

## **LEICESTERSHIRE SCHOOLS' FORUM**

The Leicestershire Schools' Forum will be held on **Tuesday, 10 June 2025 at 2:00 pm via Microsoft Teams**. The primary contact for the forum arrangements is as follows:

Rachel Simpson (Clerk)

- **Email:** **LeicestershireSchoolsForum@leics.gov.uk**
- **Tel:** **0116 305 1475**

Please see the agenda for the meeting below.

### **AGENDA**

<b>Item</b>	<b>Papers</b>
<b>1. Election of Chair/Vice Chair</b>	
<b>2. Apologies for absence/Substitutions</b>	
<b>3. Minutes of the Meeting held on 12/02/2025 (previously circulated) and Matters Arising</b>	<b>3</b>
<b>4. 2024/25 Schools Budget Outturn (report is attached)</b>	<b>4</b>
<b>5. 2026/27 Schools Block Transfer (report is attached)</b>	<b>5</b>
<b>6. SEND Investment Fund (PowerPoint is attached)</b>	<b>6</b>
<b>7. Any other business</b>	
<b>8. Date of next meeting:</b>	

The date for the next Leicestershire School's Forum is **Tuesday 9<sup>th</sup> September 2025** from **2:00pm – 3:50pm**

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**Minutes of the Leicestershire Schools Forum  
via Microsoft Teams on Wednesday 12<sup>th</sup> February 2025 at 2pm.**

**Chair / Vice-Chair**

Martin Towers	Academy Secondary Governor
Suzanne Uprichard	PRU Representative & Maintained Primary Governor

**Attended**

Alison Bradley	Assistant Director for Education, Send & Commissioning
Mrs Deborah Taylor	Lead Member for Children & Family Services
Jenny Lawrence	Finance Business Partner for Schools & High Needs
Michelle White	Head Of Service – Send & Children with Disabilities
Rebecca Wakeley	Senior Education Effectiveness Partner
Rosie Browne	Academy Primary Headteacher
Dr Jude Mellor	Academy Secondary Headteacher
Kath Kelly	Academy Secondary Headteacher
Simon Grindrod	Academy Secondary Governor
Alison Ruff	Maintained Primary Headteacher
Phil Lewin	Maintained Primary Headteacher
Adina Murataj	Maintained Primary Governor
Rebecca Jones	Maintained Primary Governor
Beverley Coltman	PVI Early Years Provider

**Substitute**

Jason Brooks (Kelly Dryden)	Maintained Special Headteacher
David Warwick (Samantha)	GMB Union

**Observing**

Laura Kendrick	Academy Secondary School Business Leader
Nerinder Samari	LCC Strategic Finance Manager
Heidi Webb	LCC Senior Finance Business Partner
Amanjit Sraw	LCC Finance Business Partner
Lisa Turland	Education Effectiveness Team Manager

**Apologies**

Beth Clements	Head Of Service – Education Inclusion
Ed Petrie	Academy Primary Headteacher
Felicity Clarke	Academy Primary Headteacher
Dan Cleary	Academy Secondary Headteacher
Val Moore	Academy Primary Governor
Kelly Dryden	Academy Special Headteacher
Jo Beaumont	Maintained Primary Headteacher
Carolyn Shoyer	Diocese Of Leicester Director

Samantha Cooke  
 Peter Leatherland  
 Lauren Charlton  
 Rosalind Hopkins  
 Robert Martin  
 Lisa Craddock

DNCC Representative  
 Academy Secondary Headteacher  
 Academy Primary Trustee  
 Maintained Special School  
 Maintained Nursery Governor  
 Post-16 Provider

### **1. Apologies for Absence/Substitutions.**

Apologies received from Ed Petrie, Felicity Clarke, Dan Cleary Val Moore, Kelly Dryden, Jo Beaumont, Carolyn Shoyer, and Samantha Cooke. Jason Brooks attended as substitute for Kelly and David Warwick attended as substitute for Samantha. Peter Leatherland, Lauren Charlton, Rosalind Hopkins, Robert Martin, and Lisa Craddock did not attend.

