

	<p align="center">Schools Forum 26 February 2026</p>
	<p align="center">Report from the Corporate Director of Children, Young People and Community Development</p>
<p>High Needs Block (HNB) Budget 2026/27</p>	

Wards Affected:	All
Key or Non-Key Decision:	N/A
Open or Part/Fully Exempt:	N/A
No. of Appendices:	Appendix 1 – HNB Budget Allocation 2026/27 Appendix 2 – Movement in HNB Budgets 2026/27 Appendix 3– 2026/27 Proposed Top-Up Banding Rates
Background Papers:	Prior Financial reports to Schools Forum
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1. Executive Summary

- 1.1. This report informs Schools Forum of the detailed HNB budgets for adoption in 2026/27.

2. Recommendation

- 2.1. That Schools Forum notes the report and agrees the HNB budgets as set out in Appendix 1.

3. Contribution to Borough Plan Priorities and Strategic Context

- 3.1. This report is linked to the Council's Borough Plan which aims to support children and young people to get the best start in life, by working in partnership with schools and other partners to ensure access to education is fair and equal.

4. Background

- 4.1. The DfE's HNB funding has been confirmed at £95.3m for 2026/27. This is £4.3m more than that received in 2025/26 and represents an increase of 4.7%.
- 4.2. £9.9m of the total HNB funding will be recouped by the Department for Education (DfE) to be paid directly to academies for their base funding, leaving a balance of £85.4m.
- 4.3. To set the Schools Block budgets in line with the Schools Forum agreement in January 2026 and the government's requirement to continue moving towards the National Funding Formula (NFF), the previously approved 0.5% (c£1.5m) transfer from the Schools Block to the HNB will not apply in 2026/27. The Schools Block funding allocation is insufficient to sustain this transfer under the NFF funding factors used to set the Schools Block budgets, as discussed at the Schools Forum meeting on 26 January 2026.
- 4.4. The government has suspended the High Needs NFF, which previously determined local authorities' high needs allocations. As an interim measure, while the high needs funding methodology is being reviewed to ensure alignment with wider Special Educational Needs and Disability (SEND) reforms, allocations have been based on 2025/26 funding levels. Brent's HNB allocation of £95.3m for the next financial year is therefore derived from the Local Authority's 2025/26 funding, rather than a full NFF calculation that would have reflected increases in commissioned school places for children with SEND in 2026/27.
- 4.5. As a result of the NFF suspension, the HNB allocation for the 2026/27 financial year does not include updated basic entitlement pupil numbers for special schools, nor the usual special free school adjustment. However, the import/export adjustment, which reflects movements of pupils across local authority boundaries and the associated cost implications will continue to apply for 2026/27.
- 4.6. The £4.3m year-on-year increase in funding against the HNB largely reflects the consolidation of the annualised 2025/26 Core Schools Budget Grant (CSBG) relating to special units and resourced provision. Consequently, this increase does not provide sufficient capacity to meet new demand pressures or inflationary cost increases in 2026/27.
- 4.7. The government has confirmed in its response to the Provisional Local Government Finance Settlement in February 2026 that grant funding will be allocated to cover 90% of local authorities' accumulated SEND deficits up to the end of March 2026. Conditions for accessing support have been set. Importantly, this support does not involve reallocating money from the core schools' budgets, meaning therefore that mainstream school funding remains protected.
- 4.8. As part of wider SEND system reforms, a number of initiatives have been announced with further details to be set out in the upcoming Schools White Paper. The aim is to make specialist places in mainstream schools a core part of the local school offer across the country. The government has announced £3bn of capital investment over the next four years to create new specialist places for children with SEND in mainstream schools. This funding will aim to support inclusive mainstream schools through the development of specialist units and "calm learning spaces", such as breakout rooms tailored for students with autism, ADHD and other SEND needs. A £38bn capital investment in the education estate between 2025/26 and 2029/30 has also been announced, to deliver new places planned through special free schools, either by building the schools or by providing local authorities with funding to create equivalent specialist places, and an expansion of the existing School Rebuilding Programme. Three mainstream Brent schools are currently included in the School

Rebuilding Programme and applications for a further 250 nationwide school rebuilding projects are expected to open in the new year.

