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[Department
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Guidance

High needs funding: 2026 to 2027 operational guide

Updated 17 December 2025

Applies to England

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1. Introduction

This guide explains how the 2026 to 2027 financial and academic year high needs funding system will operate locally and across different educational settings in England. Some sections of the guide are specific to particular types of setting.

The guide is to inform local budget planning and consultations in the months prior to the beginning of the financial year 2026 to 2027 and how provision for children and young people with high needs should be commissioned and funded.

The guide should be used with immediate effect, as many of the sections are also relevant for the ongoing operational arrangements in the 2025 to 2026 financial and academic year.

The main updates are highlighted in [section 2: changes to the high needs funding operational guide for 2026 to 2027](#).

1.1 Who is this publication for?

This guidance is mainly for:

- local authorities
- schools and colleges (see 'Table 1: definitions of terms' below)

1.2 What is high needs funding?

High needs funding supports:

- provision for children and young people with special educational needs and

disabilities (SEND) who require additional resources to participate in education and learning, mainly in schools and colleges, from their early years to age 25 (excluding young people aged 19 to 25 who do not have an education, health and care plan (EHC) plan

- children up to age 16 in alternative provision (AP) who, because of exclusion, illness, or other reasons, cannot receive their education in mainstream or special schools

Funding information relating to young people with special educational needs (SEN) who are aged 19 to 25 and do not have an EHC plan, and those who are over the age of 25 is set out in [annex 1: other information](#).

High needs funding is provided to local authorities through the high needs block of the dedicated schools grant (DSG), enabling them to meet their statutory duties under the [Children and Families Act 2014](#) and the Education Act 1996. Local authorities must spend that funding in line with the associated [DSG: conditions of grant](#) and [The School and Early Years Finance \(England\) Regulations](#).

Local authorities' high needs funding allocations through the DSG cover:

- allocations of funding to schools and colleges, including place funding which forms part of schools' and colleges delegated annual allocation, and top-up funding
- funding for high needs services delivered directly by the local authority, or under a separate service level agreement with a school or college. The latter can include funding devolved to schools and colleges, for them to spend within limits specified in the agreement

High needs funding is also provided directly to some schools and colleges by the Department for Education (DfE), and the respective conditions of grant and funding agreements apply.

1.3 Local special educational needs and disabilities (SEND) responsibilities and accountability

Local authorities are statutorily responsible for overseeing the local offer of services and provision to meet the special educational needs of children and young people in their area. The [Children and Families Act 2014](#) requires them to do this through co-production with key partners. Local authorities must ensure that children and young

people and their parents/carers are involved in discussions and decisions about their individual support, as well as involving them in reviewing and improving local provision, in line with their statutory duties and the [SEND code of practice](#).

Likewise, local authorities must ensure any changes to SEND provision and high needs funding arrangements are made in close consultation and co-production with the schools and colleges which will be affected. The local authority's [schools forum](#) is one way through which partnership working across the education sector can be strengthened to ensure the local authority's spending decisions are most effective. Local authorities must consult with the schools forum about their high needs funding arrangements, which should include funding for place number changes and top-up funding rates, as well as budgets for independent school placements and central support services.

In addition, all of those providing education to children and young people from the area should be engaged, regardless of where the provider is located, to ensure good quality provision can be planned, developed and sustained in line with available resources. This includes early years settings and colleges, as well as parents of children and young people with SEND and young people themselves.

Responsibility within a school or college sits at different levels depending on how they are organised. For example, the head teacher or principal of an academy is responsible for the individual school, while a multi-academy trust oversees a group of academies. This is reflected in the statutory duties and the practical arrangements. Under the Children and Families Act 2014 the leader of a specific school or college (for example, a headteacher or principal) must be consulted over the placement of an individual child or young person, while the overarching body (a governing body, academy trust or the proprietor responsible for the school or college) must be involved in strategic decisions relating to the SEND local offer.

In this guidance, references to schools and colleges should be interpreted as applying to the headteacher, principal, governing body, trust or another proprietor according to the context.

1.4 Definitions of terms

The definitions of some terms used throughout this guide are detailed in table 1 below.

Table 1: definitions of terms

Term used	Definition of term
Schools and colleges	<p>The term ‘schools and colleges’ is used to refer to all education provider types, including: all mainstream schools (pre and post-16, maintained and academies, which should normally be taken to include free schools unless these are referred to separately, but excluding mainstream independent schools), maintained special schools and non-maintained special schools (NMSS), special free schools, special academies, independent special schools, pupil referral units (PRUs) and AP academies, hospital schools, general further education (FE) colleges, sixth form colleges, independent learning providers (ILPs) and special post-16 institutions (SPIs) – unless specific references or funding processes are relevant to particular types of school or college</p>
Resident local authority or commissioning school	<p>This is the local authority or school placing a child or young person at a school or college.</p> <p>The local authority where a child or young person lives (wholly, or their main residence) is responsible for securing any special educational provision specified in an EHC plan or for making AP, funded from their high needs budget. Where a child or young person lives is identified in the school census or Individualised Learner Record (ILR) using their postcode.</p> <p>In the case of AP, schools may also be commissioners for children placed in AP settings</p>
Provider local authority	<p>This is usually the local authority where a school or college is located. The provider local authority funds the high needs places at a school or college from its DSG. For centrally funded schools and colleges, that is, NMSS, SPIs and a small number of other FE colleges, DfE is considered the provider local authority</p>

2. Changes to the high needs funding operational guide for 2026 to 2027

In making the changes and updates to this guide, we have not altered the substance of the guidance, as the operational processes and core principles remain unchanged.

2.1 New information:

The main changes to the 2026 to 2027 high needs funding system are:

- the overall high needs funding methodology – see [section 3: annual 2026 to 2027 high needs funding overview](#)
- updated information and illustrative examples [relating to the 2026 to 2027 special schools minimum funding guarantee in annex 3](#)
- changes to the allocation of historic pay and pensions, 2025 to 2026 core schools budget grant (CSBG) and [other legacy funding incorporated in the 2026 to 2027 DSG in annex 4](#)
- revised guidance on [recoupment of costs of looked after children placed in other local authority areas in annex 5](#)

3. Annual 2026 to 2027 funding overview

3.1 High needs funding allocations to local authorities for 2026 to 2027

In 2026 to 2027 we are temporarily suspending the high needs national funding formula (NFF), which in previous years we have used to calculate local authorities' high needs allocations. Instead, local authorities' allocations will be based on their 2025 to 2026 allocations, with some adjustments. Following wider reforms to the SEND system, which the government will set out in early 2026, we will review the methodology for allocating high needs funding so that it supports the SEND reforms.

The suspension of the high needs NFF means that the DSG high needs block allocations will include neither an update to the basic entitlement pupil numbers in special schools, nor a special free school adjustment. We

are, however, retaining the import/export adjustment which reflects changes in the balance of pupils and students educated within and outside the local authority's area, and consequent costs.

Further information about the high needs funding allocation methodology is set out in the high needs section of the [policy document for 2026 to 2027](#).

3.2 Funding for specialist provision in 2026 to 2027

The funding for local authorities is to help meet the costs of both existing and new placements (including those as a result of a new EHC plan) and services. Local authorities should therefore discuss with their schools and colleges the funding that they believe is necessary to make the required provision, taking into account:

- the number of placements they expect to commission (or schools to commission in the case of AP) in 2026 to 2027, and which should be reflected in the allocation of high needs place funding for the places required
- the anticipated costs of those placements in 2026 to 2027, which may be reflected in the allocation of high needs top-up funding (or high needs funding for the full cost of placements in independent special schools and special post-16 institutions not in receipt of place funding)
- any other funding that schools and colleges are receiving, which may contribute towards meeting those costs, including the allocation of legacy funding covered in annex 4

A minimum funding guarantee (MFG) of 0% continues to offer protection for special schools. Further details can be found in section 9 on maintained special schools and special academies, and in [annex 3: special schools minimum funding guarantee](#).

3.3 Mainstream schools' and colleges' SEND provision

The government has stated that the general direction of SEND reform is towards establishing a more inclusive mainstream school and college environment for children and young people who need SEND provision, including expanding the number of SEN units and resourced provision (RP) that provide more specialist

support. DfE is progressing a range of reforms that will facilitate that shift.

The School and Early Years Finance (England) Regulations for 2026 to 2027 will allow local authorities to spend from their high needs budget in support of mainstream schools inclusion. Specifically, local authorities can incur expenditure and target funding for the purposes both of encouraging the education of children and young people with SEN at mainstream schools, and of collaboration between special and mainstream schools to enable those with SEN to engage in mainstream school activities. See further information below on local authorities' funding of such [services centrally](#), and on the funding for [mainstream schools](#), which can be used to target schools that are particularly inclusive of children with SEND.

4. How funding is allocated to local authorities, schools and colleges

4.1 High needs funding for local authorities through the dedicated schools grant (DSG)

The DSG is the main source of government funding for the provision of education by local authorities and schools in England. Its use is governed by the [DSG: conditions of grant](#), one of which requires the grant to be spent in accordance with [The School and Early Years Finance \(England\) Regulations](#). Schedule 2 to the regulations sets out the categories of central expenditure from their DSG that local authorities are permitted to incur. The DSG cannot be used for purposes other than those specified in the conditions of grant and regulations. Examples of such high needs expenditure from the DSG that is not permitted are: local authorities' spending on their SEND and finance administration, including EHC needs assessment and planning functions, and spending on health and social care costs. See [annex 6: health and social care costs](#) for further information.

The 4 funding blocks of the DSG are allocated to local authorities for:

- the educational costs of early years provision (the early years block)
- the costs of primary and secondary mainstream education for pupils up to age 16 in maintained schools and academies (the schools block)

- the educational costs of provision for children and young people aged 0 to 25 with complex SEN (excluding those aged over 19 and up to 25 without an EHC plan), and of AP (the high needs block)
- the costs of some services for schools delivered centrally by local authorities (the central school services block (CSSB))

Local authorities can transfer funding from the high needs and CSSB to other budgets funded through the DSG. Transfers from the early years block can be made in compliance with the early years pass through rate conditions, details of which can be found in the [early years entitlements: local authority funding operational guide 2026 to 2027](#).

The schools block is ringfenced which means that this block must be spent for the purposes specified in the conditions of grant. Local authorities can transfer up to and including 0.5% of funding out of the schools block into another block, with schools forum agreement. For a transfer exceeding 0.5%, or without schools forum approval, a disapplication request must be submitted to the Secretary of State, in line with the respective [DSG condition of grant](#).

Further details of transfers out of the DSG schools block, including how to request a disapplication, can be found in the transfer between blocks section of the [schools operational guide: 2026 to 2027](#).

4.2 High needs place deductions

For the following schools and colleges, place funding is included in local authorities' initial DSG allocations, though not specifically identified as a component of the allocations, and then deducted from the provider local authority's DSG by DfE, which pays the funding direct to:

- mainstream academies and free schools
- special academies and free schools
- AP academies
- 16 to 19 academies and free schools
- general FE colleges, sixth form colleges and ILPs

The number of high needs places deducted is based on the annual place change notification process.

We do not deduct in the same way for places at centrally funded NMSS, SPIs and some FE colleges. Instead, these deductions are effectively made through the import/export adjustment. Further information about this adjustment is set out in the [2026 to 2027 policy document](#), and the data for 2026 to 2027 will be published in May/June 2026. It is important that schools and colleges complete the school census and ILR respectively during the academic year with accurate information on the number of pupils and students for whom they receive high needs top-up funding from a local authority, as this information is used in the calculation of the import/export adjustment.

Deductions are made for some places at AP free schools, also based on school census data. For the 2026 to 2027 academic year, deductions will be made for places at AP free schools that opened during or before the 2024 to 2025 academic year. The deduction is from the DSG of the local authority where pupils live, based on the number of pupils aged 5 to 15 years, main or sole registered at that AP free school at the time of the October 2025 census.

The academic year place funding rates are shown below in table 2, with further information in table 3 on the type of school. The 2025 to 2026 and 2026 to 2027 academic year place amounts are pro rated as follows, to calculate DSG deductions for the 2026 to 2027 financial year, by place and type of school or college.

Table 2: pre-16 DSG notional SEN deductions by type of school

Type of school	AP: 2025 to 2026 academic year (× five-twelfths)	AP: 2026 to 2027 academic year (× seven-twelfths)	SEN unit/RP: 2025 to 2026 academic year (× five-twelfths)	SEN unit/RP: 2026 to 2027 academic year (× seven-twelfths)	Special schools: 2025 to 2026 academic year (× five-twelfths)	Special schools: 2026 to 2027 academic year (× seven-twelfths)
Mainstream academies and free schools	N/A	N/A	£2,500 or £4,167	£3,500 or £5,833	N/A	N/A
Special academies and free schools	£4,167	£5,833	N/A	N/A	£4,167	£5,833

AP academies and AP free schools	£4,167	£5,833	£4,167	£5,833	N/A
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Table 3: post-16 (SEN places) DSG deductions by school or college type

Type of school or college	Schools: 2025 to 2026 academic year (× four- twelfths)	Schools: 2026 to 2027 academic year (× eight- twelfths)	Post-16 schools (16 to 18): 2025 to 2026 academic year (× four- twelfths)	Post-16 schools (16 to 18): 2026 to 2027 academic year (× eight- twelfths)	Post-16 schools (19 to 25) with EHCP plan 2025 to 2026 academic year (× four- twelfths)
Mainstream academies and free schools	£2,000	£4,000	N/A	N/A	N/A
Special academies and free schools	£3,333	£6,667	N/A	N/A	N/A
AP academies	£2,000	£4,000	N/A	N/A	N/A
16 to 19 academies/FE/ILPs	N/A	N/A	£2,000	£4,000	£2,000

The above rates are multiplied by the number of places to calculate the total deduction amount.

5. Funding for schools and colleges

Schools and colleges receive high needs funding in different ways, depending on

the type of setting.

5.1 Core funding

This is the annual allocation a school or college receives as high needs place funding, which is equivalent, or in addition, to the core funding received by schools and colleges through their respective funding formulae. This funding is received either directly from the provider local authority (for maintained schools and PRUs, based on the financial year) or from DfE (for academies, NMSS, ILPs, FE colleges and SPIs, based on the academic year). This core funding has been supplemented by various additional funding streams, most of which remain as a separate annual allocation from the local authority or DfE.

5.2 Top-up funding

The funding required over and above the core funding, allocated by local authorities to schools and colleges from their high needs budget, to enable a pupil or student with high needs (normally when an EHC plan is in place) to participate in education and training.

5.3 Funding for the full costs of a placement

Local authorities also allocate high needs funding to independent schools (including independent special schools), independent AP and SPIs not receiving place funding, to meet the cost of the placements they commission, rather than as place and top-up funding.

5.4 Funding under a service level agreement

A local authority can commission a school or college to deliver a SEND or AP service and fund that from its high needs budget, where permitted by the regulations.

The sections below explain place funding and top-up funding for all schools and colleges, and [section 9: funding overview by education setting type](#) provides further information on the funding of high needs provision in different types of school or college.

6. High needs place funding

Place funding is allocated as an annual amount of core high needs funding for schools and colleges. Place funding is allocated at a standard rate for a number of places, reflecting the number of high needs placements which resident local authorities expect to make in the coming year.

Place funding is allocated to:

- all types of special schools, excluding independent special schools
- PRUs and AP academies (including AP free schools)
- all types of mainstream school with an approved SEN unit or RP and/or with a sixth form that has pupils with high needs
- all types of college that educate students who have high needs, apart from the SPIs and any other post-16 institutions that are fully funded by a local authority

The annual process for local authorities to notify DfE of changes to certain schools' and colleges' 2026 to 2027 high needs place numbers is set out in the [high needs place change process for 2026 to 2027 and how to complete the high needs place change workbook for 2026 to 2027](#) guidance documents. This process should reflect planned and predicted changes for academic year 2026 to 2027, so that schools and colleges receive an appropriate level of core funding, that enables them to make the special provision that is to be commissioned, particularly any expansion of that provision.

The annual allocation of place funding for the school or college is neither intended to cover particular costs, nor associated with or reserved for a specific local authority or individual pupil or student. Place funding should not be withdrawn if an individual does not occupy a funded place, and a local authority may not seek to recover funding for places it considers unused in the previous or current academic year.

6.1 Determination of funded place numbers

In most cases the provider local authority in whose area a school or college is located determines the numbers of high needs places to be funded. Those place numbers are then multiplied by the relevant funding rates to provide each school's or college's place funding allocation. For academies and colleges, the place numbers are aggregated and inform the place funding deductions that are made by DfE from each local authority's DSG allocation. Exceptionally in these cases, if a local authority and academy or college cannot agree on the number of places to be funded, DfE may determine the number based on commissioning information from the relevant parties.

For AP free schools, NMSS, SPIs and a small number of centrally funded FE colleges and ILPs, DfE acts as the provider local authority and determines place numbers, mainly on the basis of the previous year's data on the number of high needs pupils or students who attend the school or college, as reported through the school census and ILR, respectively. Further information on this is set out under the sections about the different types of school or college.