### **2. Minutes of the Meeting held on 04/11/2024 (previously circulated) and Matters Arising.**

Martin Towers discussed the minutes of the last Leicestershire Schools' Forum with forum members, presenting the opportunity to raise any issues or request amendments to the record. David Warwick requested an amendment to page 5, line 16: his query regarding the Element 3 disparity between Leicester City (approximately £16k) and Leicestershire County (£8k) funding was omitted. An explanation was provided regarding a difference in the approach the authorities take the disaggregation of funds. Kath Kelly then commented that the update/uplift in funding not occurring for a lengthy period. **David has requested the minutes of the forum be amended.**

The actions from the previous forum were reviewed:

1. Jane Moore provided Schools Forum with an overview of capacity within Leicestershire special provisions during the previous meeting.
2. Jane Moore reviewed the language used in the Resetting the SEN Finance System report to ensure clarity before submitting to the Leicestershire County Cabinet.

The 2024-25 Disapplication report was shared with school members to review. Martin Towers obtained the views of school members and provided feedback to the Local Authority (LA).

### **3. Schools Forum in Operation.**

Martin Towers referred to The Leicestershire Schools Forum in Operation presentation shared with the agenda. Martin reiterated that the purpose of forum members was to represent a group of schools, not to represent themselves as an individual or an individual school. There were no questions raised.

### **4. De-delegation - School Improvement.**

Rebecca Wakeley presented the report on de-delegation, which discussed the de-delegation of £18 per pupil from maintained schools' budget for LA school improvement functions. Rebecca noted that this is the same rate of de-delegation as 2023-24. Schools have engaged well with improvement functions provided by the LA and schools are in a strong position.

Through the presentation, Rebecca Wakeley addressed consultation with the Collaborative Committee and provided comments and feedback from the Committee on LA spends. The Committee discussed using de-delegated funding to fund mandatory school improvement and development, such as DSL training. The Committee also agreed key development priorities and actions for the LA's de-delegated funding.

Phil Lewin questioned paragraph 14 on page 32, which highlights activity to be funded separately through de-delegated funding, which Rebecca Wakeley explained and agreed to amend in any future reports.

The LA recommends that representatives from maintained schools approve the de-delegation of £18 per pupil for LA school improvement functions from maintained schools' budgets.

**Yes:** 4                      **No:** 0                      **Abstained:** 0

## **5. 2025-26 Schools Budget.**

Jenny Lawrence presented the Schools Budget report, which fulfils the LA's roles as per the schools' budget, sets out the decisions required from Schools Forum, and builds upon several reports presented during 2024-25. The LA sought permission from Secretary of State to transfer 0.5% from the Schools Block to a SEND Investment Fund, which the Secretary of State approved. Jenny sought information on how other LAs have undertaken Schools Block transfers and other requests for approval from the Secretary of State, but the Department for Education (DfE) could not provide this information.

The report outlined an affordability gap caused by an increase in Free School Meals (FSM) eligibility, in which schools are funded from the October 2023 census, but LAs are funded from the October 2024 census. This left the LA with a financial gap of approximately £700k between the funding received and that required to deliver the National Funding Formula (NFF).

The report noted eleven primary schools experiencing falling rolls which will experience reductions in 2025-26 budgets. Jenny Lawrence noted it would be useful for a non-headteacher from Forum to be involved in discussions in developing the SEND Investment Fund.

David Warwick questioned whether the £2.75bn increase in schools spending announced by the Secretary of State in October was reflected in budgets. Jenny Lawrence confirmed all funding provided by the DfE had been factored into 2025-26 budgets.

Phil Lewin questioned whether there would be communications with schools to outline deductions to funding. Jenny Lawrence confirmed that schools will observe

their deductions in Section 251 or GAG funding statements, so would see the impact of the capping to enact the Schools Block transfer and the affordability gap. The LA will include reference to this in the school 2025-26 budget briefing aimed at maintained schools but partially applicable to academies.