5. HNB pressures and Demand

- 5.1 Brent's High Needs Block remains under significant pressure due to rising demand for statutory SEND support. The cumulative DSG deficit forecast is £18.4m by the end of 2025/26, following an in-year quarter 3 forecast overspend of £4.8m in 2025/26. As of January 2025, the number of EHCPs had increased by 8% compared to January 2024, with demand continuing to grow.
- 5.2 Table 1 shows the year-on-year increase in EHCPs over the past 6 years compared to the national average. Between January 2021 and January 2025, the number of children with EHCPs increased by 1,011 (36%). In July 2025 the number of EHCPs reached 4,000 for the first time and it is currently 4,186 as of January 2026.

Table 1: Annual Increase in EHCPs

Brent EHCPs as per SEN2 Return	Jan-21	Jan-22	Jan-23	Jan-24	Jan-25	Jan-26
Number of EHCPs	2784	2938	3251	3500	3795	4186
Brent % Increase	15%	6%	11%	8%	8%	10%
National % Increase	10%	10%	9%	11%	10.8%	pending publication

- 5.3 The growth in EHCPs is a national and London wide trend with the number of children assessed as meeting the threshold for support continuing to increase. As funding has not increased at the same pace as the increase in EHCPs, this continues to create financial pressures for many local authorities.

This pressure is likely to be compounded by increasing price costs in the independent sector in the new financial year, associated with increasing wage costs following changes in the employer's national insurance contributions. A funding gap of up to £14.9m is forecast in the HNB for the next financial year 2026/27, which reflects projected growth in the number of children requiring EHCPs.

- 5.4 The forecast £14.9m funding gap in 2026/27 arises from several cost pressures, including:
- £2.3m for out-of-borough placements
 - £2.3m for independent sector placements
 - £1.3m for post-16 placements
 - £6.1m linked to increased commissioned SEND places and complexity of need.

6. Detailed budget area changes

- 6.1. Where the number of places within special provisions has changed, this is reflected in the place funding and top up funding budgets (Appendix 1).
- 6.2. The budget assumes that the top up banding rates will remain the same for the Pupil Referral Units (PRUs) and Special Schools (Appendix 3).

- 6.3. The rates for Additionally Resourced Provisions (ARPs) have been standardised to £12,500 following Schools Forum approval in June 2025.
- 6.4. For 2026/27, the local authority is required to consolidate all relevant legacy funding into a single CSBG-combined rate, applied to each school's agreed place numbers for the year. This includes the four 2025/26 funding streams now rolled into the CSBG: the historic Teachers' Pay and Pensions Grant (TPPG), the additional 3.4% cost-pressure funding, the 2025/26 Core Schools Budget Grant, and an annualised 2025/26 pay-award funding. £6.4m has been set aside to pass on these grants to PRUs, Alternative Provision (AP) and Special Schools. This represents an increase of £4.5m compared to the additional grants allocated in 2025/26, utilising the total £4.3m growth against the HNB.
- 6.5. There are increases in the overall top-up funding allocations for special schools and mainstream pupils both in and out of the borough. These budget increases reflect the rise in demand through increased commissioned places and the spending patterns of previous years. In total £11.8m of the increased HNB funding has been allocated to meet demand pressures.
- 6.6. The recoupment budget, which offsets expenditure relating to pupils from other boroughs, has been set at £3m in line with current forecast and projected demand. There is a £0.7m reduction against this budget to reflect a change in the recoupment process from April 2026 - academies will be required to recoup EHCP costs for school placements by other local authorities directly and no longer through the Local Authority.
- 6.7. The budget for funding the education element of the cost of placing children in independent residential special schools has reduced by £0.2m, in line with current forecasts. £12.6m has been allocated for the education element of the cost of children placed in independent day special schools. This budget is expected to overspend in the next financial year given the current forecast projection of £11.7m and a forecast growth of 8%. This pressure is compounded by the DfE's decision not to fund the increase in place numbers for 2026/27, which adds further strain to the cumulative deficit. The detailed analysis of the impact of these unfunded pressures is set out in the HNB Deficit Management Plan provided in a separate report to this Forum.
- 6.8. Due to the complexities of the post-16 charging process, expenditure forecasting remains challenging. The budget has therefore been set using the best estimate of the current year's forecast and has been set at £6.3m, an increase of £1.3m from 2025/26.
- 6.9. A zero-based approach has been used to set the SEN Services budget. The £0.5m increase reflects the alignment of staffing to establishment levels, a projected 3.8% pay award and higher demand within the Speech and Language Therapy contract.