Dialogue between local authorities and all schools and colleges that offer high needs provision is essential when preparing for the allocations of high needs place funding for the following academic year. Local authorities should consult with schools and colleges in their area and discuss both the current numbers of places being occupied by pupils or students, whose details are included on the school census and ILR returns, and the number of places expected to be taken up in future.

In the event of local differences between local authorities and their schools and colleges about the number of allocated funded places:

- the [high needs place change process: 2026 to 2027 academic year](#) guidance sets out the process for managing 'not agreed' cases for academies (including most free schools), and most FE colleges
- local authorities make the final determination for their maintained schools

6.2 Reporting place numbers for the 2026 to 2027

academic year

The [high needs place change guidance](#) (published November 2025) explains the place change notification process. This sets out the collaborative approach and supporting process that local authorities, schools and colleges should follow for reviewing, adjusting and reporting to DfE changes from the current 2025 to 2026 published place numbers to the academic year 2026 to 2027 high needs place numbers. The guidance applies to academies, free schools (excluding AP free schools), FE colleges, sixth form colleges, ILPs and SPIs not previously funded by DfE. Further details are provided in [section 9: funding overview by education setting type](#).

The outcomes from the high needs place change process for academic year 2026 to 2027 are published in February 2026, and this publication is followed by a 2-week enquiry window, where local authorities, schools and colleges can raise significant issues.

Local authorities do not need to report place number changes in maintained schools through the annual place change process but must consult their schools and schools forum. The place change data must be accurately reported annually via the [authority proforma tool \(APT\)](#) and [section 251 \(s251\) budget statements](#) and this information is used for local and national funding calculations.

The APT assists local authorities to model and then confirm how they plan to allocate mainstream school funding, in accordance with the arrangements set out by DfE. The APT requires entries for the number of SEN unit or RP places that are occupied by pupils in the attached mainstream schools, as at the most recent October census. This allows the distribution of occupied and unoccupied places to be calculated for academy funding and DSG deductions.

In addition, it is important that the number of places that are being funded in each school is reported accurately on the local authority's s251 budget statement, as this data is used locally for calculating individual schools' budget share, and can be used nationally for other local authority grant calculations.

For maintained schools or PRUs converting to academies, local authorities must agree place numbers with the respective school and submit a 'Notification of changes to funded high needs places' form before conversion to ensure accurate funding. This form is supplied by DfE's delivery officer and must be returned before the school converts. If no formal notification is received, September to March place numbers recorded in the 2025 to 2026 s251 budget return will be rolled forward.

A 'Notification of changes to funded high needs places' form must also be completed for all mainstream schools or PRUs converting where post-16 places are required. This is because post-16 place data is not differentiated from pre-16 place numbers in the s251 return. In these cases, completion of the form will ensure clarity of the split between pre and post-16 place numbers.

6.3 Where pupil and student numbers differ from funded places

We recognise that there may be a difference between the number of funded high needs places and the actual number of pupils or students in attendance when the new academic year commences, or at other points during the year. As explained in [section 6: high needs place funding](#), place funding is not reserved for specific individuals. It is for schools and colleges to apportion the total allocated place funding across the actual number of pupils and students with high needs. In most cases, the variance between place numbers and pupils or students is small or only has a marginal impact on the cost of the provision. We are unlikely to revise annual allocations to academies and colleges where the number of commissioned places changes after the annual processes, although there are processes for exceptional in-year growth in centrally funded schools and colleges (see below).

The following arrangements apply to schools and colleges that are experiencing in-year growth in the number of pupils and students with high needs, which could arise due to late commissions or admissions. An example of how this should operate locally with a college is included in [annex 2: an example of where pupil and student numbers differ from allocated places](#). The same principles and managed approach apply when a school has more pupils with high needs than the number of funded places.

If the number of pupils or students agreed as having high needs by the resident local authority exceeds the number of funded places, the school or college should approach the provider local authority. In practice, that could result in the school or college incurring additional costs in making special provision not met through the top-up funding amount normally paid. We expect the provider local authority to engage with the school or college to agree how the costs of the additional special provision required are to be met and these conversations should take place as early as possible.

The provider local authority should not automatically be charged an additional

£10,000 or £6,000 (the relevant place funding amount) per pupil or student, although an expansion of provision that is finalised after the place change process has concluded may attract that amount of extra funding. In any case, the amount should reflect the actual costs of making additional special provision available. Such costs may only be marginal and may, therefore, require no additional funding, or funding that is less than the full amount of place funding, taking into account the top-up funding paid by the resident local authority. Importantly, the provider local authority and the school or college should seek to agree how those costs are to be met.

Where pupils or students attend a school or college in a different local authority area to the one they live in, the import/export adjustment will compensate the provider local authority, albeit in the subsequent financial year. This will avoid the position where the commissioning resident local authority effectively funds twice – both through increased top-up funding direct to the school or college and through the £6,000 per pupil import/export adjustment in the DSG calculation.

Where DfE acts as the provider local authority (for NMSS, SPIs and a small number of centrally funded FE colleges), funding is provided on a lagged basis. This means that the number of pupils or students who attend one of these schools or colleges in any given year is used to calculate their respective place funding allocation for the following year. Corresponding amounts will subsequently be deducted from the relevant resident local authorities through the import/export adjustment to the DSG.

Given these arrangements in place, these centrally funded schools and colleges should not seek to secure any additional place funding from any local authority, to avoid a situation where a local authority effectively funds a place twice.

For SPIs and the centrally funded FE colleges and ILPs, if the number of high needs students recorded in the academic year 2026 to 2027 ILR R04 return is greater than their funded places, they may receive an in-year growth award as part of the annual exceptional in-year growth process, subject to the annually agreed criteria. This is a data driven process and no business case is needed. The methodology for calculating in year growth for 2026 to 2027 has not yet been published. In the meantime, and for information, the methodology for the 2025 to 2026 (academic year) can be found in [16 to 19 funding: in-year growth funding for the 2025 to 2026 \(academic year\)](#).

If a NMSS has significant numbers of pupils or students over and above their allocated place numbers, which raises funding concerns because of the lagged data approach, they should contact us via the [Customer Help Portal](#).

7. High needs top-up funding (including examples)

Top-up funding (sometimes referred to as element 3) is the funding which is required over and above the core funding (sometimes referred to as elements 1 and 2) which a school or college receives to enable a pupil or student with high needs to participate in education and learning. This is paid by the resident local authority (or sometimes schools in the case of AP).

Most of this section covers how top-up funding works for children and young people with SEND and includes some examples. Further information about how top-up funding works for PRUs, AP academies and AP free schools is set out in [section 10: alternative provision](#).

Although many pupils and students receiving high needs funding will have an associated EHC plan, local authorities have the flexibility to provide high needs funding outside the statutory assessment process for all children and young people with high needs up to the age of 19.

7.1 Collaboration between local authorities, schools and colleges to organise local authority top-up funding

Local authorities play an essential statutory and strategic role in planning education services and funding placements, and in supporting local schools and colleges, within a robust financial framework. The local approach to top-up funding should therefore operate so far as possible in the context of a strategic plan agreed between resident local authorities, schools and colleges of the available special educational provision and the overall levels of funding required.

Such strategic planning should be carried out as part of the local authority's statutory duty to keep the special educational provision in their area under review, working with parents, young people, schools and colleges, as set out in chapter 4 of the [SEND code of practice](#), and to publish information about this local offer of services and provision for children and young people with SEN or disabilities on their website. The published local offer must include information about the arrangements the local authority has for funding children and young people with SEN and disabilities,

including any agreements about how providers will use any funding that has been allocated to them. A wide range of educational providers must co-operate- with local authorities in such reviews, including maintained schools, academies, FE and sixth form colleges, independent and NMSS, SPIs and other providers of special educational provision, and relevant early education providers.

It is always better if funding arrangements are developed collaboratively and agreed in advance to facilitate a shared understanding of the different types of provision which should be available, the needs of the children and young people who are likely to require them and the associated level of top-up funding (for example, if funding bands are used) to meet their support needs.

7.2 Other requirements relevant to top-up funding

Local authorities' expenditure from the DSG is subject to [conditions of grant](#) set by DfE, which govern the way high needs funding is used, including the way top-up funding is organised, including:

- local authorities must treat children and young people with high needs on a fair and equivalent basis when making arrangements for their funding, regardless of whether they are placed in maintained schools, academies and free schools, providers in the FE sector, or non-maintained and independent provision
- local authorities must make payments of top-up funding in a timely fashion on a basis agreed with the school or college. These must be monthly, unless otherwise agreed

We will examine cases and consider remedial action where there is clear evidence from a school or college that a local authority is not meeting the relevant conditions of grant, providing the local authority's complaints processes have been exhausted. See [section 7.5: resolving funding disagreements](#) for further information.

Where a pupil or student with an EHC plan is due to move between educational settings or phases, the local authority must review and amend the EHC plan by the spring of the preceding academic year, so that a revised EHC plan is issued by 15 February of the same year (for transfers into or between schools) or by 31 March (when moving from a school into a post-16 college or apprenticeship), as set out in [annex 8: important dates](#). In no circumstances should an admission of a pupil or student, or the continuation of a placement at a school or college be conditional on or delayed by receipt or agreement of top-up funding.

7.3 Determining top-up funding levels

Local authorities are responsible for decisions regarding levels of top-up funding since they have the statutory responsibility for making the educational placement. Where a child or young person has an EHC plan, the local authority must secure the special educational provision specified in the plan. Local authorities also have statutory duties in respect of children of compulsory school age without a school place, that require the use of AP.

Local authorities, schools and colleges should consider the following principles relating to decisions about top-up funding.

7.3.1 Decisions should be timely

Levels of top-up funding should be confirmed at the earliest opportunity, before the pupil or student has been admitted to the school or college, so that their placement is not disrupted, and recognising the cashflow and accounting requirements of schools and colleges.

7.3.2 Decisions should be clear

The local authority should confirm (in writing) the amount of top-up funding to be paid as soon as possible after the placement has been commissioned. Where a local authority makes a number of placements, a single schedule of placements and payments may be sufficient.

7.3.3 Decisions should be evidence-based

The local authority should consider evidence from the school or college about the costs of offering provision for the pupils and students with high needs, including inescapable cost increases that are not met from other sources. Schools and colleges should be transparent about their costs and how they contribute to delivering the overall provision for pupils and students with high needs.

7.3.4 Decisions should reflect relevant costs

Top-up funding is intended to contribute to the costs of special educational provision for children and young people with high needs. Top-up funding should therefore take account of other elements of funding that also contribute to meeting such costs, such as mainstream schools' and colleges' formula funding to meet the cost of additional support up to £6,000 per pupil, or special schools' and colleges' place funding.

Top-up funding can reflect:

- the provision and facilities required by individual pupils and students, such as the cost of any specific additional support to meet the individual's needs, or free school meals for those entitled to receive them in special schools
- the costs of the overall provision for all those with SEND, for example, the costs of buildings for those schools and colleges not able to access capital funding

However, we do not expect top-up funding to contribute to, or subsidise:

- overheads attributable to other budgets within the school or college, and funded from other sources, for example, residential accommodation funded from the local authority's social care budget or adult education provided by a college
- costs that would have had to have been met even if it had no pupils or students with high needs, for example, the salary of the special educational needs co-ordinator required by all mainstream schools
- the costs of legal action against local authority decisions on assessment, provision, and top-up funding, including support for parents seeking SEN tribunal judgments on such local authority decisions
- the cost of educational and other assessments (both non-statutory and EHC needs assessments), for example, by educational psychologists

7.3.5 Decisions should be based on agreed provision and cost expectations

Agreements over what provision should be ordinarily available, with associated standardised funding rates, can simplify extensive negotiations on provision and funding, and avoid disputes arising. By calculating top-up funding for a cohort of pupils or students, local authorities can create certainty for schools and colleges on the level of funding they can expect to receive for the provision. A clearly understood and consistently applied local 'banding' framework can therefore be particularly important – see further information about banded funding arrangements below. Even where provision is specified in an EHC plan, there is no statutory requirement that a local authority must pay top-up funding at a particular rate requested by a school or college, or that a school or college must spend the top-up funding received only on provision for the pupil or student for whom the funding is paid.

In some cases, decisions about top-up funding may need to reflect the normal or expected occupancy of places. The nature of pre-16 AP and SEND provision in some schools and colleges may result in empty places arising at some points in the academic year, for example, in AP where referrals begin to be made later, or after the autumn term. Similarly, some schools may routinely admit a higher number of pupils than the places for which they are funded.

Place funding comes from the provider local authority's high needs budget, and top-up funding from the resident local authority's high needs budget. Because the sources of these different elements of funding can be different local authorities, if a school or college has been funded for high needs places which are not being used (whether at £6,000 per place for colleges and SEN units or resourced provision attached to mainstream schools, or £10,000 per place for special and AP schools), place funding should not simply be deducted from the normal level of top-up funding. Similarly, if a school or college has filled all of its funded high needs places, they should not automatically expect the top-up funding rate to be increased by £6,000 or £10,000 per additional placement. See [annex 2: an example of where pupil and student numbers differ from funded places](#) for supporting information.

7.4 Banded funding arrangements and other flexibilities

Top-up funding can reflect the costs of provision for a cohort of pupils at or within a school or college. It does not need to be tied to the detailed provision that may be required (or which is specified in EHC plans), since schools and colleges have flexibility in deploying their resources. Many local authorities have systems which indicate the range of top-up funding that might be provided for children and young people with a particular type and complexity of need (sometimes referred to as 'banded funding' systems). These can be helpful in providing clear and transparent funding arrangements.

Where a local authority makes a large number of placements at a school or college or at a range of schools and colleges locally, a system which agrees likely levels of top-up funding in advance can be a very efficient way of allocating funding. The local authority must be satisfied that the final allocation of funding (both the top-up funding and other elements of funding) is sufficient overall to secure suitable provision (for example, that outlined in an EHC plan) and should keep top-up funding levels under review at regular intervals.

There can be issues when a child or young person is placed in a school or college located in another local authority area if there are different expectations of provision and funding. When placing a pupil or student in a school or college in another local authority's area, resident local authorities should therefore:

- determine top-up funding in accordance with the funding bands that the provider local authority uses for their pupils and students, unless there is clear evidence

that the provision required for the child or young person would require different levels of funding

- collaborate with neighbouring local authorities when reviewing and developing their top-up funding bands, with a view to bringing more consistency to the levels of top-up funding for schools and colleges used routinely for placements by more than one local authority

7.5 Resolving funding disagreements

Schools, colleges and local authorities should work together to avoid and resolve disagreements about commissioning arrangements and the top-up funding for the placement of individual children and young people. In addition to following the principles outlined above, the following points of guidance should help in preventing disputes and resolving any that arise:

- local authorities' responsibilities for decisions on top-up funding should be discharged fairly, reasonably and after proper consultation, recognising that at every level, different types of school and college are also accountable for their spending
- in the case of children and young people with EHC plans, the statutory annual review process should also be an opportunity to review the funding arrangements in the light of evidence about an individual's needs, their progress and any changes to the provision they require
- many local authorities use multi-agency panels to provide advice on decisions relating to EHC plans, placements and high needs funding. This can be an important way to ensure area-wide approaches (such as funding bands) are applied consistently and fairly in individual cases. Such panels can only be advisory: decisions on placements, provision and funding must remain with an officer of the local authority

Where a funding dispute remains unresolved, a local dispute resolution protocol can help to resolve this in a timely manner, if the dispute is not resolved, the complaint may be considered by the [Local Government and Social Care Ombudsman \(LGSCO\)](#) if appropriate.

All stages of the local authority's complaint procedure(s) should be fully documented before a complaint to the Secretary of State is considered.

7.6 Other information relating to top-up funding (including public sector procurement)

DfE has published [non-statutory guidance](#) on procuring SEND education placements and services following the introduction of the [Procurement Act 2023](#) that took effect from 24 February 2025. The guidance aims to help local authorities and education providers to understand how the Procurement Act 2023 interacts with the Children and Families Act 2014 and identify if SEND education placements and services are in or out of scope of the procurement legislation.

Pupils and students should only be counted as having high needs for funding purposes (and be recorded on the [school census](#) or [ILR](#) as such), if the local authority has determined that top-up funding is payable for that pupil or student. A pupil or student should not be recorded as having high needs unless the local authority has made such a determination, even where a school or college has assessed a pupil or student as requiring additional support from the local authority's high needs budget, or where a pupil or student has been offered a high needs place by that school or college. In such circumstances, the school or college should use its best endeavours to make the special provision for the pupil or student, seeking advice from the local authority, if necessary, as to what additional support the pupil's EHC needs or other assessment may have indicated is appropriate.

If a pupil or student's placement is interrupted temporarily for public health reasons, for example, because a school or college has had to partially close, the school or college should contact the resident local authority to discuss alternative arrangements for their continuing access to education and support and for the continuation of top-up funding for the provision being made. If an absence is expected to be long-term, because a public or personal health issue affects the young person's attendance and ability to engage in their education, the local authority should review the EHC plan and if necessary, amend it to name a different suitable placement.

