CUMBERLAND COUNCIL SCHOOLS FORUM
Report Title: High Needs Budget Monitoring Q1 2026/27
Meeting date: 10th September 2026
Report of: Emma Hamer, Assistant Director, Education, SEND & Inclusion

1.0 Executive Summary

1.1 This report presents the forecast deficit position on the High Needs (HN) Block as at 30 June 2026. The in year budget deficit position is forecast to be £6.715m, resulting in the cumulative budget deficit forecast to be £39.840m as at 31 March 2027.

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 current projection on the HN budget as at 30 June 2026.

4.0 Rationale & Evidence for the Recommendation

Background

4.1 A balanced High Needs budget has been set for 2026/27 with no planned transfer to or from reserves. The initial budget available for the HN Block was £45.132m based on the provisional HN Block allocation from central government as confirmed in December 2025. 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:

	2026/27
	£m
High Needs allocation before recoupment for place funding in academies and FE institutions	45.132
Less recoupment for high needs places in academies and FE institutions	(3.482)
Initial Budget	**41.650**

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 projection against the budget as at Q1. This shows that the budget is projected to overspend by £6.715m, in year, at 31 March 2027:

Description	Budget £m	Budget Adjustments £m	Budget £m	Forecast £m	Variance £m
Schools - Resourced Provision	0.515	-	0.515	0.560	0.045
Independent & Other Placements	4.539	-	4.539	6.548	2.009
Central SEN (Equipment, BVI, Audio etc)	0.065	-	0.065	0.116	0.051
Pupil Referral Units	5.646	-	5.646	5.647	0.001
Invest to Save	-	-	-	0.154	0.154
SEND Residential Placements	1.179	-	1.179	0.729	- 0.450
Special Schools - High Needs	14.796	-	14.796	15.103	0.308
High Needs Top Up	10.859	-	10.859	14.585	3.726
Post 16 FE	0.994	-	0.994	1.582	0.587
Post 16 ISPs	0.931	-	0.931	1.222	0.291
Inclusive Provision Panel	0.100	-	0.100	0.100	-
Virtual School	0.219	-	0.219	0.219	-
Inclusion SEND	0.188	-	0.188	0.188	-
Inclusion Access to Education	0.357	-	0.357	0.357	-
Education Psychology	0.081	-	0.081	0.081	-
Specalisted Advisory Teachers	1.118	-	1.118	1.109	- 0.008
Business Systems and Information Team	0.027	-	0.027	0.027	-
Share of De-Delegated Special Schools	0.036	-	0.036	0.036	-
Total DSG to transfer to DSG central reserve	**41.650**	**-**	**41.650**	**48.364**	**6.715**

- Schools – Resourced Provision £0.045m. This is because of several Resourced Provisions in the Cumberland authority being over commissioned number.

- Independent Specialist Placements (ISPs) & Other Placements £2.009m. The forecast is based on current and known new non-residential ISPs coming through the system. The forecast expenditure for ISPs is predicted to be £4.746m which relates to 71 placements. The number of placements has reduced by 1 since the 31st March 2026. The average full year cost of a non-residential ISP currently is £69,112. Currently the highest cost placement is £0.146m per annum. Also included within this budget line is forecast EHCP top-ups for children placed in Westmorland & Furness schools of £0.721 m, children placed in other local authorities of £0.281m, forecast costs associated with children being educated other than at a school (EOTAS) of £0.801m.

- Central SEN £0.051m. The forecast is based on Equipment costs of £0.120m and PEX Clawbacks of (£0.004m).

- 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.

- Residential ISPs (£0.450m). The forecast is based on current and known new placements. The current overall number of residential placements as at Q1 is 17 and the average full year cost of a residential placement is £55,437.

- Special Schools £0.308m. This includes costs of new and amendments to EHCP top-ups since the start of the year of £0.247m. An additional £0.002m 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 £0.059m which was unable to be budgeted for due to the limited High Needs allocation.

- EHCP top-ups for pupils in mainstream schools and Early Years Providers £3.726m. 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 £0.490m, payments to PVIs (Private, Voluntary and Independent Settings) of £0.086m, new and forecasted new EHCPs based on known children coming through the system totalling £0.877m, and £3.685m forecast for the increased demand forecast in EHCP's during the financial year.

