

Report to the Schools Forum 17 September 2026

DfE Consultation on a voluntary scheme to transfer a share of high needs funding upfront to schools in 2027/28

1 Introduction

- 1.1 On 10 July 2026, the DfE published a consultation on the process for enabling volunteer local authorities to transfer a part of their high needs allocation through the education national funding formula (NFF) directly to core school budgets in exchange for lifting the self-funded SEND cost threshold (the level of SEND cost that the school has to absorb before seeking local authority support) from the current level of £6,000.

2 Proposals

- 2.1 This shift would be implemented in financial year 2027/28 and is being presented as a means of policy learning ahead of wider SEND reforms coming into place which intend to deliver the same reform but in a national, standardised way. The high needs budget would be reduced in exchange for a larger core schools budget and a higher self-funded threshold for SEND costs before local authority support can be applied for. The intention behind the policy is to reduce the frequency of school applications for high needs funding in cases of relatively low need which could be met more flexibly and easily if schools could self-fund more of the cost. In effect schools would receive a lower amount of funding from EHCP and inclusive school funding and a higher amount in their general budget.
- 2.2 Participation is not compulsory and the scheme is not confirmed until after the consultation concludes, albeit with draft guidance published alongside the consultation to enable early conversations.
- 2.3 The guidance outlines the following process for local authorities interested in participating:
- Interested local authorities have to submit a non-binding expression of interest, setting out the authority name and contact details, to the DfE by 18 September 2026 (the closing date for the consultation). DfE policy officials will then be in touch directly.
 - The local authority then has to develop and discuss the proposed local approach to implementing the aims of the policy with the DfE over August and September. This includes:
 - the level of self-funded cost that would be enabled locally (i.e. how much will the £6,000 threshold rise by);
 - the amount of funding from the local authority high needs block that would need to be transferred to the local maintained schools budget to enable schools to self-fund the higher threshold; and

- the distribution formula to allocate this total transfer to individual maintained schools, as well as an approach to allocating bespoke amounts to schools which are outliers in their level of need that can't be predicted by a standardized formula. DfE's strong preference appears to be to have councils use factors which are already in the national funding formula framework, but the consultation considers giving more flexibility to use indicators outside the NFF as well.

2.4 Following discussions with DfE, local authorities are required to consult with the schools forum on the arrangements ahead of formal submission of an application to participate, with a likely deadline of late October.

3 Comments

3.1 The DfE is promoting this policy shift by pointing out that the figure of £6,000 that mainstream schools are meant to cover for each pupil before specific additional funding is allocated has not changed for many years. In the intervening period inflationary pressures (e.g. on staffing costs) have been significant.

3.2 Whilst this is true, it is important to note that the figure of £6,000 is a purely notional one. It does not reflect the amount of money allocated to mainstream schools through the school funding formula, which overall has broadly matched inflationary pressures (albeit not the rise in high needs over the period).

3.3 Any transfer of funds from the high needs block would in contrast be a move of actual resources from high needs to mainstream. In effect it would be the opposite of what the Forum has agreed to do in recent years, i.e. to move funds in the opposite direction, from the schools block to high needs. It is also worth noting that whereas most local authorities carry significant high needs surpluses, balances held by schools (in T&W maintained schools at least) have risen in recent years (see previous Forum reports, the most recent being May 2026

3.4 The distributional impact in terms of schools would be to provide more funding to schools with lower levels of EHCPs and a lower amount of funding to schools with higher levels of EHCPs. This in effect would be the opposite effect of what T&W has tried to achieve through the Fairshare fund, which delivers additional funding to schools with more high needs than the school's demographics would indicate.

3.5 It appears that the DfE are committed to moving in this policy direction in the future, i.e. in the SEND Reform policy paper ([SEND reform: putting children and young people first \(HTML version\) - GOV.UK](#)) there is a commitment that "*From the 2029/30 financial year, we will begin rebalancing High Needs funding so a greater share is available upfront to settings*" and "*There will be no changes to support received through EHCPs before at least September 2030*" implying a potential removal of EHCP funding from some pupils at transition points from this date.

3.6 However, such a system risks penalising schools with a higher proportion of high needs than demographics indicate (i.e. schools in which a formula based around pupil numbers, deprivation, low prior attainment etc understates the level of need in a school) unless the system of support available to schools is fully developed. We do not believe that this will be the case by April 2027 and therefore because of this, and

because in current circumstances it does not seem appropriate to deplete the high needs budget by moving money to the schools block, T&W does not intend to apply to participate in this in 2027/28.

- 3.7 Forum members are invited to comment on the DfE proposals and T&W's intended approach

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