8. Local authority high needs central services and support

While the majority of a local authority's high needs budget is spent on place and top-up funding for schools and colleges, local authorities can also use high needs

funding to provide additional or targeted support for children and young people with SEND, as permitted under schedule 2 to [The School and Early Years Finance \(England\) Regulations](#). This can take the form of preventative and early intervention support services, and access to specialist services or expertise commissioned by the local authority, as well as additional funding to schools and colleges.

Specifically, to support the new government's ambition for a more inclusive mainstream education system, the regulations allow local authorities to incur expenditure and target funding for the purposes both of encouraging the education of children and young people with SEN at mainstream schools, and of collaboration between special and mainstream schools to enable those with SEN to engage in mainstream school activities.

As in previous years, the amount that the local authority plans to spend on such support and services should be included on the local authority's s251 budget statement. The actual expenditure should be reported on the same basis in the local authority's s251 outturn statement. The schools forum is expected to discuss the details, including funding and effectiveness of these services.

8.1 Specialist support services

Specialist support services can play an important role in enabling mainstream schools and colleges to meet a wider range of special educational needs and supports the presumption in law that all children and young people should be educated in mainstream provision, unless they require more specialist provision, as determined through the statutory EHC assessment process.

If mainstream provision is to meet a wide range of SEND, it is important that mainstream schools and colleges have access to high-quality specialist support, for example, to help children and young people who have:

- autism
- speech and language needs
- social, emotional and mental health needs
- sensory impairment
- challenging behaviour associated with their SEND

This typically involves specialist teachers with expertise in supporting pupils with

complex needs who are available to advise, train and support other teachers and special educational needs co-ordinators in mainstream schools and colleges. For example, support could be provided through networking and targeted training or commissioned from a specialist provider.

It is important that such support is available to mainstream schools (maintained schools, academies and free schools), general FE colleges, sixth form colleges and 16 to 19 academies. They are all statutorily required to identify the SEN of their children and young people and to use their best endeavours to make sure that a child or young person who has SEN gets the support they need.

Local authorities and mainstream schools and colleges should discuss how such specialist support should be delivered when considering how to spend the high needs funding available to them. Many local authorities employ specialist teachers, funded directly from their high needs budget. Others give special schools additional funding to provide specialist support to other schools and colleges. Such arrangements are frequently accompanied by a service level agreement confirming what will be delivered in return for the additional funding.

Specialist support for pupils at risk of suspension or permanent exclusion may be commissioned by the local authority or by schools (using funding devolved by the local authority). Further information on centrally commissioned AP services can be found in section 10: 'Alternative provision' below.

High needs funding through the DSG cannot be used for local authorities' costs in relation to SEND administration, assessment, co-ordination and monitoring, as per schedule 1 of [The School and Early Years Finance \(England\) Regulations](#). For example, educational psychologist costs for the identification of children and young people with SEND, the assessment of EHC needs and the preparation and review of EHC plans, cannot be charged directly to the DSG. [Annex 6: health and social care costs](#) provides further guidance on the funding of health and social care costs.

9. Funding overview by education setting type

9.1 Early years provider settings

DfE funds local authorities to deliver the early years entitlements using early years national funding formulae. In financial year 2026 to 2027, we expect to provide over £9.5 billion for the early years entitlements.

Local authorities are then responsible for setting individual provider funding rates in consultation with their providers and schools forum, and fund providers using their local funding formula. From 2026 to 2027, local authorities are required to plan to pass through at least 97% of their funding received from the government to early years providers. This new 97% requirement will apply separately to the entitlements for:

- 9-month-old children up to 2-year-olds of eligible working parents
- 2-year-old children of eligible working parents
- 2-year-old children from families receiving additional support
- 3 and 4-year-olds (universal and additional hours)

For 3 and 4-year-olds, whilst the minimum pass-through requirement is increasing, there is no change to the approach of how this will be calculated, and the pass-through requirement will apply to the universal and additional hours in combination. For 2-year-olds and under, the requirement will apply to each of the entitlements individually. This means that local authorities cannot meet a combined pass-through requirement on the 2 separate entitlements for 2-year-olds.

The [early years entitlements: local authority funding operational guide 2026 to 2027](#) includes more information on how the early years block funding is allocated to local authorities and should be distributed to providers to deliver the early years entitlements.

9.1.1 High needs funding in early years

Children aged 0 to 5 with more complex needs and those with an EHC plan are also eligible to receive funding from local authorities' high needs budgets, funded from the high needs block of the DSG.

Local authorities can meet the costs of children aged 5 and under with high needs in different ways from their high needs budget. These may include SEN support provided directly as a central service for young children with high needs and resources for early years providers to enable them to make the required provision. Place funding may also be used for early years provision, for example, at special schools, supplemented by top-up funding for individual children.

9.1.2 Special educational needs inclusion fund (SENIF)

All local authorities are required to have special educational needs inclusion funds (SENIFs) for all eligible children with SEN taking up any of the free entitlements, regardless of the number of hours taken. These funds are intended to support local authorities to work with providers to address the needs of individual children with low level or emerging SEN who are taking up the entitlements. The structure also supports local authorities to undertake their responsibilities to strategically commission SEN services as required under the [Children and Families Act 2014](#).

Local authorities can establish their SENIFs using funding from the early years block and/or the high needs block of their DSG allocation. Although local arrangements will vary, local authorities should consider the right balance to strike in drawing from these 2 blocks of funding, taking into account the particular pressures on high needs and early years budgets locally.

9.1.3 Disability access funding

As set out in the [early years entitlements: local authority funding operational guide 2026 to 2027](#), the disability access fund supports eligible disabled children's access to any of the entitlements.

9.2 Mainstream schools, academies and free schools

Mainstream schools without SEN units or RP are funded for their pre-16 pupils through:

- core funding, which includes funding for pupils with SEND, whose additional support costs are lower than £6,000. Maintained schools and academies should have sufficient funding in their delegated budget, calculated through the local schools funding formula, to enable them to support pupils with SEN as required, up to the mandatory cost threshold of £6,000 per pupil per annum
- top-up funding, which is for costs in excess of £6,000 per pupil, and paid by the local authority making the individual placement

High needs place funding is only available in pre-16 provision to mainstream schools with SEN units or RP (see below). It is available for mainstream schools with sixth forms in the same way as for other post-16 provision, as described below.

Maintained mainstream schools will receive notification of their core funding allocations of pre-16 funding for the new financial year beginning in April, by the end of the prior February. Mainstream academies and free schools will receive

notification by the end of March, before the subsequent academic funding year starting in September.

For pupils aged 5 to 15 years in mainstream schools, a notional SEN budget is identified, and the amount should be shown in a maintained school's budget notification and is included in an academy's general annual grant (GAG) notification. This is an indicative amount that schools may use as a guide for how much they might need to spend on supporting their pupils with SEND. The [notional SEN budget for mainstream schools operational guide](#) for local authorities explains how their schools' notional SEN budget can be calculated using local funding formula factors, with the aim of achieving greater consistency in that calculation.

Local authorities should review their schools' notional SEN budget calculation for 2026 to 2027 in line with that guidance, to ensure that the budget identified is reasonable as a guide to what schools might need to spend on additional support for their pupils with SEND, taking into account costs up to £6,000 per pupil. Where there is a disproportionate number of pupils with SEND in a school, additional funding may be provided outside the main funding formula, as explained below.

9.2.1 Additional funding for mainstream schools

Local authorities can provide additional targeted funding from their high needs budget, and outside the main funding formula for mainstream schools and academies on a consistent and fair basis, where:

- there is a disproportionate number of pupils with SEND, and/or with more complex SEND (for example, a primary school may have developed a particular expertise or facility for meeting the needs of high achieving pupils with autism, or pupils with physical disabilities, resulting in more pupils with these needs being admitted)
- that number cannot be reflected adequately in the funding they receive through the local funding formula

They should define the circumstances in which additional funding will be provided from their high needs budget, through a formula or other methodology agreed with schools. In all cases, the distribution methodology should be simple and transparent, and devised so that additional funds are targeted only to a minority of schools which have particular challenges because of their disproportionate number of pupils with SEN and/or high needs, or their characteristics.

The criteria and budget should be included in the additional factors/commentary section of the APT, and the budgeted and outturn expenditure included in line 1.2.4 (additional high needs targeted funding for mainstream schools and academies) of the s251 returns.

9.2.2 Sixth forms in mainstream schools

Mainstream school sixth forms are funded for their core funding per pupil based on the 16 to 19 funding formula (sometimes referred to as element 1) and £6,000 per high needs place (element 2). Funding to support pupils whose additional support costs are lower than £6,000 is provided through the disadvantage factors of the mainstream 16 to 19 funding formula allocation.

High needs place funding (element 2) is available to schools for pupils with SEN requiring additional support costing more than £6,000. Local authorities should have engaged with their mainstream schools with sixth forms to agree place numbers and respective levels of top-up funding (element 3). Local authorities have flexibility to agree alternative ways of calculating place funding with maintained schools, academies, and free schools. Further information can be found within [section 11.1: high needs place funding: local flexibility to allocate differently](#).

We do not require information on changes to places funded in maintained schools, as local authorities fund these directly and have local flexibility to change the number of places, as well as the method of calculating the allocation. Local authorities should, however, notify DfE of changes to place numbers for [academies and free schools](#), as part of the annual place change process to ensure that they are funded on the correct basis.

9.2.3 Special educational needs (SEN) units and resourced provision (RP) in mainstream schools

Many maintained mainstream schools and academies have SEN units and/or RP attached, offering specialist provision formally recognised by the local authority where the school is located and with high needs places funded by that local authority. Both SEN units and RP are usually for pupils with an EHC plan, but may also provide for pupils without an EHC plan, and often cater for a specific type or types of SEN. They sometimes accommodate pupils registered at other schools on a part-time or temporary basis.

SEN units are special provisions within a mainstream school where the pupils with SEN are taught within separate classes for at least half of their time.

RP consists of places that are reserved at a mainstream school for pupils with a specific type of SEN, taught for at least half of their time within mainstream classes, but requiring a base and some specialist facilities around the school.

Mainstream schools are funded for SEN units and RP through:

- pre-16 core funding through the local schools funding formula, plus:

- £6,000 per place for those occupied by pupils on roll (that is, recorded on the school census as sole or dual (main) registered at the school)
- £10,000 per place for places that are or will be occupied by a pupil registered on the roll of another school, places not occupied at the time of the school census count, but which are likely to be filled and require funding or places for capacity required for another local reason
- £539 per place for a continuation of the grant funding paid to schools in 2025 to 2026 to contribute to the extra costs of the 2025 national insurance contributions increase and support staff and teachers pay awards (see [annex 4: the allocation of 2025 to 2026 CSBG and other legacy funding](#) for further information)
- post-16 core funding: element 1 (based on the 16 to 19 funding formula) plus element 2 (£6,000 per place) based on the number of places to be funded
- top-up funding for pupils with high needs, whose additional support costs more than £6,000, paid by the resident local authority commissioning the placement(s)

In the case of place numbers for maintained schools with SEN units and RP, the provider local authority determines the total number of places to be funded, taking full account of places that may be commissioned by other local authorities.

DfE confirms:

- the number of funded high needs places in mainstream academies and free schools following the annual place change notification process
- the place funding amount rate, based on occupancy data provided in the APT

The total number of places funded is based on the outcomes from the [place change notification process](#). The number of places funded at £6,000 per place is calculated based on the number of places occupied by pupils on-roll of the school or academy, as recorded in the APT. This would not exceed the total number of funded places.

For example, if funding for 10 places was agreed through the place change process, and 12 places were recorded as occupied in the APT, 10 places would be funded at £6,000 per place. This is because we use the place change process to determine the place numbers, not the APT.

The number of unoccupied places, funded at £10,000 per place, is calculated as the funded places (via the place change process), minus the number of occupied places recorded in the APT. This funding will not be below zero (0). In the example above, there are no unoccupied places, given the total of occupied places is the

same as, or above the number notified as part of the place change process.

Where there are provision changes such as a new SEN unit or RP at an academy or free school, this must first be approved through the [significant change process](#). Supporting guidance on [opening, closing and making changes to schools](#) is also available. A signed deed of variation must be received from the academy trust so place funding can be reflected in the 2026 to 2027 academic year allocation from DfE, as notified through the [annual place change process](#).

Depending on the range and type of services on offer, it is also possible for such provision to be a centrally funded service commissioned by the local authority, normally under a service level agreement with the school or academy. If such an agreement is with an academy, this would be a local arrangement with the SEN unit or RP funded directly by the local authority rather than via DfE. Please note, however, that DfE funding is calculated on the basis of reported and published place numbers (see [annex 4: the allocation of 2025 to 2026 CSBG and other legacy funding](#) which means that such local funding arrangements would exclude the SEN unit or RP from that funding.

9.3 Maintained special schools, special academies and special free schools

Pre-16 and post-16 high needs places at maintained special schools, special academies and special free schools are funded at £10,000 per place. Details of how the annual place numbers are determined is detailed in [section 6: high needs place funding](#) and [supporting guidance](#).

Maintained special schools are notified of their place funding allocations for the financial year 2026 to 2027 (that is, their budget shares) by their local authority (by the end of February 2026). Special academies and free schools receive their funding allocations from DfE (by the end of March 2026), in advance of the academic year.

Funding for special school growth where an increase in place numbers is not planned or predicted and therefore not included in the annual place funding allocation is covered in section 6.3: 'Where pupil and student numbers differ from funded places'.

Because the high needs NFF is not being used for the 2026 to 2027 allocations of high needs funding, we will not be making any formula adjustments to local

authorities’ 2026 to 2027 DSG for new and growing special free schools.

In addition, maintained special schools, special academies and special free schools receive per pupil top-up funding paid by the commissioning (resident) local authority.

9.3.1 Special schools minimum funding guarantee (MFG)

A special school protection, otherwise known as the MFG, will continue to apply to maintained special schools and special academies (including special free schools but excluding NMSS and independent schools) in 2026 to 2027. The MFG to be operated by local authorities for 2026 to 2027 must be 0% using their schools’ 2025 to 2026 funding baseline. The local authority must have a disapplication request approved to use a negative percentage.

This means that no special school will receive from their provider local authority less funding per pupil in 2026 to 2027 on a like-for-like comparison with their pupil cohort in 2025 to 2026, unless a disapplication request has been approved. The calculation should assume that the number and type of places remain the same between 2025 to 2026 and 2026 to 2027. It should also assume that all pupils in the school are placed by the provider local authority (usually, where the school is located) and that all top-up funding rates received by the school are those set by that local authority.

See [annex 3: special schools minimum funding guarantee](#) for further information on the MFG protection, including worked examples.

9.3.2 Special schools additional funding streams

Special schools must also receive a consolidated amount which is equivalent to the amount of CSBG they received in 2025 to 2026, the amount they received in 2025 to 2026 that is equivalent to the historic teachers’ pay and pensions grants, and the amount they received in 2025 to 2026 in continuation of the additional funding first received in 2023 to 2024.

See [annex 4: the allocation of 2025 to 2026 CSBG and other legacy funding](#), for details of how this consolidated funding is to be calculated by local authorities.

Table 4 below summarises the various funding streams that are relevant for these special schools in 2026 to 2027.

Table 4: main funding streams for special schools’ core staffing and other running costs

Funding element	Value	Data used	Inclusion in 2026 to 2027
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Place funding	Flat rate £10,000 per place	Number of places decided by provider local authority, in consultation with school	Yes
Top-up funding	Variable, may depend on local system of funding bands	Should reflect the cost of provision in excess of the place funding, necessary to make the provision that has been commissioned	Yes
Additional funding relating to 2025 to 2026 CSBG and other legacy funding streams	Locked at 2025 to 2026 value per place with an uplift to reflect that the 12-month costs of the 2025 teachers' pay award	Number of places decided by local authority, in consultation with school	No, this is a separate high needs funding stream, not to be included in the MFG calculation

9.4 Non-maintained special schools

NMSS receive place funding directly from DfE and are subject to a grant funding agreement. All NMSS places (pre and post-16) are funded at £10,000 per year.

We base NMSS place funding allocations on the pupil number data from the latest October school census, uplifted by the difference between the previous year's October and January census pupil number data. Only pupils resident in England and within the school's age range are included in the calculation. If there is a reduction in the number of pupils between the October and January census, we do not reduce funding. This ensures that no school is funded on numbers less than those recorded in their latest October census. If a school predicts that they will have significantly more pupils than the number of places on which their funding is calculated, and they have concerns about how provision for those pupils will be funded, they should contact us via the [Customer Help Portal](#).

In addition, NMSS receive top-up funding paid by the resident local authority commissioning the placement, as well as additional legacy grant funding and other funding directly from DfE.