Dr Jude Mellor questioned whether the LA could financially support schools impacted by declining birth rates and decreasing rolls in primary schools. The Growth fund is used to fund school growth from September to March, as well as fund opening schools. Jenny Lawrence confirmed that the growth fund can be used to fund falling rolls. However, the criteria set for schools to be eligible for this funding is specific; it is triggered by sudden drops in pupil numbers and requires numbers to return to that level within three to five years. Statistics show a steady decline in pupils, but no Leicestershire schools qualify for declining numbers funding.

Rebecca Jones questioned how the LA sets criteria for falling rolls funding, this is a policy agreed by Schools Forum. In relation to housing growth Jenny Lawrence clarified that the DfE compares school capacity with future pupil forecasts. The data provided by the DfE shows that there are no schools within the authority that meet these criteria. Rebecca questioned whether schools could address this funding with the LA to discuss their eligibility. Jenny confirmed that a school could raise this with the LA.

Suzanne Uprichard noted that housing rates may takes years to reflect actual need; houses built may not create expected pupil numbers, which makes this an unreliable factor. Simon Grindrod also questioned the requirement for building developers to consider school placements as part of planning. Jenny Lawrence confirmed that significant housing developments must consider additional infrastructure as part of planning and the Section 106 agreement between the County Council, District and Borough planning departments, and the developer, which includes roads, medical provisions, and schools. Jenny referred to the Planning Obligation policy on the LA website which requires developers to consider the number of houses to be built, the type of houses, and the expected ratio of children compared to local capacity; if this capacity is exceeded, the Section 106 agreement requires developers to fund school expansion or the build of new schools. David Warwick referred to reports online which discussed how developers can evade Section 106 responsibilities, however Jenny assured the forum that Leicestershire has a good history of holding developers to account for delivery the Section 106 agreement.

Jason Brooks questioned whether the LA had specific plans on how the 0.5% transfer to the SEND Investment Fund would be used. Alison Bradley shared that school leaders have volunteered to be part of this discussion with the LA to ensure strong governance and reporting on SEND Investment Fund spending. Agreements to SEND Investment Fund spending is expected to be in place by September 2025 with full visibility and transparency on implementation, impact, and how impacts will be measured. Jason has agreed to join this discussion – invites to meetings will be shared within the next three to four weeks.

**NB.** Following the meeting, it was agreed that Martin Towers and Suzanne Uprichard will also be invited to discussions with the LA regarding SEND Investment Fund spending.

The LA made the following recommendations:

1. That Schools Forum approved the retention of the budget to fund future school growth (Paragraph 17, Item 2).

**Yes:** 5                      **No:** 0                      **Abstain:** 4

2. That Schools Forum approved the retention of budgets to meet the prescribed statutory duties of the Local Authority and to meet historic costs (Paragraph 17, Items 3 & 4).

**Yes:** 7                      **No:** 0                      **Abstain:** 2

3. That Schools Forum approved the centrally retained early years funding (Paragraph 17, Item 5).

**Yes:** 8                      **No:** 0                      **Abstain:** 1

4. That Schools Forum note approved the use of the exceptional premises factor in respect of schools that incur rental costs for premises and / or sports facilities and the adjustments made in respect of age range changes. (Paragraph 38).

**Yes:** 7                      **No:** 0                      **Abstain:** 2

Dr Jude Mellow questioned whether premature retirement costs are getting larger. Jenny Lawrence confirmed that premature retirement costs cannot increase. And will reduce with time. Central school services contribute £673k to the £1.3m cost.

5. That Schools Forum noted the actions taken by the Local Authority in applying Capping to the National Funding Formula for the purposes of effecting a 0.5% transfer of funding from the Schools Block to the High Needs Block and to address an affordability gap (Paragraphs 36 - 42).
6. That Schools Forum noted the number and average cost of commissioned places for children and young people with High Needs (Paragraph 63).
7. That Schools Forum noted the approach to setting Early Years Provider payment rates for 2025-26 (Paragraph 68).

