to Executive on a quarterly basis, as well as to each Schools Forum meeting.

4.4 The table below presents the provisional outturn position at Year End. This shows that the budget is overspent by £7.587m at 31 March 2026:

Description	Budget £m	Forecast £m	Variance £m	Previous Qtr Variance £m	Change in Variance £m
Special Schools - High Needs	12.163	13.410	1.246	1.179	0.068
Schools -Resourced Provision	0.767	0.723	(0.044)	(0.041)	(0.003)
Independent & Other Placements	4.940	6.779	1.839	1.827	0.012
Central SEN (Equipment, BVI, Audio etc)	0.043	0.040	(0.004)	(0.016)	0.012
SEND Residential Placements	1.920	0.942	(0.978)	(0.771)	(0.207)
High Needs - Invest to Save	0.000	0.154	0.154	0.065	0.090
High Needs - Post 16 ISPs	0.965	1.213	0.247	0.332	(0.085)
High Needs - Post 16 FE	0.964	1.784	0.820	1.021	(0.201)
High Needs - Top Up	10.527	14.745	4.219	4.550	(0.332)
Virtual School (CLA Inclusion)	0.218	0.218	0.000	0.000	0.000
Inclusion Teams	1.747	1.747	0.000	0.000	0.000
PRU Budgets	5.248	5.335	0.087	0.000	0.087
Share of de-delegated (special schools)	0.036	0.036	0.000	0.000	0.000
Total DSG to transfer to DSG HNB reserve	**39.538**	**47.125**	**7.587**	**8.147**	**(0.560)**

- Special Schools £1.246m. This includes costs of new and amendments to EHCP top-ups since the start of the year of £0.731m. An additional £0.058m expenditure relates to equipment and expenses in relation to additional places needed within the special schools. It is expected that the expense in relation to new and amendments to EHCP top-ups will continue to rise as the year goes on as the demand is realised. The additional variance of £0.457m which was unable to be budgeted for due to the limited High Needs allocation.

- Schools – Resourced Provision (£0.044m). A review has been undertaken on capacity within our Resourced Provision to ensure that we are utilising these places as much as possible to reduce costs in other areas of the budget and this has therefore meant that spaces haven't increased as much as we in finance had forecast.

- Independent Specialist Placements (ISPs) & Other Placements £1.839m, an increase of £0.012m in comparison to the previous quarter. The forecast is based on current and known new non-residential ISPs coming through the system. The expenditure for ISPs in the 2025/26 financial year was £4.866m which relates to 72 placements. The average full year cost of a non-residential ISP currently is £71,940; this is a significant increase on the previous quarter. Currently the highest cost placement is £0.102m per annum. Also included within this budget line is forecast EHCP top-ups for children placed in Westmorland & Furness schools of £0.704m, children placed in other local authorities of £0.224m, forecast costs associated with children being educated other than at a school (EOTAS) of £1.032m.

- Central SEN (£0.004m). The forecast is based on Equipment costs of £0.119m and PEX Expenditure of £0.109m. This is offset by PEX Clawback Income of (£0.115m) and grant income of (£0.074m).

- Residential ISPs (£0.978m), a reduction of (£0.207m) in comparison to the previous quarter. The forecast is based on current and known new placements. The current overall number of residential placements as at year end is 17 and the average full year cost of a residential placement is £56,342.

- High Needs Invest to Save Initiatives £0.154m. The forecast expenditure here relates to the Early Intervention Programme which was rolled out to Mayfield and James Rennie in academic year 2022/23.

- Post-16 ISPs £0.247m, a reduction in expenditure of (£0.085m) in comparison to the previous quarter. The forecast is based on current and known new placements. The current overall number of Post-16 ISPs at year end is 41. The average cost of a post-16 ISP is £28,601.

  The below table summarises the number of pupils in ISPs by provider type:

Number of Children and Young People with EHCPs in Independent Special Placements 2025/26

	Number of Children							Placement Changes					Average Annual Cost of Placements	
Placement Type	2024/25 Outturn	2025/26 June	2025/26 Sept	2025/26 Dec		New	Ended	In	Out	Total Change	2025/26 Mar	2025/26 Actual Spend £m	2025/26 £	2024/25 £
ISP - Day	75	73	73	72		0	0	0		0	72	4,906,940	68,152	58,402
ISP - Residential	17	16	15	16		0	1		0	1	17	957,820	56,342	82,057
ISP - FE Colleges	33	32	36	41		0	0			0	41	1,172,660	28,601	38,513
Total	125	121	124	129	0	0	1	0	0	1	130	7,037,420		

- Post-16 Further Education (FE) Colleges £0.820m, a reduction in forecast of (£0.201m) in comparison to the previous quarter. The forecast expenditure includes estimated top-up payments to FE Colleges of £0.846 m, other FE education providers of £0.839m and top-ups in mainstream post-16 schools of £0.099m.

- EHCP top-ups for pupils in mainstream schools and Early Years Providers £4.219m, this is a decrease of £0.331m in comparison to the previous quarter. The forecast is based on current EHCP costs and predicted number of new and amended ECHPs in-year. Since the start of the year there have been amendments to existing EHCPs of £0.416m, payments to PVIs (Private, Voluntary and Independent Settings) of £0.161m, and new and forecasted new EHCPs based on known children coming through the system totalling £1.802m.