From 1 January 2025 local authorities' top-up funding for NMSS in respect of individual pupils' placements has been subject to VAT. Under section 33 of the VAT Act 1994, local authorities are able to reclaim the VAT they pay. Any invoices submitted to local authorities for payment of top-up funding should only include that top-up funding amount, clearly identifying the VAT associated with that amount, and should exclude reference to the grant funding from DfE which is not subject to VAT.

9.5 Independent schools

Independent schools, including independent special schools and independent AP, sit outside the high needs place funding system. Where a local authority has commissioned a place in an independent school, the local authority is responsible for funding the school from their high needs budget to reflect the full cost of provision for that child or young person with SEND, rather than the school having an allocation of place funding and top-up funding. Much of the guidance relating to top-up funding will be relevant in local authorities' decisions about their funding for independent schools. The total expenditure on these placements should be included in the relevant high needs top-up funding line of each local authority's s251 returns.

Only educational costs (including deemed educational costs) should be funded by the DSG. In some cases, the integrated package of support will be costed and charged through a single fee. We encourage schools to be clear, and where requested provide evidence, about which elements of provision (and therefore, cost) should be attributed to education, health and social care respectively so that the local authority can charge non-educational costs to the responsible partners. Further information can be found in [annex 6: health and social care costs](#).

From 1 January 2025 the fees charged for placements in independent schools have been subject to VAT. Under section 33 of the VAT Act 1994, local authorities are able to reclaim the VAT they pay. Any invoices submitted to local authorities must therefore identify VAT clearly.

2025 to 2026 CSBG funding to local authorities included an amount based on SEND placements in independent schools, as recorded in each local authority's [alternative provision census return](#). This funding has been incorporated into the 2026

to 2027 DSG, so local authorities can carry on funding continuing costs reflected in any increase in fees charged by independent schools for the 2025 to 2026 financial year period as a result of the 2024 and 2025 pay, pensions and national insurance contributions increases.

9.5.1 Parental placements in independent schools

In the event that a child's parents make suitable alternative arrangements for their child's education (for example, by making a private fee-paying placement in an independent school), the local authority's duty to secure the special educational provision specified in the EHC plan will not apply. The local authority must assure itself that the alternative arrangements are suitable and has the option of providing discretionary top-up funding to ensure they are suitable. More information about how local authorities should discharge their responsibilities for children and young people with SEND in independent schools is set out in the [SEND code of practice](#), in particular paragraphs 9.131 to 9.136.

9.5.2 Unregistered independent schools

Where a local authority is considering placing a child or young person with an EHC plan on a full-time basis in independent provision, they must ensure the setting is properly registered with DfE before any placement is made. An independent school is any school at which full-time education for 5 or more pupils of compulsory school age, or for one or more pupils of compulsory school age who have an EHC plan or are looked after by a local authority and which is not a maintained school, or a non-maintained special school. All independent schools must be registered with the Secretary of State before they begin to operate. Further information on what an independent school is and the process of registration can be found at [independent school registration](#).

It is an offence to conduct an unregistered independent school, and anyone who does so is liable on summary conviction to a fine and/or imprisonment. Local authorities placing pupils full-time in an unregistered school may prejudice any future prosecutions of unlawfully operating settings.

9.6 General further education (FE) colleges, sixth form colleges, 16 to 19 academies and maintained schools and independent learning providers

General FE colleges, sixth form colleges, ILPs and 16 to 19 maintained schools and academies receive core funding based on an amount per student calculated using

the 16 to 19 funding formula (element 1) and, for their students with high needs, £6,000 per high needs place (element 2). Top-up funding for students with high needs (element 3) is paid directly by the local authority commissioning the place.

Element 1 funding, based on student numbers, is allocated directly by DfE to colleges (or via the provider local authority for 16 to 19 maintained schools) for students aged 16 to 19 and those aged 19 to 25 with EHC plans. Funding to support students with SEN where additional support costs are lower than £6,000, is provided through the disadvantage factors of the mainstream 16 to 19 funding allocation: these students do not count as students with high needs.

The number of high needs places (element 2) funded at £6,000 per place for the 2026 to 2027 academic year is determined through the high needs place change process. You can read further information on this in the [high needs place change process for 2026 to 2027 academic year](#) guidance. As indicated above, it is essential that the provider local authority (that is, the one in which the main college or provider headquarters is located) discusses with their colleges how many places should be funded. Further information about how place funding works, including where students exceed place numbers, can be found in [section 6: high needs place funding](#) and [annex 2: an example of where pupil and student numbers differ from allocated places](#).

FE colleges may also agree an alternative method of calculating this element of funding with their provider local authority (that is, a calculation that is not necessarily a number of high needs places multiplied by £6,000), subject to the requirements outlined in [section 11.1: high needs place funding: local flexibility to allocate differently](#).

9.7 14 to 16-year-olds studying in a college

There are a number of situations where a 14 to 16-year-old may be studying in a college. These could be:

- students who achieved a level 2 qualification early and are choosing to enrol on a full level 3 course, and home-educated students. These are counted as 16 to 19-year-olds. Such students are funded alongside 16 to 19-year-olds via the 16 to 19 funding formula for element 1 and £6,000 per place for element 2
- students enrolled in a maintained school or academy but studying part-time in college. These are not funded as 16 to 19-year-olds, as the maintained school or

academy will receive funding in respect of these students via the pre-16 formula applicable to that school

- students in some colleges that are eligible to be directly funded by DfE for 14 to 16-year-olds. These students should be recorded in the ILR accordingly and will be funded for element 1 via the 16 to 19 formula using a separate process. For element 2, these students are counted as 16 to 19-year-olds and funded at £6,000 per place using the same process as for 16 to 19-year-olds

All pupils who are of school age and are attending a further education college should be included in the local authority's AP school census.

Further details for FE colleges on funding for directly recruited 14 to 16-year-olds in colleges can be found in the [enrolment of 14 to 16 year olds in FE](#) guidance.

In addition, colleges receive top-up funding (element 3) paid by the resident local authority that has commissioned the place for a student with high needs for the costs of their educational support in excess of £6,000. Further information on high needs top-up funding (element 3) is set out in [section 7: high needs top-up funding](#).

9.8 Special post-16 institutions (SPIs)

SPIs can receive all their funding from local authorities, for students with SEN placed by a local authority in the college. To be eligible to receive high needs place funding from DfE, however, SPIs must either have already been in receipt of programme funding from DfE through the 16 to 19 funding formula (that is, element 1) or have successfully completed the [high needs funding: due diligence process](#) for SPIs. To receive place funding from DfE, such SPIs must have been proposed by a local authority through the annual place change notification process. Their allocations are determined by the place numbers returned by the local authority in which they are located, through the place change notification for the first year.

All SPIs in their second year onwards of receiving place funding from DfE are allocated funding (element 1 and element 2) based on their ILR R06 return. More information on how element 1 is calculated can be found in the [16 to 19 special post-16 institution revenue funding allocations guide](#). Element 2 is £6,000 per place and is calculated using the number of students flagged in the ILR as being in receipt of top up funding. In addition, they receive top-up funding (element 3) paid by the resident local authority that has commissioned the place for a student. Further information can be found in section 6: 'High needs place funding' and section 7:

‘High needs top-up funding’.

If the number of high needs students recorded in the academic year 2026 to 2027 ILR R04 return exceeds the number of funded places, SPIs may be eligible for an in-year growth award through the annual exceptional in-year growth process. This process is data-driven and does not require a business case, except in instances of data error. Awards are subject to affordability and the annually agreed criteria.

The 16 to 19 funding methodology for calculating in-year growth is reviewed and confirmed each year. You can find more information about the methodology and supporting calculator for the 2025 to 2026 academic year in [16 to 19 funding: in-year growth funding](#).

From 1 January 2025 fees charged for placements in SPIs may be subject to VAT, as set out in the relevant section of the [Finance Act 2025](#).

Under section 33 of the VAT Act 1994, local authorities are able to reclaim the VAT they pay. Any invoices submitted to local authorities for payment of top-up funding should only include that top-up funding amount, clearly identifying the VAT associated with that amount, and should exclude reference to the elements 1 and 2 grant funding from DfE which is not subject to VAT.

9.9 Centrally funded exceptions (CFE)

There are a small number of post-16 FE colleges and ILPs funded directly by DfE that do not have their allocations agreed as part of the main place change process. Their 2026 to 2027 academic year place funding will be based on the number of high needs students recorded in their academic year 2025 to 2026 ILR R06 return.

If the number of high needs students recorded in the academic year 2026 to 2027 ILR R04 return is greater than their funded places, they may receive an in-year growth award as part of the annual exceptional in-year growth process, subject to affordability and meeting the annually agreed criteria. This is a data driven process and no business case is accepted, except those relating to data errors.

The 16 to 19 funding methodology for calculating in-year growth is reviewed and confirmed each year. More information about the methodology and supporting calculator for the 2025 to 2026 academic year is available in the [16 to 19 funding: in-year growth funding](#) section.

10. Alternative provision (AP)

When children of compulsory school age are not receiving suitable education, the local authority has a duty, under section 19 of the [Education Act 1996](#) to arrange it.

It is in the interests of the local authority and its schools offering AP to agree the referral process and process for resolving concerns about admissions. If the local authority is unable to place a particular pupil because they are not suited to the type of provision offered by a PRU, AP academy or AP free school, they would need to make other arrangements.

When arranging AP, the commissioner should clearly define the nature of the intervention, its objectives, and the timeline to achieve these, accounting for any statutory SEND responsibilities, especially when an EHC plan is in place. [Arranging alternative provision](#) commissioning guidance sets out further information.

A child may be placed in an alternative setting for a period of time because of a suspension or permanent exclusion or where a child has health-related needs, which mean they are unable to attend a mainstream school full-time. Many schools make use of AP services as a preventative step before the need for suspension or permanent exclusion arises. In most cases the intention is for these children to return to their mainstream school and the length of the placement should be determined by the needs of the pupil.

Where a mainstream school is the commissioner of AP, the pupil should remain on the school's register, and the school retains accountability for the child's education. For example, where a pupil is suspended from a mainstream school for longer than 5 school days, the school is responsible for commissioning and funding AP from the sixth school day of the suspension.

10.1 Organising and funding AP

When local authorities make arrangements for AP (including hospital education), this is normally funded from their high needs budget. There is flexibility for local authorities to devolve some decision-making and funding for AP to schools, and there is evidence to show that this can be effective in promoting inclusion and accountability.

Local authorities and schools use AP to discharge their statutory responsibilities in different ways. When reviewing and determining commissioning, funding of AP should take account of the needs of local schools in determining the demand for AP and how it is delivered and encourage schools to think collectively about their use of AP and how the full cost of provision is to be met. Many local areas have developed strong partnership arrangements which seek to share responsibilities across schools for AP commissioning, funding and accountability. Such arrangements can include the local authority devolving some decision-making and funding to groups of schools.

Funding devolved to schools, including AP schools, or partnerships of schools remains as a central budget under the local authority's central control, and the terms of its use should be covered by a service level agreement or memorandum of understanding with the maintained schools and academies involved. As with other elements of high needs funding held centrally, under the conditions of grant associated with the DSG, the local authority must treat maintained schools and academies on an equivalent basis and make sure that any distribution of such funds is fair and reasonable.

The local authority should make sure that there is consultation with the schools forum on the way AP funding is used and distributed. The schools forum regulations are intended to ensure that the arrangements for AP funding are properly discussed at local level – with engagement not only from the local authority, but also from the mainstream maintained schools and academies, PRUs and AP academies and free schools. This is explained in the [schools forum operational and good practice guide](#).

The regulations and [schemes for financing schools](#) do not permit local authorities to make a differential charge on maintained schools' and academies' budget shares according to their use or intended use of AP. It is possible, however, to use funds relating to pupils leaving the school roll, which have been deducted from maintained schools' following the redetermination of their budget shares under regulation 39 of [The School and Early Years Finance \(England\) Regulations](#), or under the similar arrangements with academies to offset some of the cost of places. This is explained further in [annex 7: permanent exclusions: funding adjustments](#).

10.2 How high needs funding is allocated to AP

AP can receive high needs funding in different ways through:

- core funding: the annual allocation of funding based on an amount per place (place funding), which a school receives either directly from the provider local authority (for PRUs, based on the financial year), or from DfE (for AP academies and AP free schools, based on the academic year)
- top-up funding: the funding required over and above the core or place funding, to enable a pupil to participate in education (especially when an EHC plan is in place) is paid by the local authority or school that commissions each place
- service funding: locally negotiated funding for AP services, such as outreach, which are outside the place funding and top-up funding model, usually based on a service level agreement

Core funding provides some certainty for schools, but a stable income and financial viability will continue to depend on:

- developing strong relationships with local authorities and schools that commission places
- working out with commissioners, top-up funding rates that reflect the costs, including (for example) the costs of under-occupancy when places are not filled. See the section on agreeing top-up funding for AP below
- where appropriate, developing commissioned services that can provide an income from local authorities and schools on a longer-term basis (for example, through a 2 or 3 year contract)

PRUs, AP academies and AP free schools must receive from their provider local authority the [2025 to 2026 CSBG](#), as well as high needs funding that is equivalent to the previous teachers' pay and pensions grants, and a continuation of the additional funding received in 2024 to 2025. See [annex 4: the allocation of 2025 to 2026 CSBG and other legacy funding](#), for details of how the additional funding is calculated.

10.3 Post-16 students in AP settings

Post-16 students in PRUs, AP academies and AP free schools are not funded in the same way as pre-16 students. AP is, by definition, set up to educate children of compulsory school age (up to the end of key stage 4). A school will therefore not receive AP place funding for post-16 students because this type of provision is out of scope. If an AP school has post-16 high needs students with SEND, usually with an EHC plan, these places are funded on the same basis as post-16 students with

high needs in mainstream schools (using a combination of funding through the post-16 funding formula, £6,000 per place and top-up funding). Further information about the funding of post-16 students in mainstream school sixth forms is detailed in subsection 9.2.2: [sixth forms in mainstream schools](#).

10.4 Place funding for PRUs, AP academies and AP free schools

AP places are for pupils of compulsory school age 16 and funded at £10,000 per place, regardless of whether the place will be commissioned directly by a school or by a local authority.

Each PRU, AP academy, or AP free school usually has a number of places to offer pupils excluded by schools or who cannot get a school place for other reasons. In this case the commissioner would normally be the local authority. Many AP schools will also have places for pupils who are on part-time or shorter-term placements. In many cases local schools would be the commissioner for these places.

Although we have not defined a place in the regulations, we expect that a place will generally be available for occupation by a full-time equivalent (FTE) pupil. We recognise that in AP, places may not be filled by the same individual throughout the year, or in some cases, across the week. Identification of AP places is not determined by pupils' registration status. Where pupils are dual registered with a mainstream school, the time they spend attending a PRU, AP academy or AP free school should be accounted for in the number of places identified.

Whilst it is important that AP schools are not overfunded where places are not required, there will be occasions when places remain unoccupied, for example, to accommodate unpredictable fluctuations in demand. There will also be places that are occupied by more than one individual attending on a part-time basis. For example, a place may be filled by a child who attends for 2 days a week from one school, and another child who attends for 2 days from another school, with no child present for one day a week. AP schools should also consider with their local authority how to direct resources into outreach work in mainstream schools.

It may not be appropriate to provide place funding for some AP services where children are receiving their education offsite, such as a home tuition service or an outreach service provided by teachers whose base is the PRU or AP academy/free school. These services should be funded through a service level agreement with the

resident local authority or school.

AP academies and AP free schools should receive notification of their 2026 to 2027 allocations of place funding from DfE by the end of March 2026 and PRUs from their local authority by the end of February 2026.

10.5 Place funding for PRUs and AP academies

The provider local authority is responsible for agreeing and submitting the number of AP places to be funded in PRUs and AP academies, in consultation with those schools in the area which may need to commission places. This may require consultation with other local authorities and their schools if they are likely to commission places in the PRU or AP academy. As explained previously, post-16 students are funded on the same basis as post-16 students in mainstream schools. The number of places should be reported accurately on the local authority's s251 budget statement. Further information is provided in [section 6.2: reporting place numbers for the 2026 to 2027 place numbers](#).

Local authorities have flexibility to change the number of places they fund in 2026 to 2027 at PRUs and must notify DfE of changes to the place numbers in AP academies, using the 2026 to 2027 place change notification process. Evidence to support changes in place numbers may be required, and we recommend that PRUs, AP academies and AP free schools engage early with local authorities and schools commissioning places.

As with special academies, 2026 to 2027 places funded at AP academies are deducted from the DSG of the local authority in whose area the academy is located, and DfE funds the places directly. The deductions for 2026 to 2027 financial year are made up of 2 parts: five-twelfths of the 2025 to 2026 academic year and seven-twelfths of the 2026 to 2027 academic year.

10.6 Place funding and DSG deductions for AP free schools

Place funding for new AP free schools for the first 2 years is based on their financial plan. We review actual pupil numbers against planned places (occupancy) and under-occupancy in year 1, which may have an impact on the place numbers funded

for year 2.

