



## **SCHOOLS FORUM**

**11<sup>th</sup> December 2025**

**Report sponsor:** Sharon Buckby, Service Director – Learning Inclusion and Skills and  
**Report author:** Janice Hadfield, Head of Finance

# **ITEM**

### **Proposed Schools Block Transfer 2026-2027**

#### **SUMMARY**

- 1.1 The purpose of this report is to set out the proposal to transfer up to 0.5% the school's block of the Dedicated Schools Grant to the High Needs Block in 2025-2026, subject to the affordability.
- 1.2 Prior to 2018/19 local authorities had full flexibility to transfer funding between blocks, this has largely been from Schools to High Needs. Under the 2018/19 school funding reform, which saw the introduction of the National Funding Formula (NFF) for schools and High Needs, the Department for Education (DfE) limited the ability to transfer funding from the Schools Block to High Needs. Since 2018-19 local authorities are able to transfer up to 0.5% of the gross Schools Block to High Needs following consultation with schools and the approval of the Schools Forum. Should the Schools Forum not approve a transfer approval can be sought from the Secretary of State. A transfer of greater than 0.5% of the gross Schools Block can only be made with the approval of the Secretary of State. There are no restrictions on transfers between other blocks. Approval for a transfer is only for the year it is enacted; further approvals are required annually.

#### **RECOMMENDATIONS**

- 2.1 To note the calculation is based on indicative allocations of the 2026-27 Dedicated Schools Grant as detailed in this report. The actual transfer amount will be known once the 2026-27 allocations are released.
- 2.2 To approve up to 0.5% of the School Block, (estimated £1.333m) transfer to the High Needs Block, based on the indicative allocation, the actual transfer will be based on the final allocation amount announced after the spending review, and subject to the necessary adjustment to ensure fair and transparent affordability.

## SUPPORTING INFORMATION

- 3.1 The Dedicated Schools Grant (DSG) for Derby is split into four blocks: Schools Block, Early Years Block, High Needs Block and a Central School Services Block.

In absence of the 26-27 block announcements the figures below represent the 25-26 allocation of £373,730m

- *Schools Block £266.756m (included the Mainstream Schools Additional Grant and £1.580m NNDR)*
- *Central School Services Block £2.465m*
- *High Needs Block £63.586m*
- *Early Years Block £40.923m*

- 3.2 The transfer of up to 0.5% will be assessed for its impact on both the NFF and minimum funding levels. Based on the 2025-26 funding allocations the maximum transfer would equate to circa £32 per pupil, based on October 24 numbers on roll.

- 3.3 The transfer from the School Block will further ease the pressures reported within the High Needs Block.

The 2025-26 forecasted cumulative DSG deficit is circa £23.856m against a HN budget of £63.603m. The number of Children with Education, Health and Care plans (EHCPs) continues to increase, with the average cost of a plan also increasing. Therefore, in addition to the plans within the DSG deficit management plan, it is recommended that there is a transfer of 0.5% from the Schools Block to the High Needs Block to mitigate the growing demand. This equates to a transfer of estimated £1.333m.

The school block transfer would recognise an essential contribution from Schools and Academies towards helping with the overall cost pressures being faced by the High Needs Block, supporting all children and young people aged 0-25. Such recognition would support the ongoing demand by schools and parents for financial support as determined in the child's EHCP plans.

Whilst the Department for Education shared additional information about the changes to SEND budgets and funding in the Autumn Statement, the overspending High Needs Block continues to cause a pressure for the Councils general fund to cover the treasury costs of the DSG deficit. This is estimated to cost annually circa £2m based on the current level of the forecast deficit.

The Budget has:

- Confirmed that the Dedicated Schools Grant Statutory Override, which helps LAs to manage SEND costs, will stay in place until the end of the 2027-28 financial year
- Set out that, from 2028-29, central government support to LAs for SEND will be set at a level that means that LAs will not need to build up any further deficits
- And set out that the funding for that, in 2028-29, will be absorbed within the overall government budget, not the Core Schools Budget.
- Budgets from 2028-29 onwards, including the Core Schools Budget, will be confirmed in the 2027 Spending Review

Further detail on support for LAs with historic and accruing deficits, up to 2028-29, and conditions for accessing such support, will be shared in the upcoming Local Government Finance Settlement due week beginning 15<sup>th</sup> December. Further detail on SEND policy changes will be set out in the full Schools White Paper in the new year.

Once we have this position, we shall be able to identify at what point the request for the 0.5% transfer can cease.

**For more  
information contact:  
Background  
papers:  
List of appendices:**

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