

	<p align="center"><b>Schools Forum</b> 26 February 2026</p>
	<p align="center"><b>Report from the Corporate Director Children, Young People and Community Development</b></p>
<p><b>Update on the DSG High Needs Block Deficit Management Plan</b></p>	

<b>Wards Affected:</b>	All
<b>Key or Non-Key Decision:</b>	N/A
<b>Open or Part/Fully Exempt:</b>	N/A
<b>List of Appendices:</b>	Appendix A – Brent DSG Deficit Management Plan February 2026
<b>Background Papers:</b>	Previous Schools Forum papers
<b>Contact Officer(s):</b>	<p>Roxanna Glennon Head of Inclusion Tel: 0208 937 2785 Email: <a href="mailto:Roxanna.Glennon@brent.gov.uk">Roxanna.Glennon@brent.gov.uk</a></p> <p>Folake Olufeko Head of Finance – CYPCD Tel: 0208 937 2491 Email: <a href="mailto:Folake.Olufeko@brent.gov.uk">Folake.Olufeko@brent.gov.uk</a></p>

## 1.0 Executive Summary

- 1.1. This report provides a further update on progress to date against the DSG Management Plan aimed at supporting a reduction in expenditure against the High Needs Block of the Dedicated Schools' Grant (DSG) at a sustainable level.

## 2.0 Recommendation(s)

- 2.1 Schools Forum is asked to note the updated Deficit Management Plan, in the context of recent updates from the government regarding support towards local authorities' accumulated DSG deficits and in consideration of the Schools White paper that is expected to be published this Spring.

## 3.0 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.

## 4.0 Background

- 4.1 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. The main cost driver of this deficit is the rising number of children with Education, Health, and Care Plans (EHCPs) without a comparative increase in DSG HNB funding. As of January 2025, the number of EHCPs had increased by 8% compared to January 2024, with demand continuing to grow.

4.2 Table 1 below shows the year-on-year increase of EHCPs over the past 6 years in Brent. The recent trend shows an average rate of growth of 10%, in line with the national trend, with a reduction in the last two years to 8% per year. This decline can be attributed to the successful pilot of the DBV in SEND Programme in Brent which commenced in 2022. For additional context, the HNB allocation from the DSG has only increased by 3% in 2024/25 and 6% in 2025/26, and 4.7% in 2026/27, highlighting the on-going budget pressures.

**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%	TBC pending publication

4.3 The government has indicated that a White Paper that sets out a new policy framework for support for children and young people with special educational needs and disabilities will be shared in Spring 2026. As part of these reforms, the DfE has already announced changes to the national SEND system, such as every member of staff in nurseries, schools and colleges being required to receive SEND and inclusion training, supported by a £200m national training programme and a strengthened SEND Code of Practice. While these updates signal a stronger national emphasis on inclusion and on ensuring that mainstream settings are better equipped to meet a broad range of needs, the government has not yet set out detailed expectations or the funding arrangements that will underpin the wider reforms. In the meantime, Brent is continuing to drive forward agreed actions on the DSG Deficit Management Plan and to develop the local SEND system. In this regard, a Headteacher SEND Reference Group has been established with representation from early years, primary, secondary and special schools. The group is being used to shape changes to the local system, including the SEND support offer, to ensure it meets local needs.

## 5.0 DSG Deficit Management Plan Update

5.1 Following the end of Brent’s DfE funded ‘Delivering Better Value’ (DBV) programme in April 2025, and in response to the ongoing challenges within the SEND system nationally, Brent has recently (January 2026) refined its HNB Management Plan to better reflect the current position. The central tenets of the Management Plan, namely improving local sufficiency of special school places, further developing Brent’s support offer for students with SEND and improving oversight of individual EHCPs, remain similar to before. However, some important changes are included within these tenets, as outlined below:

- a) **Improving sufficiency of local places.** Brent’s Phase 1 capital programme for SEND (approved by Cabinet in January 2022) has to date delivered 298 additional places for children with SEND in Brent (with a further 84 expected to be delivered by January 2030). Despite this significant increase, further places are required.

If all Brent children who were eligible were to access a place at a maintained, in-borough special school, Brent would require a total of 1,221 places (634 primary and 587 secondary), with the majority of these places being for children who have either communication and interaction or cognition and learning as their primary area of need. Brent currently has 480 places in primary age special school classes and 497 places in secondary age special school places. Of these places, 12% are occupied by children from other boroughs, leaving 422 primary places available and 437 secondary places available. Given this, Brent has a current shortfall of 212 primary places in special and 150 secondary places in special. To prevent Brent children with EHCPs being

unplaced, the independent sector, home tuition, out-of-borough schools and the mainstream sector are all currently being utilised. As well as being less convenient for pupils who must travel longer distances to school, this is putting increasing strain on mainstream schools and the high needs block. To mitigate these pressures, a Phase 2 capital programme was developed in 2025, and was approved by Cabinet in January 2026.