Beyond year 2, the number of funded places is determined by DfE annually using evidence of occupancy (pupil numbers) and commissioning evidence from local authorities and schools. We wrote to all AP free schools in November 2026 with guidance on the [2026 to 2027 AP free schools place process](#).

For AP free schools, deductions for the 2026 to 2027 academic year are made from the DSG of the local authority where the pupil lives (based on October 2025 [school census](#) data). These deductions will be notified to local authorities in April 2026. No deduction is made for places in AP free schools opening during the 2025 to 2026 or 2026 to 2027 academic years. However, a deduction is made from the DSG for places in AP free schools open before or during the 2024 to 2025 academic year.

The AP free school deductions for 2026 to 2027 financial year are made up of 2 parts: five-twelfths of the 2025 to 2026 academic year and seven-twelfths of the 2026 to 2027 academic year.

10.7 Top-up funding for AP (including examples)

Where the local authority commissions a place at a PRU, AP academy or AP free school, the top-up funding is allocated from the local authority's high needs budget.

Where a school commissions a place at a PRU, AP academy or AP free school, the top-up funding may come from centrally held high needs funding that has been devolved to that school or a local partnership of schools (for example, via a service level agreement), or from a maintained school's delegated budget share or academy's general annual grant.

Top-up funding for AP is not usually related to an assessment of SEN. A standard top-up funding rate is often set for each PRU, AP academy or AP free school, which reflects the overall budget needed to deliver the provision for pupils and students attending. The principles of local authorities working constructively with schools and those who offer AP to co-produce transparent local arrangements for the provision offered and the expected cost rates (as set out in [section 7.1: collaboration between local authorities, schools and colleges to organise local authority top-up funding](#)) are as important for AP as for any other form of high needs provision.

Cost transparency is an important feature of the high needs funding arrangements.

Local authorities and schools should be aware of the full cost of AP in different schools, and placement decisions should be made based on the cost and quality of what is on offer. The local authority should publish clear information about how AP is funded, including top-up funding rates for PRUs and AP academies, and clarity about which organisation is responsible for providing the top-up funding and place funding for AP. When determining top-up funding, local authorities should take account of the overall budget required for the AP to remain financially viable. Local authorities should consult with the schools forum on providing PRUs, AP academies and AP free schools with increases in top-up funding rates comparable to those that are being considered for maintained special schools and special academies.

There is often a very fluid movement of pupils and students in and out of AP during a year. The extent of this movement can create uncertainty and volatility in an AP school's budget planning. Local authorities should recognise such fluctuations and trends to inform the development and implementation of a local mechanism for administering the distribution of top-up funding that is both transparent and simple.

One such example is where, at the beginning of the year, the AP school and its main resident local authorities and schools agree an estimate of the places they expect to be used. Top-up funding could then be paid on account every month throughout the year and a termly or year-end reconciliation could take place to reflect an actual take-up of places by individual pupils during the period (the difference between estimated and actual uptake). Adjustments could then be made to the top-up funding for the following year. This would give the AP school more certainty over its in-year cash flow, enabling it to employ the staff needed to make the required provision available (recognising that an increase or decrease in pupils may not necessarily directly lead to changes in the number of staff needed). Such an arrangement would help to ensure a high-quality service throughout the year. The amount and nature of provision can be changed over time to meet local authorities' and schools' evolving demand.

Such flexibility should nevertheless reflect that top-up funding relates to pupils actually occupying places. The aim of the system of place funding and top-up funding is to give a proper balance between sustainable income for the AP school, and flexibility to commission AP that meets the needs of individual pupils. Funding based solely on places, which may or may not be occupied, risks spending scarce resources on places that are not needed either by local authorities nor by schools and academies. It also ties up funding that would otherwise allow decisions to be taken about the most appropriate AP for an individual pupil.

We are not prescriptive about how the calculation of top-up funding reflects the period that a child or young person occupies a place. Some AP schools operate

based on a daily rate, but it could be more beneficial for planning purposes to calculate the top-up funding using longer periods, for example weekly, monthly, or even termly rates.

It would also be possible to develop a top-up funding system that more closely reflects the achievement of desired outcomes, as a way of encouraging high quality AP. For example, the AP school could receive an enhanced rate of top-up funding after the end of the placement if the intended outcome for the pupil or student had been achieved. In this example, a mainstream school could be seeking a particular intervention for a year 11 student, which would enable the individual to successfully complete their GCSE exams. It could agree a short-term placement for the student at a local PRU and an additional amount of top-up funding that would be paid after the student's exam results are known, and if the expected grades had been achieved. Similarly, a local authority may wish to agree that an additional amount of top-up funding is payable if a year 11 pupil is in education, training, or employment in the year after leaving AP. Such arrangements are not mandatory, but could be used to secure better outcomes and improve the quality of AP.

10.8 Commissioned AP services

In many cases the services offered by a PRU, or AP academy or free school will not fit neatly into the combination of place and top-up funding intended for full-time educational placements. Teachers at the AP setting may be involved in outreach work with local maintained schools and academies or may be employed by them on a consultancy basis, to advise on behaviour management. The local authority may use a PRU's staff to provide home tuition to children with medical needs or to provide a service to pregnant teenagers or young mothers who cannot easily attend school. These are examples of services that would normally be funded by the resident local authority or school, or group of schools, under a service level agreement that specifies what is required and the funding to be paid.

Where the local authority commissions the service, the funding would come from its high needs budget.

Where a school or group of schools commissions the service, the funding would come either from those schools' delegated budget share, or from centrally held high needs funding that has been devolved to schools. Any distribution of devolved AP funding should be fair and treat both maintained schools and academies in the same way.

As with other centrally held AP budgets, the local authority should make sure that there is consultation with the schools forum on the amount retained and how it is used and distributed. For certain centrally held budgets, including for services relating to the education of children with behavioural difficulties and other activities for the purpose of avoiding the permanent exclusion of pupils from schools, the regulations require schools forum agreement to the amount retained.

10.9 Permanent exclusions adjustments

Details of the adjustments to schools' funding when a pupil is permanently excluded or otherwise leaves a school and is admitted to another school or AP can be found in [annex 7: permanent exclusions: funding adjustments](#).

10.10. Hospital education

Hospital education is defined in [The School and Early Years Finance \(England\) Regulations](#) as education provided at a community special school or foundation special school established in a hospital, or under any arrangements made by the local authority under section 19 of the [Education Act 1996](#) (exceptional provision of education) where the child is being provided with such education by reason of a decision made by a medical practitioner.

Although we allocate funding to local authorities for hospital education without reference to the age of the young people receiving the education, local authorities' duties differ for young people aged 16 to 19. This may affect their decisions on funding education for young people in this age group, such as those in independent hospital schools.

As in previous years, hospital education should continue to be funded by local authorities based on either an amount per place (that is, total budget divided by the number of places, rather than through place funding at £10,000 per place plus top-up funding), or as a centrally funded local authority service. An example of the latter is where the local authority employs teachers directly to work in a hospital or offer home tuition to pupils who are confined to their home, because a medical practitioner has decided that is where they should receive their education.

Some local authorities commission such services through hospital schools or PRUs.

In all cases, local authorities should ensure that there is clarity on how hospital education is provided and funded locally. Local authorities should report their planned and actual expenditure on such provision in maintained schools, or provision funded as a central service, in the relevant tables of the s251 budget and outturn statements.

Funded hospital education places can be found in maintained special schools (usually a particular type of special school known as a hospital school), maintained PRUs (sometimes known as medical PRUs), special and AP academies and free schools. Often these schools will have a combination of hospital education places and other high needs (AP and SEND) places. Changes to the 2026 to 2027 number of hospital education places or hospital education place funding amount at academies and free schools should be included in the [high needs place change notification workbook](#).

[The School and Early Years Finance \(England\) Regulations](#) require that hospital education places in maintained schools and PRUs are funded at least at the same level per place as in the previous funding year. This requirement is also reflected in the funding arrangements for hospital education places in academies. The [DSG: conditions of grant](#) require local authorities to treat academies the same as maintained schools in their funding arrangements. These requirements will remain in place and be incorporated in the regulations and conditions of grant for 2026 to 2027.

Local authorities should engage with their maintained hospital schools and academies, other hospital education providers, and the relevant NHS hospital trusts, to plan for 2026 to 2027, including discussion of the education funding implications of changes in medical or mental health provision. Local authorities should consider carefully, following discussion with their maintained hospital schools, academies, and other providers of hospital education, if any increase in funding is passed on to them, taking into account any increase in their costs, including any new hospital education provision that is needed. If a local authority intends to pass on an increase to an academy funded for hospital education places, this must be notified to DfE via the 2026 to 2027 place change notification process enquiry window in February 2026.

Because the high needs NFF is being suspended in 2026 to 2027, there will not be an opportunity for local authorities to request changes to the amount of hospital education funding allocated through the hospital education factor in the NFF.

Medium secure adolescent psychiatric forensic units, which cater mainly for young people aged 16 to 19, are funded using the same hospital education funding

methodology of an amount per place no less than their funding per place in the previous funding year.

Local authorities' duties may require them to commission hospital education from other independent providers, usually registered as independent schools and not in receipt of funding directly from DfE.

In these circumstances, local authorities would be expected to pay the costs of this education from their high needs budgets. In discharging their duties, the law does not necessarily require local authorities to commission a particular education provider, although decisions about education provision should not unnecessarily disrupt a child or young person's education or treatment.

Independent hospital education provision may be funded either as a single service by the local authority in whose area the provision is located or based on the payments for individuals from those authorities where the child or young person normally resides. In both cases, the provider should confirm with the relevant local authority that they are content to commission and fund the education provision.

If funding is provided as payments for individual children and young people, the provider should receive such confirmation from the local authority in writing (if possible), before delivering the education provision to the child or young person and certainly before requesting any funding.

11. High needs funding: post-16 special circumstances

There are circumstances where local authorities, schools and colleges may need to collaborate more closely to allocate the appropriate levels of post-16 funding to ensure the needs of both the setting and children and young people can be met.

11.1 High needs place funding: local flexibility to allocate differently

Local authorities have the flexibility to reach agreement with a mainstream school sixth form or college (except centrally funded FE colleges and SPI) that high needs

funding can be calculated and paid in a different way, where circumstances may facilitate such a change from standard national and local practices.

Examples of where an alternative approach could be considered could include:

- an agreement that a mainstream school sixth form will be funded for its students with SEN based on similar proxy measures to those used in the local pre-16 funding formula to provide greater local consistency between settings
- an agreement to fund a college through a lump sum directly per year over 3 years, to provide certainty to the local authority and college on the level of provision and funding that will be made subject to specified tolerances relating to the actual number of students with high needs receiving support

Any local variations are subject to the following requirements:

- there should be formal agreement on the alternative funding approach between the local authority and the school, or college involved and this agreement should ideally be reached in the autumn before the financial year in which the change takes effect
- the alternative arrangement funding methodology should continue to provide schools and colleges with funds to meet the additional costs of supporting students with SEN up to £6,000 per annum cost threshold, with top-up funding meeting the costs in excess of that threshold
- local authorities should be aware that the import/export adjustment will continue to operate as explained above, whatever alternative methodology is used

Information and data management:

- local authorities can make alternative funding arrangements by agreement with its maintained secondary sixth form and 16 to 19 maintained schools and PRUs without any formal notification to DfE
- all schools and colleges involved must continue to provide information about students with high needs through the [school census](#) and [ILR](#) according to the current definition. Such students must have been assessed by the local authority as having high needs and the provider must be receiving top-up funding for their support costs in excess of £6,000. This school census and ILR information provides the data that allows the import/export adjustment to operate fairly for local authorities
- where an alternative funding methodology is agreed with an academy or college, the local authority should notify DfE through the place change notification process

that the place number is to be reduced. The place number would be zero (0) if the local authority has agreed with the academy or college that the alternative methodology covers the equivalent of all their place funding, including those places filled by students placed by other authorities

- in all cases, the deduction from the local authority's DSG high needs allocation would reflect the reduced place number, because the local authority has agreed the change with the academy or college involved and will pay the funding to the academy or college concerned directly
- it is important for local authorities to note that no changes will be made to the import/export adjustment in the DSG, because the provider local authority (the local authority area where the school or college is based), will still be expected to meet the costs of all the places in the school or college. This includes those places to be occupied by students for whom other resident local authorities are paying the top-up funding

DfE may collect further information from local authorities about any alternative funding calculations that are devised.

11.2 Post-16 study programmes/supported internships

Most young people with high needs attending a school, college or SPI will have an EHC plan. Local authorities must use the information from the EHC plan to make consistent, effective and robust assessments of the support the young person will need to move towards a positive outcome.

Local authorities and the schools and colleges offering places for students with high needs should work together to agree a suitable [study programme for a young person](#), which must be tailored to their individual aspirations and support needs.

A full-time study programme has minimum planned hours of 580 hours and there is no set maximum. Neither local authorities, nor schools and colleges should set an arbitrary maximum number of hours for a study programme, but instead students should be provided with the number of hours they require to complete the programme. A funding requirement for all programmes is that they meet the [condition of funding for maths and English](#).

A [supported internship is a full-time study programme funded by DfE](#) for young people aged 16 to 25 who have an EHC plan, want to move into employment and

need extra support to do so. The costs of additional support associated with providing an effective supported internship placement can include indirect costs (for example, engagement with an employer to ensure the suitability of a placement for the young person, or with their family to ensure they are supportive).

Supported interns can apply for [Access to Work](#) funding from the Department for Work and Pensions (DWP) to cover some of the costs of practical support in the workplace. Further guidance on this can be found under 'Supported Internships and Traineeships' within [Access to Work: staff guide](#).

Local authorities should not assume that an application for Access to Work or other sources of funding for supported internships have been successful without receiving written confirmation to avoid top-up funding allocations paying for the support costs twice. Where the costs excluding any other available funding (such as Access to Work) are more than £6,000, these may be eligible to be funded from local authorities' high needs budgets. Students on supported internships whose support costs are less than £6,000 must not be regarded as students with high needs, even though they have an EHC plan.

11.3 Part-time or part year students: post-16

We also consider young people to be high needs students when they are part-time or part-year and their additional support funding would total more than £6,000, if provided over the full academic year, as agreed with the local authority in which the student is resident. For more information, see guidance regarding the [funding rates and formula](#), used in the funding arrangements for 16 to 19-year-olds.

Where a school or college has enrolled, or is considering enrolling, a high needs student who will attend on a part-time or part-year basis, they should hold discussions with the relevant local authority as commissioners of high needs provision. The normal funding approach should then apply, in line with the principles outlined in this guide.

11.4 Students aged 19 to 25 with EHC plans and schools: funding restrictions

We would normally expect 19 to 25-year-olds to receive their further education in

colleges (including ILPs and SPIs) as they are better placed to provide an environment that prepares young people for adult life in their local community. Paragraph 30 of schedule 2 to [The Schools and Early Years Finance \(England\) Regulations](#) permits local authorities to incur expenditure from their high needs budgets on young people aged 19 to 25 who are receiving further education in settings other than schools (including 16 to 19 academies, which are classed as FE colleges), provided they have an EHC plan.

The [DSG: conditions of grant](#) and [The School and Early Years Finance \(England\) Regulations](#) require that a local authority must not use DSG funding to fund places in maintained special schools for young people who are over 18 years old. There is an exception to this for those aged 19 and over who are continuing to attend a particular course of secondary education which they began before they reached the age of 18. This is to ensure consistency with the law that defines secondary education under section 2 of the [Education Act 1996](#). Special academies are treated the same in this regard.

Further education can be provided by a school, subject to restrictions such as its age range or academy funding agreement. It is not possible, however, for a local authority to incur expenditure from its high needs budget to support young people receiving further education in mainstream or special schools (maintained, academy, free schools, non-maintained and independent). Exceptionally, a local authority can make a [disapplication request](#) to enable the local authority to use its high needs budget to fund further education provision for a student aged 19 or over in a school.

If a school considers providing post-16 further education study programmes and has the appropriate specialist expertise to prepare students aged 19 to 25 with an EHC plan for adult life (including independent living and employment) it should engage with its local authority. The school would need to establish separate FE provision for that age group. This would normally entail the school setting up a legally and financially separate entity to provide the appropriate environment and curriculum for young people of that age group. Such new post-19 specialist provision would normally be set up as an SPI. To be eligible to receive high needs place funding from DfE for the first time, SPIs must have been included in DfE's annual place change notification process by a local authority and must successfully complete the [high needs funding: due diligence process for special post-16 providers](#).

More information on how new SPIs are funded can be found in [section 9.8: special post-16 institutions](#).

For information on learners aged 19 to 25 without an EHC plan, see [annex 1: other information](#).

11.5 Students aged over 25

A local authority may be required to maintain an EHC plan until a young person is 25 years old and this must be reviewed annually to ensure the provision remains appropriate for the individual's needs. For a student with an EHC plan when they are 24 years old, the plan normally ceases when the student turns age 25, although local authorities have a power to extend an EHC plan until the end of the academic year in which the student turns age 25.

