Suffolk County Council

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Committee:	Schools Forum
Meeting Date:	16th July 2026
Title:	High Needs Funding – End of Year Position
Author:	Gemma Morgan, Head of SEND Funding and Provider Services
Decision making / consultative / information:	Information
Who can vote?	N/A

What is the Forum being asked to decide?

1. To update Schools Forum on the 2025/26 end of year position for the High Needs Block and share the latest version of the Deficit Management Plan.

2. To inform Schools Forum of the early forecast for 2026/27 High Needs Block.

3. To provide an update on the SEND Reform data return.

Reason for recommendation

4. To provide Schools Forum with a clear, comprehensive and up-to-date overview of the current financial position of the High Needs Block, ensuring members are fully informed of budget pressures and projected spend.

Alternative options

5. N/A

Who will be affected by this decision?

6. This issue has implications for all education providers across Suffolk, as well as for the wider local community. Continued pressures on the High Needs Block are also impacting the Local Authority's cash flow position. Although 90% of the current overspend is being cleared by the DfE there is still a future overspend which will have to be addressed.

Main body of the Report

7. **End of Year Position 2025/26**
8. At the end of 2025/26 the High Needs Block was overspent by £69.4m. This led to the cumulative deficit growing to £167m.
9. The table below shows how the funding was spent during 2025/26

Categories	Actual Spend on the High Needs Block
Top-Up Funding	£75,300,000
Independent Placements	£43,900,000
Non School Alternative Provision	£27,400,000
Specialist Education Services and Therapies	£9,700,000
Contracted Services, Additional Places and Support	£7,200,000
Teacher Pay and Pensions/Contingency	£1,619,000
Educational Psychology - Inclusion Facilitator Service	£371,000
School Support for Inclusion and Management	£985,000
Block Transfer	-£2,839,000
Total	**£163,636,000**
High Needs Budget	**£94,167,000**
Over Spend	**-£69,473,000**

10. The majority of the budget was spent on top-up funding in both mainstream and Special Schools, placements at Independent Special Schools and placements with Non-School Alternative Providers.

11. In February 2026, the Government announced a significant national package aimed at addressing the escalating SEND high needs deficits held by local authorities. As part of this intervention, it was confirmed that 90% of historic high needs deficits accrued by councils up to the end of the 2025–26 financial year will be written off.

12. Alongside this, a new High Needs Stability Grant will be introduced in autumn 2026, subject to local authorities securing approval from the Department for Education for a SEND reform plan. To qualify for the debt write off, councils are required to produce a robust local SEND reform plan with clear evidence of actions to deliver more sustainable, efficient and outcomes-driven future expenditure.

13. The national support package also includes access to specialist advisers to support local management of SEND expenditure and share learning based on established programmes such as Safety Valve and Delivering Better Value.

14. Any SEND deficits incurred beyond 2025–26 will continue to receive government support on an “appropriate and proportionate” basis, although this will not be open-ended.

15. From 2028/29 onwards, SEND expenditure will transfer into the Department for Education's Departmental Expenditure Limit (DEL), removing the direct financial risk from local authority general funds.

16. **2026/27 High Needs Block Forecast Spend**

17. Early work has been undertaken to forecast how much overspent the High Needs Block will be for 2026/27.

18. The table below shows the predicted spend and the increase since the last financial year:-

Categories	**Forecasted Spend on the High Needs Block**	**Difference from 2025/26**	**% Difference**
Top-Up Funding	£83,000,000	£7,700,000	10%
Independent Placements	£50,590,000	£6,690,000	15%
Non School Alternative Provision	£47,315,000	£19,915,000	73%
Specialist Education Services and Therapies	£10,205,000	£505,000	5%
Contracted Services, Additional Places and Support	£6,853,000	-£347,000	-5%
Teacher Pay and Pensions/Contingency	£8,600,000	£6,981,000	431%
Educational Psychology - Inclusion Facilitator Service	£418,000	£47,000	13%
School Support for Inclusion and Management	£1,000,000	£15,000	2%
Block Transfer	-£2,920,000		
Total	**£205,061,000**	**£41,425,000**	**25%**
High Needs Budget	**£103,762,000**	**£9,595,000**	**10%**
Overspend	**-£101,299,000**	**-£31,826,000**	**46%**

19. It is anticipated that by the end of 2026/27 the High Needs Block will be overspent by a further £101.2m. If not cleared this would lead to the cumulative deficit growing to £386 million by 2027/28.

20. **SEND Reform Data Return**

21. The recently completed SEND Reform Data template has been sent off to the DfE for review. Local authorities are expected to take a proactive and system leading role in responding to the SEND reforms by developing and delivering a robust Local SEND Reform Plan that sets out a clear vision, priorities and measurable actions for improvement.

22. Suffolk has responded positively and proactively to the Government's SEND reform agenda, demonstrating strong alignment with national expectations. The Local Authority has taken a clear leadership role in developing and progressing its Local SEND Reform Plan, working closely with education, health and wider partners to establish a shared vision and coordinated programme of improvement. This has included a strong emphasis on early intervention, improved inclusion within mainstream settings and the development of additional local provision to better meet needs closer to home.

23. In line with national requirements, Suffolk has strengthened partnership working across the local area, ensuring that key stakeholders are engaged in both the design and delivery of reforms. The programme is underpinned by clear governance, performance monitoring and the use of data to track progress and impact. Alongside this, the Local Authority has set out a credible approach to improving the financial sustainability of the High Needs Block, including actions to manage demand and deliver more efficient, outcome-focused use of resources.

24. Overall, Suffolk's approach reflects the core principles of the reforms and demonstrates a strong commitment to delivering a more inclusive, effective and financially sustainable SEND system, positioning the authority well to meet the conditions associated with national support and funding.

25. It is anticipated that SCC will receive feedback on their submission in September 2026. Schools Forum will be provided with further detail following formal feedback from the DfE.