7. DSG Deficit Position and Projections

- 7.1. Since 2020, a statutory override has been in place that allows local authorities to hold deficit balances against their DSG budgets, separating this from their general revenue budgets. This override has been extended to 2028 under the current government, pending wider reform of the system.
- 7.2. In the recent budget announcement, the government confirmed that future funding implications for SEND will be managed within the overall government Departmental Expenditure Limits (DEL), meaning local authorities will not be expected to fund future SEND costs from general funds once the statutory override ends in 2028.
- 7.3. The government has also confirmed that grant funding will be allocated to cover 90% of local authorities' accumulated SEND deficits up to the end of March 2026.

- 7.4. In line with the above, if 90% grant funding is allocated to Brent to address the cumulative deficit, the current deficit forecast of £18.4m will reduce to £1.84m. However, if the forecast overspend of £14.9m in 2026/27 comes to fruition, the cumulative deficit by March 2027 would be £16.7m. Treatment of the remaining 10% of deficits accrued by 31 March 2026 has not yet been confirmed.
- 7.5. The government has confirmed that local authorities can expect a similarly proportionate approach to the financial support offered to cover deficits up until the end of March 2026 for the deficits that arise in 2026/27 and 2027/28, though this will not be unlimited.
- 7.6. Based on current modelling, pressures are projected to increase the cumulative deficit to £29m by March 2027 and £46m by the end of March 2028 when the statutory override is planned to end. These projections do not reflect any additional grant funding, but include mitigations set out in the council's DSG Deficit Management Plan which will be reviewed during this Schools Forum meeting.
- 7.7. Overall, nationally the deficit is circa £5bn, which evidences the urgent need for structural reform to the SEND system.

8.0 Stakeholder and ward member consultation and engagement

- 8.1 The Schools Forum, a representative group of schools and settings, is regularly kept abreast of schools' budgets, including the Management Plan to address the deficit arising from the High Needs Block of the DSG. The Lead Member for Children, Young People, Schools and Community Development is also regularly briefed on matters related to the DSG including Special Educational Needs and Disability (SEND).
- 8.2 The Schools Forum High Needs Block sub-group met on 9 February 2026 to discuss the HNB budget and the final detailed budget that is provided in Appendix 1.

9.0 Financial considerations

- 9.1 The available resources have been allocated within the funding constraints, leaving a forecast budgetary gap of £14.9m in 2026/27, in addition to the current deficit projection of £18.4m by the end of March 2026. In line with the above, if 90% grant funding is allocated to Brent to address the cumulative deficit, the current deficit forecast of £18.4m will reduce to £1.84m. The forecast cumulative deficit by March 2027 is therefore £16.7m.
- 9.2 The main risk against the HNB budget remains the rising number of children and young people with EHCPs. In Brent, as of December 2025, there were 4,163 children and young people with an EHCP compared to 3,798 in December 2024, representing a 9.6% increase.
- 9.3 There is also the risk of rising inflation for SEND provision in out-of-borough and independent placements, though this may be partially mitigated through the commissioning arrangements.

10.0 Legal considerations

- 10.1 There are no legal implications directly arising from this report.

11.0 Equality, Diversity and Inclusion (EDI) considerations

- 11.1 The key groups affected by the proposals are children and young people with SEND aged 0-25 in Brent. The Council is committed to inclusive education for all children and

young people with SEND whether in mainstream schools, in additionally resourced provision in mainstream schools or within special schools.

12.0 Climate Change and environmental considerations

12.1 There are no climate change and environmental implications directly arising from this report.

13.0 Communication considerations

13.1 Not applicable.

Report sign off:

Nigel Chapman

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