If a local authority extends the EHC plan until the end of the academic year, the local authority must continue to provide top-up funding to the FE college until that time.

Place funding is allocated to the FE college by DfE for the full academic year and would not normally be clawed back if the EHC plan is not extended.

Local authorities are not responsible for commissioning provision for students with SEND who are aged 19 to 25 without an EHC plan or who are over the age of 25.

Links to the funding arrangements for these students are at [annex 1: other information](#).

12. Further information

If, having read this guidance, there are any points which require clarification, you can contact us via the [Customer Help Portal](#).

Maintained schools should contact their local authority.

Additional guidance on SEND support for schools, colleges, children's services and parents and carers can be found at [special educational needs and disability \(SEND\) and high needs](#).

13. Annex 1: other information

13.1 Special educational needs and disabilities (SEND) code of practice

Local authority maintained schools, academies, general FE colleges, non-maintained special schools, and all independent special schools and SPIs on the section 41 list must have regard to the [SEND code of practice: 0 to 25 years](#) on the SEND system for children and young people aged 0 to 25.

13.2 Arranging alternative provision (AP) guidance

The [arranging alternative provision](#) document covers updated commissioning guidance local authorities should refer to when carrying out their duty to arrange suitable education for children who cannot attend a mainstream school. It also covers the role that the child's home school should play when commissioning AP to ensure the child receives a suitable education in a safe environment.

13.3 Further education (FE) student financial support, including free meals

DfE provides a range of financial support for students who need it to enable them to participate in post-16 education, including free meals, bursaries to help with the cost of education (such as travel, books, equipment, and trips), plus support for childcare and residential costs where required. For further information on this, including where the cost of meals is sometimes included as part of the package of support that is agreed with local authorities, details are available at [16 to 19 education: financial support for students](#).

13.4 Support funding through the apprenticeships funding methodology

Funding support is available to support apprentices to complete their apprenticeship.

13.4.1 Learning support (including exceptional learning support)

Learning support is there to meet costs (incurred by the provider) of putting in place reasonable adjustments for apprentices to complete their apprenticeship who have a learning difficulty or disability as defined in section 15ZA(6) of the [Education Act 1996](#) (as amended by section 41 of the Apprenticeships, Skills, Children and Learning Act 2009).

More information on learning support (including exceptional learning support), can be found in [support for apprentices with a learning difficulty or disability](#) guidance.

13.4.2 Additional Payments

Providers and employers will receive an additional £1,000 payment towards the additional cost associated with training if, at the start of the apprenticeship training, the apprentice is:

- aged between 16 and 18-years-old (or 15 years of age if the apprentice's 16th birthday is between the last Friday of June and 31 August)
- aged between 19 and 24-years-old and has either an EHC plan provided by their local authority and/or has been in the care of their local authority

Full details on learning support (including exceptional learning support) and additional payments can be found within the relevant sections of the [apprenticeship funding rules](#).

13.5 Funding for adults aged 19 and above without an EHC plan

High needs funding can only be used to support adults aged 19 to 25 if they have an EHC plan. There is a range of alternative support available to adults aged 19 to 25 without an EHC plan, and those aged 25 and over who require additional support.

The nature of the support available will depend on the education or training being undertaken, but support is available for adults being funded through both the [adult skills fund](#) and [apprenticeship funding](#).

13.6 Pupils and students living in Wales or England and attending a school or college across the border

DfE is currently engaging with the Welsh Government on the funding arrangements for pupils and students living in England or Wales who are attending a school or college across the border and will provide further guidance in due course.

There are no equivalent statutory arrangements for pupils or students from other countries in the UK or elsewhere. Local authorities, schools and colleges are able to negotiate the recovery of costs as they consider appropriate, taking account of other relevant legislation, such as the [Equality Act 2010](#).

14. Annex 2: an example of where pupil and student numbers differ from allocated places

The following is an example of how the high needs funding arrangements should operate when a school or college has significantly more pupils or students with high needs than the number of places for which it has been funded. Although it is illustrated using a college located in a local authority area (the provider local authority) with several other local authorities also commissioning places, similar arrangements may also apply to other schools and colleges, including special academies.

The example demonstrates how the place funding for schools and colleges and consequent deductions from local authorities' high needs allocations work together with the import/export adjustment. This shows the flow of high needs funding between local authorities, schools and colleges when a school or college has to make additional special provision for a number of pupils or students that exceeds the funded place number, including where inter-authority collaboration is required:

1. Following data sharing and discussion with a college and where there is a change from the previous academic year, the provider local authority submits the total high needs place numbers to DfE in November, through the place change notification process, in advance of the start of the academic year.
2. In this example, the local authority and college have agreed on 100 places for the 2026 to 2027 academic year, which comprises the total number of places to be filled by high needs students from all local authorities.
3. The number of college places to be funded is published by DfE in February 2026 and, during the subsequent enquiry window, the college and local authorities

check the number, ensuring they are content that it reflects local discussions.

4. DfE issues an allocation to the college in March 2026, in advance of the academic year. This reflects the 100 places, providing £600,000 of high needs funding (100 places × £6,000 place funding).
5. The provider local authority's 2026 to 2027 DSG will also be updated and 100 places deducted from their high needs allocation at £6,000 per place, prorated for the academic year, based on the 8 months from August to March (100 places × £4,000).
6. The resident local authority (the local authority in which the student is ordinarily resident, and which commissions the place) needs to have notified the college directly that the student has high needs and have agreed top-up funding. The provider local authority (if not commissioning the place) and DfE does not need to be involved in these conversations. However, we would encourage neighbouring local authorities to collaborate on the special provision required for their students. This includes cooperation on associated commissioning arrangements and top-up funding levels.
7. In the lead up to the academic year, several local authorities have commissioned further high needs places in excess of the 100 places that the college has received place funding for. Therefore, the college has 120 high needs students at the start of the academic year 2026 to 2027.
8. This has resulted in additional costs for the special provision required by these extra 20 students that the college cannot meet through its existing funding streams. This includes the £6,000 high needs place funding in their allocation and standard top-up funding rates in respect of the 120 high needs students. The college should not seek to recover these costs through the top-up funding sought from the resident authorities commissioning places for the extra 20 students. This is because places funded at £6,000 per place are not reserved for individual pupils or specific local authorities and funding changes may arise from the local authority net import/export DSG adjustment.
9. Therefore, the college discusses with the provider local authority, if possible before the start of the academic year, the scale of the additional special provision that it is being expected to make available and the costs involved. It is agreed that the provider local authority will allocate a further £50,000 of high needs funding to contribute to the additional costs incurred by the college. This is to help meet the additional costs of making the provision required by the additional students, on top of the normal funding streams.
10. It is important to note that within DfE's lagged post-16 funding system, we would normally expect the costs of year-on-year growth to be met by the college from its

overall allocation of (element 1) programme funding. Growth in (element 2) high needs place funding should have been planned in advance and notified by the provider local authority to DfE through the place change notification process. Where growth beyond that planned is significant in a college, it is reasonable for the provider local authority to consider what extra funding might be needed by the college to maintain the required level of provision, on an exceptional basis. The college should not expect the provider local authority to pay an extra £6,000 for every extra student placed over and above the college's 100 places. The provider local authority should be compensated for the costs of the high needs' places filled by students resident in other local authorities, including 5 of the additional 20 students via the import/export adjustment in the 2027 to 2028 financial year. This includes the final term of the 2026 to 2027 academic year.

11. In this example, 50 students live in other local authorities. This is recorded on the college's ILR in February 2027 and + £300,000 ($50 \times £6,000$) will subsequently contribute to the provider local authority's net import/export DSG adjustment for 2027 to 2028.

It is important to note that this example is provided for a college, and some details may vary depending on the school or college or place type.

15. Annex 3: special schools minimum funding guarantee

The MFG protection for maintained special schools and special academies in 2026 to 2027 is set by a condition of grant that applies to local authorities' DSG.

The local authority, in deciding on top-up funding rates for the pupils to be placed in its maintained special schools, special academies it previously maintained, and special free schools located in its area, must comply with the minimum percentage by which the budget of any special school or special academy would change from the 2025 to 2026 financial year to the 2026 to 2027 financial year. The calculation must assume that all the pupils in the special school or special academy (or free school) were placed by the local authority and the number and type of places remained the same in the 2 financial years 2025 to 2026 and 2026 to 2027.

The MFG percentage for 2026 to 2027 is 0%. The local authority can set a higher percentage increase but must have a disapplication request approved if any of its special schools would have their top-up funding reduced, resulting in a lower

(negative) percentage change from year to year.

We expect local authorities to respond appropriately to schools' cost pressures in 2026 to 2027 to secure the provision required for the pupils they place there, taking account of any inescapable cost increases. In considering top-up funding levels, local authorities should also take into account that the place funding rate will remain at £10,000 per place in 2026 to 2027, and also that special schools will receive an allocation of additional funding consolidating the 2025 to 2026 CSBG and other funding, as set out in annex 4, to reflect cost increases already incurred.

The comparison for the MFG calculation will be schools' 2025 to 2026 funding baselines. If the top-up funding has been adjusted for one or more schools so as not to breach the 2025 to 2026 MFG, rather than an adjustment made to the rates applied to all schools, that adjustment should be included in the baseline for the 2026 to 2027 MFG.

The top-up funding must be set at a rate to ensure a school's total budget is no lower on a per pupil basis than that in 2025 to 2026.

15.1 Breaches of the MFG in exceptional circumstances

Disapplication requests from local authorities seeking exceptions to the MFG rule will be considered by DfE on a case-by-case basis and each request will apply for one year only. No prior year approvals will be carried forward. Local authorities submitting repeat requests covering the same schools should ensure the disapplication request is comprehensive, as if a new request was being presented, comprising the necessary up to date supporting information and financial modelling, in line with this guidance.

A local authority may wish to adjust the top-up funding across several schools, for example, following a review of its top-up funding rates, resulting in some schools gaining funding and others facing a reduction. A disapplication request is only required for those schools whose funding would fall below the guaranteed level. Consequently, local authorities must not use a disapplication request to seek endorsement of the entirety of a new top-up funding scheme it is intending to implement.

Where there are other extenuating circumstances, the process to request disapplication of the MFG will remain in place, with details set out below of how such

a request should be advanced.

15.2 Special schools MFG formal DfE disapplication request and supporting information requirements

Local authorities that are planning to submit a disapplication request should contact us via LA.Disapplications@education.gov.uk for an initial discussion and complete a worked MFG calculation model before starting the process (see example tables in section 15.3: 'MFG supporting modelling' below).

We require formal requests to be submitted with the necessary comprehensive supporting information on or before 22 January 2026. This will allow sufficient time for decisions to be notified to local authorities in advance of the 2026 to 2027 financial year.

If it is determined that a formal disapplication request is necessary, the local authority must request that the condition of grant is disapplied by submitting a [digital disapplication request form](#) which should be completed in conjunction with the [accompanying guidance and supporting notes](#).

To note, all local authorities in the safety valve programme have been contacted individually with details about how they should submit any relevant disapplication requests for 2026 to 2027, and such requests should be submitted to SafetyValve.Programme@education.gov.uk.

Local authorities submitting a formal request (other than those in the safety valve programme) should ensure that their request contains sufficient relevant and contextual information for an informed, fair and reasonable decision to be made.

The request should include the following information:

- an assessment of the impact on the education provided by the school, including an equalities impact assessment relating to those pupils in the school with protected characteristics
- an options appraisal setting out the local authority's preferred approach, alongside any other alternatives that were considered
- modelling to illustrate the financial year impact of those schools below the MFG, in line with the examples provided (see section 15.3: 'Minimum funding guarantee calculation and supporting modelling')

- details of any transitional arrangements being put in place to minimise the financial impact to the special school(s) and to provide assurance of their ongoing viability
- summary of consultation(s) undertaken with the schools affected and other interested parties, such as parent/carers groups and the local schools forum (noting it is a requirement that high needs funding arrangements are discussed at schools forums)
- the affected schools' financial health information (comprising reserves and recent historic in-year balance information, as evidenced from published [data and other sources](#))
- details of the local authority's DSG balance from [local authority and school expenditure published data](#) and the forecast balance at financial year 2025 to 2026 year-end
- relevant local contextual information, for example, Ofsted inspections outcomes relating to the relevant schools

15.3 Minimum funding guarantee (MFG) calculation and supporting modelling

The following funding for 2025 to 2026 should be excluded from the MFG baseline modelling calculation:

- the 2025 to 2026 CSBG
- high needs (historic teachers' pay and pensions) funding that the school receives in place of the legacy TPG, the TPECG and the teachers' pensions supplementary fund
- the additional funding for 2025 to 2026 that local authorities were required to pass directly to maintained special schools and special academies, which was originally allocated following the 2022 autumn statement

This legacy funding, consolidated into a single amount per place for 2026 to 2027 as set out in [annex 4: the allocation of 2025 to 2026 CSBG and other legacy funding](#) should also be excluded from the 2026 to 2027 MFG modelling calculation.

There may be reasons why a local authority is not planning on passing a level of top-up funding to one or more of its special schools sufficient to meet the MFG in 2026 to 2027. For example, a local authority might be working with all its schools to re-balance the top-up funding that is allocated between mainstream and special

schools, to enable the former to meet a wider range of needs; or a local authority, given the level of reserves a particular special school has accumulated, might have undertaken a benchmarking exercise and aligned top-up funding levels for its schools to ensure similar provision for pupils with similar levels of need are funded on a consistent basis.

When calculating the protection, local authorities should make sure that they are comparing like for like. Where a local reorganisation or review of funding levels takes place and there are changes to bandings, the pupils in the school(s) in 2025 to 2026 and their categories of need should be attributed as far as possible to the new bandings for 2026 to 2027 to assess whether any school will receive less than the MFG. Adjustments should be made for changes in the nature of the provision. For example, if previous top-up funding rates included an element for a commissioned service which is no longer provided by the school, the value of that element can be discounted when calculating the MFG protected level.

If the MFG modelling assessment confirms 2026 to 2027 top-up funding rates received by the school are in line with the guarantee, they can then be applied to reflect the actual number and type of places at the school.

15.3.1 Modelling examples

The worked modelling examples below provide 3 scenarios of how the MFG operates in the event of top-up funding changes in 2026 to 2027 for a 100-place special school. Table 5, a worked modelling baseline example shows the funding in 2025 to 2026, when it was occupied by a total of 90 pupils, 30 in each of 3 different bands. In reality, some of those 90 pupils may be placed by other local authorities and attract different levels of top-up funding, but for the purpose of this calculation, it must be assumed that all the pupils in the special school or special academy (or free school) were placed by the provider local authority and attracted top-up funding at the appropriate rate paid by that authority in 2025 to 2026. This is considered a baseline, and the same number of places, pupils and levels of need should be used for 2026 to 2027. The calculation then highlights the impact of any proposed changes to the top-up funding rates, assuming the school is offering the same level of provision.

Local authorities typically increase their top-up funding rates to reflect inflationary cost increases. In table 6, scenario 1 illustrates that this would not cause a breach in the MFG so it would not be necessary for an authority to undertake a calculation for each school.

In table 7 scenario 2 shows one of the 3 top-up funding rates reducing, and one increasing. Overall, the funding for the school would be above the 0% MFG, if the

number and types of places remained the same. Therefore, 2026 to 2027 top-up funding rates are in line with the guarantee and funding to the special school should reflect these rates (for pupils placed by the provider local authority), the number of pupils in each band and the actual number of places.

In table 8, scenario 3 shows one of the top-up funding rates decreasing, bringing the funding for the school below the 0% MFG level. Consequently, the top-up funding for this school will need further adjustment to be compliant with the MFG. The table shows 3 possible remedies: it may not be necessary for the local authority to adjust all schools' top-up funding rates.

As part of the MFG assessment, if any top-up funding rates that are applied across a local authority's special schools are reduced, this calculation will be needed for each special school. Local top-up funding arrangements vary, although many local authorities have developed top-up funding bands that are the same across all their special schools, it is possible for rates to vary between schools, or for school-level factors to be included. Such arrangements can also be used on a temporary or transitional basis to ensure that all their schools' funding levels are protected and covered by the MFG.

If top-up funding rates in 2026 to 2027 are set at a level which means that one or more of the local authority's special schools' funding is less than in 2025 to 2026, taking into account any temporary or transitional top-up funding, and therefore breaching the 0% MFG – on a like for like comparison of 2025 to 2026 and 2026 to 2027 funding levels – a disapplication request must be submitted in respect of those schools.

