

Schools Block Transfer 2027/28

Schools Forum



15th September 2026

Agenda item 4a

PAPER TYPE

☐ INFORMATION

☒ CONSULTATION

☐ DECISION / VOTE

Meeting date	15.09.2026
Agenda item	4a
Report author	Abi Preston & Luisa Hansen
Appendices	Feedback from previous year's consultation 2025/26

Purpose

Recommendation to Schools Forum

To approve the request to seek views on the proposal to transfer 0.5% from the Schools block to High Needs block

Decision and voting requirements

QUESTION / PROPOSAL	[State the exact question or proposal members are being asked to decide.]
Who may vote?	- Maintained primary & secondary - Academy primary and secondary
Voting method	Show of hands

1. Executive summary

Schools Forum is asked to:

- note the continuing financial pressures within the High Needs Block;
- agree the consultation questions to be issued to maintained schools and academies;
- provide feedback on the proposal before the consultation closes on 29 September 2026
- consider and vote on a 0.5% transfer from the Schools Block to the High Needs Block for 2027/28 in the October Schools Forum meeting.

2. Background and context

The Dedicated Schools Grant (DSG) is the principal source of education funding for local authorities and is made up of four blocks: the Schools Block, High Needs Block, Early Years Block and Central School Services Block.

The Schools Block is ringfenced. A local authority may transfer up to 0.5% of its Schools Block allocation to another block with the agreement of Schools Forum. A transfer above 0.5%, or any transfer without Schools Forum agreement, requires approval from the Secretary of State. The proposal in this report is therefore for the maximum transfer that can be agreed locally, subject to the applicable 2027/28 DSG conditions of grant and operational guidance when published.

Hillingdon continues to experience sustained High Needs pressure arising from growth in statutory activity, increasing complexity of need, inflationary placement costs and demand for specialist support. At the same time, the local area is implementing the SEND Reform Plan 2026-2029, which prioritises earlier identification and support, stronger mainstream inclusion, reduced escalation to statutory processes and high-cost provision, and long-term financial sustainability.

The proposed 0.5% transfer is intended to provide a bridge during this reform period by protecting early intervention and inclusion activity that is not fully covered by statutory High Needs duties.

High needs funding: 2025 to 2026 operational guide - GOV.UK states that *'The Schools Forum must be consulted on all transfers between Blocks. The Schools Block is ringfenced which means that this Block must be spent for the purposes specified in the conditions of grant. Local Authorities retain the ability to transfer up to 0.5% of funding out of the Schools Block, with the agreement of the Schools Forum. Formal permission from the Secretary of State (a disapplication of the DSG conditions of grant) will be required for transfers out of the Schools Block above 0.5%, or any amount without Schools Forum approval. This applies to any transfers even if approval has been given in previous years. Local Authorities should consult with local maintained schools and academies. The Schools Forum should take these views into account before making their decision.'*

Current High Needs financial position

The latest available High Needs position, reported at Month 4 of 2026/27, forecast an in-year overspend of £13.4m. This is a £0.9m adverse movement against the £12.5m budgeted position. The increase reported is being driven by continuing demand and cost pressures in High Needs placements which have increased substantially following the announcement of the SEND reforms earlier in 2026.

This follows a substantial reduction in the annual in-year deficit from approximately £25.6m in 2023/24, £16.2m in 2024/25 and £10.2m in 2025/26, to a forecast of around £13.4m at Month 4 in 2026/27. The direction of travel is positive, but the High Needs Block is not yet in balance and remains exposed to demand, placement-cost and reform-transition pressures.

Financial year	Reported in-year HN position	Comment
2023/24	£25.6m deficit	Historic reported position
2024/25	£16.2m deficit	Reduced year on year
2025/26	£10.2m deficit	Reduced year on year

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2026/27	£13.4m forecast	Month 4 forecast; £0.9m adverse movement against £12.5m budgeted position
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The financial improvement reflects stronger governance, commissioning and placement management, increased local inclusion, and reduced reliance on higher-cost independent provision. There has been a reduction in the proportion of EHCPs in independent non-maintained special school (INMSS) placements from 11% in 2023 to 7.2% in 2026. These improvements must be sustained while demand continues to rise.