The pressure against the High Needs Block continues to be due to specific budget pressures relating to the growth in demand for Education Health Care Plans (EHCPs) for children and young people with SEN.

Cumbria took part in the Department for Education's Delivering Better Value for SEND programme and successfully applied and received approval for a £1m grant for each new authority to support their improvement plans the impact of which has been incorporated in the DSG Management Plan. However, the current government confirmed this programme would cease at 31st March 2025. Cumberland Council were in a unique position that they had an underspend against the DBV of £288,390.32 on the programme which the Department for Education confirmed could be carried forward into 2025/26 as the service have identified committed spend for these monies. These monies were fully spent by 31st March 2026 in line with the terms of the grant.
In 2025 the DfE announced there would be significant SEND Reforms which would be announced within the Schools White Paper that was expected within 2025. Unfortunately, this paper was delayed and was only published on Monday 23rd February.

As part of the guidance published it was announced that there would be a High Needs Stability Grant introduced for Local Authorities. This grant is said to be based on Section 251 Data, DSG S151 Assurance Data and Revenue Outturn data to determine the amount of grant and it is indicated that the balance of this grant will equate to 90%

of the net DSG deficit balance as at 31st March 2026. This means that the amount used to calculate the grant will be the deficit less any underspends on other Dedicated Schools Grant Blocks. Guidance indicates that the DfE will scrutinise the balances to ensure that only eligible spend is within this balance. Although this is welcome news it does of course mean that 10% of the deficit will fall to the Local Authority to fund which based on the provisional year-end figures within this report this would equate to £2.497m.

Initial guidance indicates that this amount will be received in the 2026/27 financial year and that to be eligible for the grant the local authority must meet local SEND reform plans conditions. The Local Authority submitted the SEND Reform plan to the DfE on 19th June 2026.

It is imperative that the council make sufficient transformation to manage the 'in year' balance year on year as these grants are not expected to be a long-term solution for the deficit balances. The 'in year' deficit balance on the High Needs Block in 2026/27, per the SEND Reform plan, is forecast at 'worst case scenario' to be £13.983m plus any deficit on maintained school balances and/or other Dedicated Schools Grant Blocks. This will therefore require significant work which will include the increase in SEND sufficiency. The increase in special school places and the increase of RP and AP places within the Cumberland area would allow appropriate sufficiency to deliver places to Cumberland children and young people within the Cumberland area and to subsequently avoid children and young people needing to access provision out of area. The shortfall in provision in Cumberland currently means several Children and Young People are attending Independent Special Schools out of area at an average cost of £0.054m plus any home to school travel costs, which dependent on the home address of the child in some cases are at a cost of £0.027m per annum. Accessing out of area provision is not only extremely costly for the local authority but is not what we want for our children and young people in Cumberland.

The main focus for the school's white paper is inclusion within mainstream schools which would help to reduce the burden on special schools. In Cumberland Council the number of special school places have increased from 486 in 2023/24 to 550 in 2025/26 however there are a high number of active tribunal cases for children and young people within Cumberland which puts a significant burden on our SEND team as well as the legal team which support the SEND service and the wider Children and Family Wellbeing directorate, this also shows that significant additional places are needed.

The work undertaken to complete and submit the SEND Reform plan was a collaborative effort not only from the Education, SEND and Inclusion team but also wider colleagues particularly within finance as well as partners within the NHS Trust, Academy Trusts and the DfE. If DfE colleagues do not believe this work is undertaken to an acceptable level, it is likely based on initial guidance that the local authority would not receive the 90% High Needs Stability Grant and therefore the council would need to fund the full cumulative deficit at 31st March 2026, plus any in-year deficits in 2026/27 and 2027/28 when the statutory override ends on 31st March 2028.

The Education, SEND and Inclusion Team alongside Finance colleagues have begun works to mitigate the balance on the High Needs Block as much as possible however significant Reforms in the SEND service are also needed, alongside invest to save initiatives; this is all recognised by the publication of the Schools White Paper.

As requested previously by the forum, please see below table that details the number of places that the forecast relates to in further detail:

<table>
<tr><th></th><th>Places in Cumberland</th><th>Places funded by LA direct</th></tr>
<tr><td>Special School</td><td>550 for AY 25/26</td><td>283</td></tr>
<tr><td>Resourced Provision</td><td>160 for Q4 AY 25/26, Reduced from 168 in Q3</td><td>71</td></tr>
<tr><td>ISP’s</td><td>Shown in table above</td><td>All funded directly by LA</td></tr>
<tr><td rowspan="4">Pupil Referral Units</td><td>100 PRU Places AY 25/26</td><td>All funded directly by LA</td></tr>
<tr><td>40 AP Places AY 25/26</td><td>All funded directly by LA</td></tr>
<tr><td>35 SEMH Places AY 25/26</td><td>All funded directly by LA</td></tr>
<tr><td colspan="2">Home and Hospital Tuition also funded through PRUs in this budget line.</td></tr>
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It is hoped that the inclusion of the above table helps to add narrative to the substantial forecasts shown within the High Needs Block narrative above.

5.0 Options

5.1 The Schools Forum is recommended to note the provisional outturn position against the High Needs Block budget.

6.0 Financial & Other Relevant Implications

6.1 Financial implications are considered throughout this report.

1 September 2026

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