Table 5: MFG calculation – a worked modelling baseline example

Special schools funding: 2025 to 2026 baseline calculation	Band 1	Band 2	Band 3	Total
Number of places	30	35	35	100
Number of pupils	30	30	30	90
Top-up funding band rate	£5,000	£7,500	£10,000	N/A
Place funding	£300,000	£350,000	£350,000	£1,000,000
Top-up funding	£150,000	£225,000	£300,000	£675,000

Total funding	N/A	N/A	N/A	£1,675,000
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Table 6: Scenario 1 illustrates that when a local authority increases all their top-up funding rates to reflect inflationary cost increases, this would not cause a breach in the MFG, so it would not be necessary for an authority to undertake a calculation for each school

2026 to 2027 MFG calculation scenario 1 – top-up funding band values increased by 3%:	Band 1	Band 2	Band 3	Total
Number of places	30	35	35	100
Number of pupils	30	30	30	90
Top-up rate	£5,150	£7,725	£10,300	N/A
Place funding	£300,000	£350,000	£350,000	£1,000,000
Top-up funding band rate	£154,500	£231,750	£309,000	£695,250
Total funding	N/A	N/A	N/A	£1,695,250
% difference from 2025 to 2026 – MFG exceeded	N/A	N/A	N/A	1.21%

Table 7: Scenario 2 illustrates where adjusted rates mean that the MFG is exceeded for a school and no further remedial action is needed

2026 to 2027 MFG calculation scenario 2 – variable adjustments to top-up funding band values:	Band 1	Band 2	Band 3	Total
Number of places	30	35	35	100
Number of pupils	30	30	30	90
Top-up funding band rate	£4,600	£8,000	£10,000	N/A
Place funding	£300,000	£350,000	£350,000	£1,000,000

Top-up funding	£138,000	£240,000	£300,000	£678,000
Total funding	N/A	N/A	N/A	£1,678,000
% difference from 2025 to 2026 – MFG exceeded	N/A	N/A	N/A	0.18%

Table 8: Scenario 3 illustrates a calculation resulting in a breach of the MFG and suggests 3 remedies that could affect all schools subject to the adjusted top-up funding band rates (remedy 1) or just that school (remedies 2 and 3)

2026 to 2027 MFG calculation scenario 3 – variable adjustments to top-up funding band values:	Band 1	Band 2	Band 3	Total
Number of places	30	35	35	100
Number of pupils	30	30	30	90
Top-up funding band rate	£4,600	£7,500	£10,000	N/A
Place funding	£300,000	£350,000	£350,000	£1,000,000
Top-up funding	£138,000	£225,000	£300,000	£663,000
Total funding	N/A	N/A	N/A	£1,663,000
% difference from 2025 to 2026 – MFG breached	N/A	N/A	N/A	-0.72%
Shortfall in funding to meet MFG	N/A	N/A	N/A	-£12,000
Remedy 1: increase one or more funding band rates – minimum per pupil increase for one of 3 bands (for example, £400 for Band 1) or all bands (for example, £133 for Bands 1, 2 and 3)	N/A	N/A	N/A	£12,000

Remedy 2: provide additional top-up funding to the school of at least the shortfall amount	N/A	N/A	N/A	£12,000
Remedy 3: request a MFG disapplication for school	N/A	N/A	N/A	N/A

16. Annex 4: the allocation of 2025 to 2026 CSBG and other legacy funding

For 2026 to 2027, the 2025 to 2026 CSBG is being incorporated within the DSG. This follows other legacy funding streams that have already been consolidated into the DSG: the historic teachers' pay and pensions funding, and other additional funding that local authorities were required to pass on to schools following the 2022 autumn statement. In addition, additional funding for mainstream school special (SEN) units and resourced provision, which has in 2025 to 2026 been paid to schools through the national insurance contributions (NICs) grant and school budget support grant (SBSG), is also included in the DSG.

This annex explains the modified rules governing local authorities' allocations of this funding for 2026 to 2027, as set out in the [DSG: conditions of grant for 2026 to 2027](#).

The [high needs funding: operational guide for 2024 to 2025](#) and [high needs funding: operational guide for 2025 to 2026](#) provide further information on how most of this legacy funding was originally allocated to local authorities, and the rules for how it should have been passed on to schools in 2024 to 2025 and 2025 to 2026.

Local authorities must allocate this funding to:

- their maintained special schools and PRUs
- special academies and AP academies they previously maintained or that are located in their area
- special and AP free schools in their area

- hospital schools and the equivalent academies in their area
- maintained mainstream schools and mainstream academies with special (SEN) units and resourced provision

There is no recoupment for academies and free schools in respect of this funding, so local authorities must fund academies and free schools directly.

This high needs funding must not result in a reduction either:

- to the number of places, for which £10,000 per place is allocated to a special or AP school or another amount per place is allocated to a hospital school, or
- to the top-up funding paid to the school in respect of individual pupils

This funding will not affect the value or operation of the updated import/export adjustments that will be applied during 2026 to local authorities’ DSG allocations, or of the DSG deductions for academies’ place funding.

Furthermore, this funding must be disregarded in applying the protection for special schools set out in [annex 3: special schools minimum funding guarantee](#). This is a separate high needs funding stream (that is, neither the place funding which remains at £10,000 per place, nor top-up funding).

16.1 Maintained special schools and PRUs, special and AP academies and free schools, and maintained hospital schools and the equivalent academies

Table 9 below shows when these legacy funding streams have been or are being incorporated into the high needs block of the DSG and summarises how that funding must continue to be passed on to maintained special schools and PRUs, and to special and AP academies in 2026 to 2027.

Table 9: summary table: consolidating legacy funding streams and the CSBG into the DSG

Legacy funding for maintained special schools and special academies	Incorporated within the DSG (high needs block)	How DSG funding is to be passed on in 2026 to 2027
1. Teachers’ pay grant (TPG) for the	2021 to 2022	Total of rows 1, 2, 3

teachers' pay awards in September 2018 and 2019		and 7 funding allocated in 2025 to 2026 to each school converted to a variable amount per place based on 2025 to 2026 place number, multiplied by each school's 2026 to 2027 place number
2. Teachers' pension employer contributions grant (TPECG) for the increase in employer contributions for teachers pensions from September 2019	2021 to 2022	As above
3. Additional funding for cost pressures in 2023 to 2024, for which a 3.4% funding increase was made available at the 2022 autumn budget, equivalent to the mainstream schools additional grant (MSAG)	2023 to 2024	As above
4. Teachers' pay additional grant (TPAG) for the teachers' pay award from September 2023, incorporated into the 2025 to 2026 CSBG (row 7 below)	N/A	N/A
5. TPECG (2024) for the increase in employers' pension contributions for teachers in the Teachers' Pension Scheme from April 2024, incorporated into the 2025 to 2026 CSBG (row 7 below)	N/A	N/A
6. 2024 to 2025 CSBG for support staff pay increases from April 2024, the teachers' pay award from September 2024 and other cost increases, incorporated into the 2025 to 2026 CSBG (row 7 below)	N/A	N/A
7. 2025 to 2026 CSBG to continue funding	2026 to 2027	As above for rows 1,

previously through the TPAG, 2024 TPECG and 2024 to 2025 CSBG (items 4, 5 and 6 above), and help with the increase in employers' NICs from April 2025, support staff pay increase from April 2025 and the teachers' pay award from September 2025 (7-month amount annualised to 12-months for incorporation within DSG)

2 and 3 funding, full (annualised) amount allocated in 2025 to 2026 to each school converted to a variable amount per place on the basis of 2025 to 2026 place number, multiplied by each school's 2026 to 2027 place number

Local authorities must first calculate for each of its schools the total funding allocated for the period April 2025 to March 2026 as:

- historic teachers' pay and pension (employer contribution) funding
- historic teachers' pensions supplementary fund
- additional funding that was first allocated following the 2022 autumn statement
- the 2025 to 2026 CSBG. The 7-month 2025 pay award element funded through the CSBG must be converted to a full-year (12-month) amount using a percentage increase of 47%. This percentage increase is calculated on the basis that the CSBG funding supported settings with 12 months of the 2025 support staff pay award costs in 2025 to 2026 (as this pay award took effect from April 2025) and 7 months of the 2025 teachers pay award (as this pay award took effect from September 2025).

Each school's total funding calculated as above should then be divided by the number of places in that school funded in the financial year 2025 to 2026, to calculate a per-place amount. This amount is likely to be different for each school, reflecting differences in the way that the legacy funding has been passed on in previous years. No minimum place number should be used in this calculation as was the case for some of the legacy funding.

Local authorities must allocate this legacy funding by multiplying each school's per-place amount by the number of funded places in the financial year 2026 to 2027.

Where a school's place number changes from the start of the academic year, the calculation of the 2025 to 2026 and 2026 to 2027 financial year place numbers should be five-twelfths of one academic year's place number for the period April to

August, and seven-twelfths of the next academic year's place number for the period September to March.

Table 10 below illustrates the calculation that should be completed for each school. For illustrative purposes, the funding rates used are similar to or at the same level as the original rates used to allocate the funding to local authorities. As local authorities have had flexibility in how this funding is passed on to their schools, the actual levels of funding passed on in 2025 to 2026 should form the basis of the calculation for each school.

Table 10: illustrative legacy funding calculation for special and AP schools

Special and AP schools legacy funding: 2025 to 2026 baseline calculation	A 2024 to 2025 academic year (5 months)	B 2025 to 2026 academic year (7 months)	C 2025 to 2026 financial year (12 months)
1. Number of places ($C1 = (A1 \div 12 \times 5 + B1 \div 12 \times 7)$)	100	120	112
2. Legacy funding			
(a) Historic teachers' pay and pensions funding	N/A	N/A	£73,920
(b) Historic teachers' pension supplementary funding	N/A	N/A	£5,000
(c) 2022 autumn statement funding	N/A	N/A	£38,080
(d) CSBG funding (with pay element annualised)			
(i) CSBG 2025 staff pay element: 7-month amount + 47% ($C2(d)(i) = B2(d)(i) \times 1.47$)	N/A	£40,680	£59,800
(ii) CSBG – other elements	N/A	N/A	£465,696
3. Total legacy funding in 2025 to 2026 financial year	N/A	N/A	£642,496

(C3 = C2(a)+(b)+(c)+(d)(i)+(d)(ii))

4. Total legacy funding per place in 2025 to 2026 financial year (C4 = C3 ÷ C1)	N/A	N/A	£5,754
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Calculation of legacy funding allocation for 2026 to 2027	A 2025 to 2026 academic year (5 months)	B 2026 to 2027 academic year (7 months)	C 2026 to 2027 financial year (12 months)
5. Number of places (C5 = (A5 ÷ 12 × 5 + B5 ÷ 12 × 7))	120	120	120
6. Legacy funding per place in 2025 to 2026 financial year (C4)	N/A	N/A	£5,754
7. Total legacy funding allocation for 2026 to 2027 financial year (C7 = C6 × C5)	N/A	N/A	£690,443

Hospital schools and the equivalent academies should be allocated funding as above, on a basis equivalent to their status as a special school or academy, or a PRU or AP academy. If a hospital school is not funded on the basis of a place value that is the same between 2025 to 2026 and 2026 to 2027, the amount of legacy funding allocated in 2025 to 2026 should be increased in proportion to the increase in the school's other hospital education funding.

There is no requirement to consult schools on these allocations.

16.2 New special and AP free schools

Local authorities must make an allocation of high needs funding for any new special or AP free school opening between April 2026 and March 2027, to reflect the historic teachers' pay and pension funding, additional legacy funding and CSBG that

other local special schools are receiving. Local authorities will have the flexibility to disburse this funding in recognition of specific costs not covered by the £10,000 per place and level of top-up funding that the school is receiving, subject to the following:

- the minimum 12-month legacy funding amount must be £4,048 per place. This comprises the historic pay and pensions funding (£660), the 2022 autumn statement additional funding (£340), and the 2025 to 2026 CSBG full-year equivalent (£3,048)
- the per-place value must be multiplied by the place number used by DfE for funding the free school in that period. That place number will have been pro-rated for the number of months that the free school is open in the period April 2026 to March 2027

There is no requirement for a minimum place number to be used.

16.3 Special (SEN) units and resourced provision at mainstream schools

Local authorities must also make an allocation of high needs funding to maintained mainstream schools, mainstream academies they previously maintained and mainstream free schools located in their area, if those schools have an approved special (SEN) unit and/or resourced provision that is funded for places at £6,000 and £10,000 per place.

That allocation must be allocated at the equivalent rate used for the allocations those schools received for their units and resourced provision through the 2025 to 2026 NICs grant (£286 per place) and SBSG, with the latter using an annualised 12-month rate of £253 per place . The combined rate is therefore £539 per place.

That rate must be multiplied by the place numbers that the authority uses for funding its maintained schools, and that DfE uses for funding local academies and free schools as published by DfE, in the period April 2026 to March 2027. As above, that place number will have been pro-rated for the number of months that the unit or resourced provision is open in the period April 2026 to March 2027.

The ACA used in the schools NFF for 2026 to 2027 (as published in the [ACA technical note for 2026 to 2027](#)) must be applied to this funding rate.

Table 11 below provides an illustrative example of the calculation that will be needed in each case. In this example, the figures in italics are those that the local authority must replace with the numbers relating to each school's unit or resourced provision.

Table 11: Legacy funding calculation for mainstream schools' special SEN units and resourced provision

Mainstream school special (SEN) unit and/or resourced provision: calculation for 2026 to 2027 financial year	A 2025 to 2026 academic year (5 months)	B 2026 to 2027 academic year (7 months)	C 2026 to 2027 financial year (12 months)
1. Number of places ($C1 = (A1 \div 12 \times 5 + B1 \div 12 \times 7)$)	20	30	26
2. Legacy funding in 2025 to 2026			
(a) NICs grant per place	N/A	N/A	£286
(b) SBSG per place annualised: 7-month amount + 47% ($C3(b) = B3(b) \times 1.47$)	N/A	£172	£253
3. Total legacy funding per place ($C3 = C2(a) + C2(b)$)	N/A	N/A	£539
4. ACA for school in 2026 to 2027	N/A	N/A	1.05878
5. Legacy funding per place with ACA ($C5 = C3 \times C4$)	N/A	N/A	£571
6. Total legacy funding allocation for 2026 to 2027 financial year ($C6 = C1 \times C5$)	N/A	N/A	£14,743

The local authority may also include any place numbers funded locally by the local authority which are not included in the published numbers, including for new units or resourced provision where the place numbers were not known sufficiently in advance to be included in the published data. To note, only published data will be

used for DfE's allocations of this funding to local authorities in the DSG.

16.4 Data to be used for the calculation of additional allocations

In all cases the published place numbers used must be the total place number reported by local authorities for funding their maintained schools, in their annual s251 budget statement or published by DfE for each academy and free school.

The academy and free school [place numbers for the academic year 2025 to 2026](#) were published in autumn 2025. The place numbers for academic year 2026 to 2027 will normally be known by the local authority as a result of the place change notification process, as they are used for their DSG deductions, even though place numbers for 2026 to 2027 will not be published until April 2026. There will be periodic updates in July, November and March of the 2026 to 2027 financial year respectively, to reflect significant changes. For example, when maintained schools convert to academies.

A local authority may wish to request information from DfE on the number of 2026 to 2027 academic year places to be funded in AP free schools, before requesting a disapplication in the case of an AP free school, although this information will not be available until March 2026 .

Local authorities have provided the 2025 to 2026 academic year place numbers for their maintained schools through their [s251 budget returns](#) (published 26 September 2025). Local authorities will have determined their maintained schools' place numbers for 2026 to 2027 before they are reported in the s251 budget statement for that year and published by DfE.

16.5 Request to vary the amounts calculated in accordance with the specified data

Local authorities can propose amounts lower than the minimum calculated using the specified data, by requesting a disapplication of the relevant condition of grant. They will be able to seek approval to use different data or a different calculation that gives a lower amount.

We expect such requests to be rare, for example, when a reduction in the number of places to be funded in 2025 to 2026 has not been agreed between the local authority and the school. In such cases, we may seek to resolve any disputed place number, if it relates to an academy, before a decision on the disapplication request.

Local authorities wishing to submit a disapplication request, other than those in the safety valve programme, should do so using the [digital disapplication request form](#).

Following publication of guidance on the rules relating to this legacy funding in this annex, and the information on local authorities' high needs allocations, if there are any requests that local authorities are now considering, they should contact:

LA.Disapplications@education.gov.uk for an initial discussion.

16.6 Non-maintained special schools (NMSS)

NMSS will receive an allocation of high needs funding equivalent to the historic teachers' pay and pension funding paid directly from DfE for 2025 to 2026, plus any teachers' pension supplementary fund payments in 2025 to 2026, plus the CSBG received in 2025 to 2026, without any recoupment or deductions from local authorities' high needs allocations.

The allocations of this high needs funding will be calculated by DfE on the same basis as for other special schools, that is, by dividing the legacy funding received by each school in 2025 to 2026, with the 2025 pay award element annualised, by the number of funded places in that year, and multiplying that school-specific funding rate by the number of places funded in 2026 to 2027.

These payments will be distinct from any payments of place funding, which will remain at £10,000 per place.

16.7 Independent special schools

Some legacy funding was allocated to local authorities to help with independent school cost increases, such as for the 2025 national insurance employers' contributions increase. This funding is included in local authorities' 2026 to 2027 DSG as a continuing contribution to any independent school fee increases that have been charged in 2025 to 2026 because of these extra costs.