Rationale for the 0.5% transfer

A 0.5% transfer is proposed for 2027/28. Based on current indicative modelling, this would transfer approximately £1.5m from the Schools Block to the High Needs Block. The final cash value will be confirmed once the 2027/28 Schools Block allocation and Authority Proforma Tool are available.

Following last year's consultation on the Schools Block transfer, schools overwhelmingly supported the idea of a transfer of 0.5%. When requesting 1% transfer for 2026-27, 27% agreed with the request. Out of 31 who answered 'no', 19 stated they would support a request of 0.5% or higher. **Therefore, the Council has listened to this feedback and are requesting 0.5% in line with the feedback.**

This proposal is necessary in response to the significant increase in SEND demand seen this year. Unlike previous years, Hillingdon has experienced substantial growth in EHC needs assessment requests and EHCP volumes with EHCP numbers increasing by 5.7% between January and August 2026. Schools are, therefore, supporting more children with increasingly complex needs, requiring a different approach to ensure support remains sustainable and effective.

The transfer would contribute towards sustaining the following activity:

Early Support Funding - £600k

This year, given the changes in the SEND reforms, the Council are considering a new approach to support early intervention. Previously, ESF was in place to meet the needs of children who have additional needs and where additional intensive support would enable children to close the gap without requiring an EHCP. In 2026/27, this funding was paused due to the lower Schools Block transfer and the position of the High Needs Block. The Council are aware that ESF was having an impact and that many schools were keen to retain this wherever possible. As schools will now be working in clusters to prepare for the SEND reforms and support greater inclusion, the Council are proposing that the funding that would ordinarily be used for ESF is instead delegated to individual clusters to enable them to allocate funding to children in their cluster to have the greatest impact. Historically ESF has been budgeted at approximately £600k. Therefore, this year, if the schools block transfer is agreed, the Council are proposing to delegate £100k per cluster for the year to meet the needs of children earlier and close the gap without delay.

Notional Threshold Funding - £800k

Notional Threshold Funding supports schools financially with disproportionately high levels of pupils with EHCPs. This is to ensure that highly inclusive schools are not financially disadvantaged by supporting a higher number of pupils with EHCPs than the notional budget accounts for. This funding is important to enable schools to continue the high-quality support they provide.

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The proposed Schools Block transfer is almost entirely funding these two key elements, which is funding that goes back to schools. The small remaining amount would be a contribution towards the SEND Advisory Service (SAS) support. SAS is an additional non-statutory service which supports schools across the borough with inclusion and specialist support.

The proposed transfer is a contribution to these costs and will not fully fund them. The costs of providing the non-statutory funding streams along with the non-statutory SAS service totals approximately £2.9m.

Questions for consultation:

1. Do you support the transfer of 0.5% of Schools Block to the High Needs Block which will enable the non-statutory funding to continue? Yes / No
2. If you have answered No, what percentage transfer would you support? _____%
3. If you do not agree with the transfer of funds, do you have any suggestions on how schools will fund the pre-statutory services from the High Needs Block and reduce the deficit, to enable the local area to meet our duties within the allocated budget envelope?

The survey can be accessed here: [Schools Block Transfer & General Education Duties \(Maintained\) Consultation 2027-28](#)

(The survey captures feedback for both the General Education Duties request as well as the Schools Block Transfer. Schools who state they are maintained will have access to part 2 which is the General Education duties feedback. Where schools state they are an academy, the survey will end after Part 1 - the Schools Block transfer feedback.)