Beverley Coltman noted that fees are set at beginning of April and settings endeavour to give parents one full month notice for FEEE increases. Beverley questioned when funding rates would be announced. Jenny Lawrence confirmed that communications regarding funding rates are ready and will be released by the LA soon. LAs are required to issue rates by the end of February. Rates will continue to be set to enable the recovery of the early years deficit.

8. That Schools Forum approved the actions taken to align the Notional SEN Budget to the SEND population in schools and the action to be taken in respect of schools where it is insufficient to meet the aggregated value of High Needs Funding Element 2 (Paragraphs 76-78).

**Yes:** 3                      **No:** 0                      **Abstain:** 4

9. That Schools Forum noted the average per pupil funding to be considered for recoupment for excluded pupils and other purposes (Paragraph 79).

## **6. Any Other Business.**

Suzanne Uprichard requested that agendas and minutes from Schools Forum are shared with schools through the Headteachers Briefing and through the Governors Bulletin once live on the LA website. **This was agreed by Jenny Lawrence.**

Jenny Lawrence and Alison Bradley are leaving the LA. Tim Brown will replace Alison Bradley at the end of February 2025. Nerinder Samari and Heidi Webb will replace Jenny's Schools Forum functions.

## **7. Date of Next Meeting.**

The date for the next Leicestershire Schools' Forum is **Tuesday 10<sup>th</sup> June 2025** from **2pm – 4pm.**

## **8. Actions.**

1. Previous Schools Forum minutes to be amended to reflect David Warwick's question on the discrepancy in Element 3 funding.
2. Schools Forum clerk to ensure agendas and minutes are shared through the Headteachers Briefing and Governors Bulletin.





## SCHOOLS FORUM

### 2024/25 SCHOOLS BUDGET OUTTURN

10 JUNE 2025

Content Applicable to:		School Phase:	
Maintained Primary and Secondary Schools	x	Pre School	x
Academies	x	Foundation Stage	x
PVI Settings	x	Primary	x
Special Schools / Academies	x	Secondary	X
Local Authority	x	Post 16	
		High Needs	X

#### Purpose of Report

Content Requires:		By:	
Noting	X	Maintained Primary School Members	
Decision		Maintained Secondary School Members	
		Maintained Special School Members	
		Academy Members	
		All Schools Forum	X

1. This report presents the 2024/25 Schools Budget outturn position and confirms the Dedicated Schools Grant (DSG) Reserve.

#### Recommendations

2. That Schools Forum note the content of this report

#### 2024/25 Schools Budget Outturn

3. The 2024/25 Outturn position for the Children and Young People's Department is summarised in the following table. This table presents both the Local Authority and

Schools Budget for completeness, but the report presents detail only for the Schools Budget funding blocks.

4. In summary, overall there is a net overspend of £16.3m on the Dedicated Schools Grant (DSG). This comprises an overspend of £23.2m on the High Needs Block, offset by an underspend of £5.0m on the Early Years Block, and an underspend of £1.9m on the Schools Block from schools' growth, which will be retained for meeting the costs of commissioning school places in future years. The following table provides an analysis of the overspend.

	Budget £,000	(Under) / Over Spend £,000	%	Schools Block £,000	Early Years Block £,000	High Needs Block £,000	LA Block £,000
C&FS Directorate	1,535	(56)	-4%	(1)	(2)	(5)	(49)
Safeguarding, Improvement & QA	2,952	(324)	-11%	0	0	0	(324)
Children in Care	71,079	6,822	10%	0	0	0	6,822
Field Social Work	17,915	2,175	12%	0	0	0	2,175
C&FS Children & Families Well-being	14,807	(1,534)	-10%	0	0	0	(1,534)
Education Sufficiency	1,159	(63)	-5%	(35)	0	0	(28)
Education Quality & Inclusion	72,503	9,665	13%	0	9,831	319	(486)
SEND & Specialist Services	102,940	24,699	24%	0	0	22,967	1,731
Business Support & Commissioning	13,244	383	3%	(50)	(13)	(5)	451
CFS Other	(173,956)	(16,678)	10%	(1,779)	(14,839)	(60)	0
<b>Total</b>	<b>124,177</b>	<b>25,088</b>	<b>20%</b>	<b>(1,865)</b>	<b>(5,022)</b>	<b>23,215</b>	<b>8,759</b>