16.8 Further education (FE) colleges and special post-16 providers (SPIs)

Similarly, some legacy funding allocated through the CSBG was to help local authorities with the costs of the NICs increase incurred by SPIs and ILPs and charged to authorities in the form of fee increases. This funding is also included in local authorities' 2026 to 2027 DSG as a continuing contribution to any SPI or ILP fee increases that have been charged because of these extra costs.

These arrangements have been confirmed until the end of the 2026 to 2027 academic year.

17. Annex 5: responsibility for children and young people who move between local authorities

Local authorities are responsible for conducting the EHC plan needs assessment and, where necessary, issuing EHC plans and securing the provision specified for children and young people in the local authority's area (section 24(1) of the [Children and Families Act 2014](#)). Local authorities should fund any special educational provision for children and young people with EHC plans from the high needs block of the DSG, which is allocated partially on the basis of the children and young people resident in their area. Local authorities' SEN and high needs funding responsibilities are therefore normally aligned with the children and young people who live in their area.

Under the [Children and Families Act 2014](#), local authorities are responsible for children and young people with SEN who are ordinarily or habitually resident in their area. These duties are based on where the child or young person lives and not on where they are educated. Where a child or young person is educated outside the local authority area where they usually live, it is the local authority where the child normally lives that is responsible for conducting the EHC needs assessment and issuing an EHC plan, where necessary and for securing and funding that provision.

Some children and young people may require residential educational placements (particularly those with the most complex needs). In such cases, it is our view that

the child or young person continues to be considered as living in the local authority area that placed them in the residential provision. A residential school or college placement, even for 52 weeks of the year, is educational provision and not a place where a child or young person lives, meaning the child or young person will remain resident at their family home). Therefore, they would continue to have the duty to maintain any EHC plan.

The high needs allocations include an import/export adjustment so that local authorities are compensated for the high needs place funding for schools and colleges. Place funding is paid directly to the schools and colleges either by the local authority that maintains the school or by DfE in the case of academies, NMSS and colleges.

Where a child or young person moves from the area of one local authority into the area of another (for example, changes where they usually live), the new local authority becomes responsible for meeting the statutory SEN duties (as detailed in the [SEND code of practice](#) section 9.157 to 9.162). This may happen where a child's family moves, or if a young person decides to remain living where they have been educated. If the child or young person already has an EHC plan, the old local authority is required to transfer the EHC plan to the new local authority on the day of the move, or within 15 working days of becoming aware of the move. The new local authority then becomes completely responsible for maintaining the plan and funding the specified educational provision. The new local authority must review the EHC plan within 12 months of the plan being made or being reviewed by the old local authority, or within 3 months of the plan being transferred (whichever is later). The new local authority may conduct a new EHC needs assessment, regardless of when the previous EHC needs assessment took place, since local variations may mean that arrangements in the original EHC plan are no longer appropriate.

17.1 Looked after children (LAC)

Looked after children (LAC) are those who have been taken into care or who are being provided with accommodation by a local authority in its statutory role under the [Children Act 1989](#). More than half of looked after children have some form of SEN, and it is likely that a significant proportion of them will have an EHC plan. A significant proportion of looked after children live with foster parents or in a children's home and attend schools in a different local authority to the local authority that looks after them. [The Care Planning, Placement and Case Review Regulations 2010](#) distinguish between the responsible authority (the local authority that looks

after the child) and the area authority (the local authority in which the child is placed). Local authorities placing looked after children in another local authority's area (for example, with foster parents) need to be aware of that other local authority's SEND local offer if the children have SEN. Where an EHC plan assessment has been started, it must be carried out by the local authority where the child lives (is ordinarily or habitually resident), which may not be the same as the local authority that looks after the child, as set out in section 10.8 of the [SEND code of practice](#). If a disagreement arises, the local authority that looks after the child acts as the corporate parent in any disagreement resolution.

When a local authority places a looked after child with an EHC plan in another local authority's area (for example, with foster parents), the local authority where the looked after child lives (is wholly or mainly resident) becomes responsible for maintaining their EHC plan, in the same way as any child or young person who moves from one local authority's area to another. The policy intention behind this is that the local authority where the child lives knows their local schools and educational provision better, so they are better able to assess whether the child needs special educational provision on top of what is ordinarily available.

[The Inter-authority Recoupment \(England\) Regulations 2013](#) permit the local authority where a looked after child with an EHC plan lives to recoup the cost of primary or secondary education, which includes additional special educational provision (for example, the costs of top-up funding), from the local authority responsible for looking after the child. Having consulted on changes to these regulations over the summer of 2025, we are currently planning work to revise or replace the regulations. We plan to include the following key changes:

- require the cost of the education of a looked after child with an EHC plan or in a special school to be met by the local authority that looks after the child and that has made the out-of-area placement. The per pupil costs recouped should exclude the mainstream school NFF funding received by the local authority for pupils attending their mainstream schools
- ensure that home to school transport costs can also be recouped, and
- allow for inter-authority recoupment for eligible care leavers, defined as those young people aged 16 to 17 who are still in care (that is, remain legally looked-after and under the formal responsibility of a local authority) and preparing to leave by virtue of turning 18

The changes recognise that certain local authorities attract a disproportionate number of looked after children from other local authorities because of the number of children's or foster homes operating in their area. We will provide more guidance

on the detail of the new requirements to accompany the revised or new regulations. Until we can make the intended changes to regulations, which will in any case be subject to Parliamentary approval, local authorities are encouraged to come to an agreement on how the costs of educating looked after children are funded, based on the threefold approach outlined above.

In the case of emergency or temporary placements by the local authority responsible for the looked after child/children, it may be reasonable for the placing local authority to pick up the costs directly until a more permanent placement is made and/or the transfer of the EHC plan is arranged, when inter-authority recoupment would apply.

[The Education \(Areas to which Pupils and Students Belong\) Regulations 1996](#) (the 'Belonging' Regulations), as [amended](#), are used to determine which local authority a person belongs to for the purposes of recoupment only. Regulation 1(4) makes clear that the 'Belonging Regulations' do not apply for the purpose of determining which local authority's area a child is in for the purposes of section 24 of the Children and Families Act 2014. They should not be used to determine which local authority is responsible for conducting an EHC needs assessment and maintaining, securing, and funding the provision in an EHC plan, since this must be determined under the Children and Families Act 2014.

17.2 Post-19 provision for young people accommodated under the Care Act 2014

For a young person aged 19 to 25, the local authority where they live is responsible for conducting any EHC needs assessment, issuing an EHC plan where necessary, and for securing and funding that provision.

Children cease to be looked after when they are over the age of 18 (some children will cease to be looked after at 16 or 17 years old and others will continue to be looked after until their 18th birthday). [The Inter-authority Recoupment \(England\) Regulations 2013](#) apply only to looked after children (up to their 18th birthday), and so do not apply to young people aged 19 or over. Once they are no longer looked after, the recoupment regulations no longer apply. This should not matter as the local authority where the young person lives will have been funded through the high needs funding formula to meet the costs, in the same way as for any other young person who lives in their area.

Some care leavers will remain living with their former foster parents past their 18th birthday in staying put arrangements, but they are no longer looked after. The local authority which looked after a child remains responsible for meeting their leaving care duties regardless of where the young person may now be living in England or Wales (section 23A (4) of the [Children Act 1989](#)).

This includes providing the young person with support for the expenses associated with living near where they are seeking work, working, or receiving education or training.

Decisions on adult social care placements may change the local authority responsible for making SEN provision. It is our view that, where a young adult is accommodated under the [Care Act 2014](#) in a residential adult social care placement (as opposed to residential education) made on a long-term basis (for example, with the intention that it is to be permanent for the foreseeable future), it is likely to be considered to be a change in the adult's residence. Therefore, if a young person aged 19 to 25 has been accommodated under the Care Act 2014, in a permanent residential care placement in a different local authority area, it is likely they will have moved into the area of the new local authority, unless there are factors indicating otherwise. Therefore, for the purposes of the [Children and Families Act 2014](#), the new local authority would be responsible for securing and maintaining any EHC plan.

18. Annex 6: health and social care costs

Where a child or young person with SEND has relevant health or social care needs, these should be addressed within an integrated EHC plan. Responsibility for securing the provision specified in the plan sits with the relevant statutory bodies: the local authority for education and social care provision, and either the Integrated Care Board (ICB) or (in some cases) NHS England for health provision.

The high needs funding block of the DSG is intended to meet the educational costs of children and young people with SEN or who require AP. The DSG may only be used for the purposes specified in the [DSG: conditions of grant](#) and [The School and Early Years Finance \(England\) Regulations](#) which means that it may not be used to meet non-educational costs, except where specifically permitted. The costs of securing health provision (specified in section G of an EHC plan) should be met by either the ICB or NHS England. The costs of securing social care provision

(specified in sections H1 and H2 of an EHC plan) should be met by the local authority from their social care budgets.

However, the [Children and Families Act 2014](#) acknowledges that specific types of health or social care provision may be considered as education or training. The Children and Families Act 2014 requires that health or social care provision which educates or trains a child or young person must be treated as special educational provision (that is, deemed educational provision). This particularly applies to therapies such as speech and language therapy, physiotherapy and occupational therapy. This means that it will be recorded in section F of an EHC plan and will be treated as special educational provision and, therefore, in scope of the high needs budget. However, all decisions about whether health care provision or social care provision should be treated as special educational provision must be made on an individual basis, as set out in section 9.74 of the [SEND code of practice](#).

While independent and non-maintained provision frequently offers integrated education, health and social care provision, only educational costs (including deemed educational costs) should be funded by the DSG. In some cases, the integrated package of support will be costed and charged through a single fee. In these cases, the local authority should charge non-educational costs to the responsible partners. We would expect the relevant partners to have agreed the basis for the placement and its funding before it is confirmed (for example, before a final EHC plan is issued). The social care element of accommodating children with SEND in schools should be charged appropriately.

19. Annex 7: permanent exclusions: funding adjustments

[Section 10: alternative provision and hospital education](#) highlights the importance of ensuring schools and local authorities explore the most effective arrangements for AP commissioning and funding in their area, including for children who have been permanently excluded. Where pupils are excluded, under [The School and Early Years Finance \(England\) Regulations](#), funding should flow in-year from the school that has permanently excluded the pupil to the provision that takes responsibility for the pupil. If a school subsequently admits a pupil who has been permanently excluded during that financial year, it should then receive additional funding.

The provisions also apply to pupils who leave a mainstream school for reasons other

than permanent exclusions and are receiving education funded by the local authority, other than at a school. The provisions also act independently of whether a particular pupil has been on the school census in the first place and whether the school has, therefore, received funding for them.

Local authorities are responsible for adjusting the budget shares of mainstream maintained schools if a pupil is permanently excluded, so that funding follows the pupil. Further information on this, including calculating the amount to be deducted from the excluding school's budget and admitting school's budget (if appropriate), is available in the 'Redetermination of budgets where pupils have been excluded' section of the [schools operational guide: 2026 to 2027](#).

Different funding arrangements apply in relation to pupils permanently excluded from PRUs, AP academies, maintained special schools, special academies and children in designated SEN units or resourced places at mainstream schools. These schools receive base funding for each place, which is not linked to individual pupils and so is not withdrawn following a permanent exclusion. Similarly, the calculation for an admitting school would not be used for a PRU, AP academy or AP free school. They also receive top-up funding that is linked to individual pupils. When commissioning places at one of these types of school, local authorities and schools should formally agree with the providing school what proportion of this top-up funding will be returned if a pupil leaves the school (for any reason). See section 10.7: 'Top-up funding for alternative provision (including examples)' or 'Further information on the approach to top-up funding for PRUs, AP academies and AP free schools' for further information.

The only exception to this is where pupil premium is payable in respect of a pupil attending a PRU or special school maintained by the local authority. In this situation, local authorities must adjust the school's budget in accordance with the same formula that applies to mainstream schools. In the case of AP and special academies, local authorities should claim from the academy an amount equivalent to the pupil premium (as calculated according to the formula in the regulations) or pay the academy the relevant amount when a previously permanently excluded pupil joins the academy.

Information about regulations covering the movement of funds in relation to permanently excluded pupils who are placed in provision in other local authorities can be found under the section 'Inter-authority funding transfers' in the [schools operational guide: 2026 to 2027](#). The regulations relate to situations where a pupil is permanently excluded from a maintained school in one local authority, and is either:

- subsequently provided with education in the same financial year at a maintained

school, or otherwise than at school in a second local authority

- subsequently provided with education in the same financial year at a PRU, or otherwise than at school in a second local authority, and then at a maintained school or otherwise than at school in a third local authority

20. Annex 8: important dates

The timeline below shows the implementation of the 2026 to 2027 high needs funding arrangements, including actions for local authorities and schools and colleges.

Schools and colleges must ensure the [school census](#) or [ILR](#) guidance is followed on all items that are, or will be, used for funding purposes, including elements that are used in the calculation of the DSG. It is critical that all schools and colleges check the latest guidance to make sure that they understand what is required, including identifying those pupils or students for whom they receive high needs top-up funding.

December 2025

Department for Education:

- 2026 to 2027 DSG schools, central school services and high needs block allocations and [DSG: conditions of grant and DSG technical note](#) published
- indicative 2026 to 2027 DSG early years block allocations published

FE providers:

- FE colleges, sixth form colleges, ILPs, 16 to 19 maintained schools and academies, and SPIs submit 2025 to 2026 ILR R04

January 2026

Department for Education:

- 2024 to 2025 R14 ILR data returned by colleges published
- The School and Early Years Finance (England) Regulations 2026 are published

Local authorities:

- deadline for requests to disapply conditions of grant relating to funding transfers from the schools block of the DSG
- calculate additional funding allocations for special and AP maintained schools and academies and consult schools on the data and calculations used
- deadline for submitting the final 2026 to 2027 APT to DfE. This covers all mainstream maintained schools and academies: including pupil numbers on the October 2025 census in RP and SEN units to support the calculation of funding for occupied and unoccupied places
- deadline for submitting special schools MFG disapplication requests and those covering disapplication of legacy funding requirements (as detailed in [annex 3: special schools minimum funding guarantee](#) and [annex 4: the allocation of 2025 to 2026 CSBG and other legacy funding](#))

Schools and colleges :

- deadline for AP free schools 2026 to 2027 place number returns
- all maintained schools, academies, NMSS and PRUs to complete spring 2026 school census

February 2026

Department for Education:

- 2026 to 2027 high needs place change notification outcomes published
- 2-week enquiry window opens for local authorities and relevant schools and colleges to raise place change related issues (closes 27 February)
- publication of how 16 to 19 funding will work and the timeline for delivering allocations for academic year 2026 to 2027

Local authorities:

- check 2026 to 2027 high needs place change published outcomes and ensure

queries are discussed with relevant schools and colleges and, if necessary, those raised during the 2-week enquiry window

- this should include checking the outcomes for schools and colleges located in other local authorities, where a local authority places large numbers of students
- review of, and amendments to EHC plans must be completed by [15 February](#) for pupils moving into, or between, schools in that calendar year
- 2026 to 2027 budgets issued to maintained mainstream schools, special schools and PRUs

Schools and colleges:

- FE colleges, sixth form colleges, ILPs, 16 to 19 maintained schools and academies and SPIs to submit 2025 to 2026 ILR R06
- schools and colleges to check changes to 2026 to 2027 funded place numbers are correctly reflected in the published outcomes, ensure any queries are discussed with the relevant local authority and, if necessary, raised with DfE during the 2-week enquiry window (closes 27 February)

March 2026

Department for Education:

- publication of the 2026 to 2027 high needs place numbers for schools and colleges
- academic year 2026 to 2027 allocations to schools and colleges by 31 March (providers will be contacted separately if their allocation is delayed)
- local authorities' 2026 to 2027 DSG updated. Further information is available in the [DSG: technical note 2026 to 2027](#) (published December 2025)

Local authorities:

- review of and amendments to EHC plans, including specifying the post-16 provision and naming the school or college, must be completed by 31 March for students moving from a secondary or special school to a college or apprenticeship in that calendar year
- complete EHC plan review process by 31 March for students moving between post-16 colleges, where a young person is expected to transfer to a new post-16

college in the new academic year

April 2026

Schools and colleges:

- check high needs allocation is received and correct

June 2026

Department for Education:

- issue to local authorities the DSG import/export adjustments data at school and college level and guidance on the import/export data error notification

Local authorities:

- review DSG import/export adjustment data

FE providers:

- FE colleges, sixth form colleges, ILPs, 16 to 19 academies and SPIs to submit 2025 to 2026 ILR R10

July 2026

Department for Education:

- 2026 to 2027 high needs place numbers updated and published (as of 1 July 2026)
- 2026 to 2027 DSG update to reflect final school and college level allocation decisions, DSG import/export adjustments
- local authorities notify DfE of data errors in the DSG import/export adjustments

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