- Post-16 Further Education (FE) Colleges £0.587m. The forecast expenditure includes estimated top-up payments to FE Colleges of £0.817m and other FE education providers of £0.860m.

- Post-16 ISPs £0.291m. The forecast is based on current and known new placements. The current overall number of Post-16 ISPs at Q1 is 41. This number has not increased since Q4. The average cost of a post-16 ISP is £21,364.

  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 2026/27

	Number of Children													
								Placement Changes					Average Annual Cost of Placements	
Placement Type	2025/26 Outturn	2026/27 June	2026/27 Sept	2026/27 Dec		New	Ended	In	Out	Total Change	2026/27 Jun	2026/27 Actual Spend £m	2026/27 £	2025/26 £
ISP - Day	72	0	0	0		0	-1	0		-1	71	4,906,940	69,112	68,152
ISP - Residential	17	0	0	0		0	0		0	0	17	942,432	55,437	56,342
ISP - FE Colleges	41	0	0	0		0	0			0	41	875,907	21,364	28,601
Total	130	0	0	0	0	0	-1	0	0	-1	129	6,725,279		

- Specialist Advisory Teachers (£0.008m). This is as a result of staffing vacancies.

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.

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.

The SEND Reform guidance puts particular focus on improving inclusion within mainstream settings and highlights the need for Experts at Hand such as Speech and Language Therapists, Occupational Therapists, Educational Psychologists and Specialist Advisory Teachers. Although the guidance is still limited in relation to the financial implications from this white paper guidance so far refers to funding for Local Authorities to support the Experts at Hand initiatives alongside Inclusive Mainstream Funds for Early Years Settings and Schools to support Inclusion in Mainstream and a High Needs Stability Grant to support Local Authorities at the end of the Statutory Override. The Office for Budget Responsibility forecast that the DSG High Needs Block Deficits are forecast to have reached £14bn nationally by 2027-28. As a result, government announced the introduction of a High Needs Stability Grant to Local Authorities which is expected to provide a grant to Local Authorities which is 90% of the High Needs DSG Deficit at 31st March 2026. 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. For Cumberland Council this is forecast to be £22.477m. Although this is welcome news it does of course mean that 10% of the deficit will fall to the Local Authority to fund.

Guidance published also stated to enable Local Authorities to access this 90% grant, authorities had to submit the authorities SEND Reform plan, this plan would then be assessed by the DfE in detail who would then determine if the plan was sufficient and advise whether the authority have met the requirements. Before the final version was submitted the authority had the opportunity to submit a draft plan to our DfE Advisors (SEND Advisor, Helen Chester, and Finance Advisor, William Crabtree) for formal feedback and adjustments. The draft plan was submitted to the advisors on Friday 19th May 2026 with feedback being received and amendments made ahead of Cumberland Final SEND Reform Plan being submitted by Emma Hamer, AD for Education, SEND and Inclusion to DfE colleagues on Friday 19th June 2026.

The SEND Reform plan includes not only the Education Narrative around the vision for SEND Reform within Cumberland but also includes financial data and projections up to and including 2027/28. Within these forecasts there are detailed assumptions around the demand and there is narrative explaining all of the assumptions used. Initial guidance indicates that should the authority be successful in qualifying for the High Needs Stability Grant this amount will be received in the 2026/27 financial year however further details have not yet been published.

As it is expected that the High Needs Stability Grant will be a one-off payment to local authorities it is imperative that the council make sufficient transformation to manage the ‘in year’ balance year on year. As the ‘in year’ deficit balance in 2026/27 is forecast to be £6.408m plus maintained school balances, this will 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 £0.052m 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.

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.

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

	Places in Cumberland	**Places funded by LA direct**
Special School	561 for AY 26/27	294
Resourced Provision	209 for Q1 AY 26/27	89
ISP’s	Shown in table above	All funded directly by LA
Pupil Referral Units	100 PRU Places AY 26/27	All funded directly by LA
	40 AP Places AY 26/27	All funded directly by LA

	35 SEMH Places AY 26/27	All funded directly by LA
	Home and Hospital Tuition also funded through PRUs in this budget line.	

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 forecast deficit 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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