The Phase 2 capital programme will deliver an additional 212 places for children with SEND in Brent focused on special school places. Based on the proposed completion dates, the programme could achieve potential cost avoidance of £4.3m over its duration, including £2.6m in 2026/27. This is based on creating 212 new places, with an average cost avoidance of £21k per place, representing the difference between placing a Brent child in an independent special school versus an in-borough special school. There is also the potential for transport cost avoidance estimated as £1.3m.

- b) **Further developing support for students with SEND** – In the 2025/26 financial year, additional capacity was added to Brent’s SEND Outreach teams including capacity in the SEND Support and Brent Outreach Autism Team (BOAT). Further plans to expand Brent’s SEND Outreach offer are currently in development and include a proposal for a service to replicate the most successful aspects of Brent’s DBV funded ‘Intervention First Team’ (IFT) offer (an early intervention SEMH support service for children aged 5-7 and their families). However, progressing plans to a stage where their financial impact could be accurately modelled has been paused whilst we await the release of the Schools White Paper (expected later this Spring 2026). This decision has been made as it is unclear what funding will be available within local areas for SEND Outreach and also where responsibilities for commissioning certain types of service will lie.

In addition to planning to expand Brent’s SEND Outreach offer, there are also plans in development to better integrate Brent’s health, early help and public health services to focus on improving child development outcomes in Brent, especially within the context of rising deprivation in borough. If Brent can establish robust and effective early intervention (starting at conception), the current data available suggests that this should have a downward pressure on spend in the HNB as children reach statutory school age. Work is ongoing with other boroughs who have engaged with similar projects in order to establish how the financial impacts of such a project could be modelled.

- c) **Financial management workstream.** This has involved a deep dive into each area of spend to identify efficiencies, including administrative charges to other local authorities for out-of-borough pupils in Brent (an increase of £125k in income) and a review of commissioning arrangements for placements within the independent sector. Additional proposed capacity in both SEND commissioning and the SEND 0-25 teams is being actively explored and a cost/benefit analysis completed. The focus of these roles would be on effectively managing spend in the independent non-maintained school sector (INMSS) and on education other than at school (EOTAS) packages, as well as spend on personal budgets. Brent is currently forecasting spend of £12.6m on INMSS provision for the 2025/26 financial year for 245 places (£51.4k/place/annum), an increase of £1m (and 8.5%) as compared with send on INMSS in the 2024/25.

## 6.0 Stakeholder and ward member consultation and engagement

- 6.1 Schools Forum is regularly kept abreast of the DSG, including the HNB Management Plan. The Lead Member for Children, Young People and Schools is regularly updated on matters related to the DSG including SEND. The DSG Management Plan is also presented at the HNB Sub-group of the Schools’ Forum.

## **7.0 Financial considerations**

- 7.1 The statutory override that allows local authorities to hold deficit balances against their DSG budgets, separating this from their general revenue budgets, has been extended to 2028 under the current government, pending wider reform of the system. The government has 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.
- 7.2 The government has confirmed that grant funding will be allocated to cover 90% of local authorities' accumulated SEND deficits up to the end of March 2026, subject to an agreed local SEND Reform Plan. Importantly, any future support will be linked to assurance that the council is taking steps to deliver a reformed, inclusive SEND system, aligned with the wider national reforms expected to be confirmed in the forthcoming Schools White Paper.
- 7.3 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 at the end of March 2026. However, the current forecast overspend in 2026/27 is expected to be £14.9m based on current demand and spend projections. The cumulative deficit by March 2027 could therefore rise to £16.7m. Treatment of the remaining 10% of deficits accrued by 31 March 2026 has not yet been confirmed.
- 7.4 There remains a significant risk that the number of children and young people with EHCPs will continue to increase without the corresponding growth in HNB funding to fully cover the cost over the next two years. This long-standing mismatch has contributed to sustained financial pressures that have led to the deficit balance.
- 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 Not taking into account any further grant funding from central government to support the cumulative deficit, the modelling of the current DSG Deficit Management Plan shows the cumulative deficit could increase to £29m by March 2027 and £46m by the end of March 2028 when the statutory override is planned to end. These projections include mitigations set out the Management Plan (Appendix 1).
- 7.7 The Management Plan will be revised to reflect new priorities in line with the SEND Reform Plan that will be developed in conjunction with the DfE (the Local Authority has been allocated a DfE SEND Finance Advisor). The modelling will also be updated once confirmation of the additional grant allocation to cover 90% has been received, as this is subject to the DfE's approval. Further updates on the Management Plan and on-going work with the DfE will be brought to future Schools Forum meetings.

## **8.0 Legal considerations**

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

## **9.0 Equality, Diversity, and Inclusion (EDI) considerations**

- 9.1 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, additionally resourced provision in mainstream schools or special schools.

**10.0 Climate Change and Environmental Considerations**

10.1 Not applicable

**11.0 Human Resources/Property Considerations (if appropriate)**

11.1 Not applicable.

**12.0 Communication Considerations**

12.1 All Schools Forum reports are published and available to members of the public and schools.

**Report sign off:**

***Nigel Chapman***

Corporate Director Children, Young People and Community Development