3. Proposal or current position

3.1 Implementation and timescales

When	Milestone / action	Lead
September 2026	Paper brought to Forum to agree consultation	Director of Education & SEND/ Head of Finance for Children's Services
September 2026	Survey to go live to school leaders to seek their views	Clerk
October 2026	Forum to vote, using feedback from the consultation, on the decision to transfer 0.5%	Chair
November 2026	Disapplication request to be submitted to the DfE if Schools Forum are not in support of the request. No disapplication request is necessary if Forum vote to approve this.	Finance

4. Financial implications

Funding source	Schools Block to High Needs Block
Value	c. £1.5m

Financial year or academic year period

Financial year

School-level impacts cannot be confirmed until the DfE publishes the 2027/28 allocation and modelling data. The consultation should therefore make clear that the value is indicative and that final school-level effects will be provided when the necessary funding data are available.

5. Impact on children, schools and the system

Area	Expected impact	How it will be monitored
Children and young people	Children with additional needs can benefit from non-statutory funding early on to close the gap without delay	Impact of ESF funding in clusters
Schools and settings	- Schools can benefit from additional funding to creatively find ways to meet needs without the need for a statutory process - Schools with high levels of EHCPs will benefit from additional funding to support them with element 2 funding which would otherwise not be sufficient due to disproportionate numbers of EHCPs	Schools' financial positions and the impact of ESF in clusters
SEND and inclusion	More children can have their needs met earlier, in line with the SEND reforms, without needs escalating and later needing more formal support. Schools can evidence increased impact on learning outcomes as a result.	Outcomes for children with SEND
Families and communities	Families can be assured that children with additional needs can have additional intervention and support informally to close the gap	Feedback

6. Statutory considerations

The High Needs Funding operational guide and the Schools operational guide provide the guidance on schools block transfers. The following links relate to the prior year as the guides are typically updated later in the term for the following year:

- [High Needs Funding: 2026-27 operational guide](#)
- [Schools operational guide: 2026 to 2027](#)

'Local authorities can transfer up to and including 0.5% of the schools block into another block, with schools forum approval. For a transfer exceeding 0.5%, or without schools forum approval, a disapplication request must be submitted to the Secretary of State.'

7. Consultation and engagement

Who	When	Headline feedback	Response
Schools Forum members	15 th September	TBD	TBD
Wider school community & Forum members via survey	15th September to 29th September	TBD	TBC

8. Options considered

Option	Benefits	Drawbacks / risks	Assessment
Option 1: 0.5% transfer [Preferred]	This would provide an estimated £1.5m contribution to the High Needs Block while remaining within the level that Schools Forum can approve locally. It supports continuation of early intervention and inclusion activity and Hillingdon's transition to a more preventative and sustainable SEND system.	This would still lead to a lower amount of funding for schools compared with no transfer but this is a balanced approach following previous feedback from schools who stated they would support 0.5% transfer.	PREFERRED
Option 2 - Transfer above 0.5%	This could provide a greater contribution to High Needs block giving the area a better chance to close the gap between funding and demand. Funding would almost entirely be redistributed to schools rather than support the HN block.	This would require a disapplication request to the Secretary of State and would have a larger impact on individual school budgets. This option is not proposed for 2027/28 as the Council are listening to feedback from schools from prior years.	NOT PREFERRED
Do nothing	Schools would see no reduction in funding.	This would remove an estimated £1.5m contribution to High Needs. It would increase the risk that non-statutory early intervention and inclusion support would need to be reduced, redesigned or funded from other sources.	NOT PREFERRED

9. Next steps

- Launch the survey with school leaders
- Survey to run from 21st September to 12pm on 5th October. Only one senior leader to respond to the survey from each school – either the Headteacher or a Governor.
- Feedback will be shared with forum in the October meeting
- Schools Forum members will then vote on the decision in the October meeting

10. Appendices

Ref	Title
Prior year feedback	<u>School Block Transfer Consultation Responses October 2025</u>