5. The issues behind the performance of each of the DSG Blocks can be summarised as:

Schools Block underspend £1.9m – The School Block includes funding for individual schools which is delegated in full to maintained schools and academies and for the revenue costs associated with opening new, and expanding, mainstream schools. The underspend relates to the latter and the funding will be required to meet the cost of new schools anticipated to open in the future. New schools are now being commissioned on an annual basis and it is expected that expenditure will exceed annual DSG in the medium term.

For 2024/25 the DFE has changed the methodology for allocating growth funding to local authorities and introduced minimum funding allocations for growing schools, this change is not expected to have any significant impact on the cost of commissioning new schools but will increase costs where schools are being expanded to meet the basic need for school places. The future commitments against school growth will be recalculated once additional school places for the 2025/26 academic year are confirmed and will also include any revised expectations on the future opening dates of new schools.

Early Years The Early Years budget is showing a financial year end underspend of £5.0m. The budget is based on the number of hours used to calculate the original 2024/25 Early Years DSG income in December 2023. Both payments and income are higher than budgeted due to the outputs of the FEEE expansion and a higher number of 2-year-olds with working parents and a higher number of under 2s now taking up their FEEE entitlement. Changes to the methodology and funding lag around timings as to when Grant income/adjustments are made means the 'true' underspend position in relation to FY 24/25, won't be able to be confirmed until later in the summer of 2025 upon DFE confirmation of any funding adjustments.

As part of this overall underspend position includes the budgeted planned underspend of £1.1m as part of the payback of previous years' Early Years deficits. The Early Years DSG deficit as of 31 March 2024 was £3.1m. The plan was to clear this deficit over 4 years which would be March 2027 at the latest. Upon DFE confirmation, which is expected during the summer of 2025, in regard to any final adjustments to 24/25 funding levels, will subsequently confirm what the true under or overspend position will be on the early years block and therefore the extent it can clear such a deficit position sooner than the planned March 2027.

High Needs - The High Needs Block overspend of £23.2m in 2024/25 is £6.2m more than the £17.0m forecast included within the original MTFS due to a higher than budgeted number of High Needs students in both independent schools and mainstream schools.

- Overall there is an overspend in the placement budgets of £6.4m as a result of an increase of 1028 (17%) in the number of funded places above budgeted position. The significant increases are within mainstream schools which are 33% above budget, and Post-16 FE Colleges by 59%. The Department is undertaking further analysis to understand the reasons for the increase in numbers. Costs per place appear stable in most provision types. The department are investigating the utilisation of places in the Councils own specialist units, currently c.81%, to reduce the need for placements in the more costly Independent sector. An overspend on specialist teaching services and the Secondary Education Inclusion partnerships of £0.8m further increases overall overspend position.
- Additionally, the final figures published by the Department for Education (DfE) resulted in a £0.2m reduction in 2024/25 High Needs DSG income. This is due to an increase in students placed in provisions outside of Leicestershire as at Spring census date than the same point the previous year.

### **Maintained School Balances**

6. It is not possible to formally analyse balances for maintained schools until the return of the Consistent Financial Reporting (CFR) returns due to the local authority in mid-June and the subsequent isolation of balances that may be held on behalf of academies where the financial closedown of the former maintained school accounts has yet to be completed. However, the indications are that maintained school balances have decreased by an overall circa £4m. Balances for academies are published by the DfE from the Academy Accounts Return (AAR).

7. There is recognition of the growing number of Leicestershire schools seen to be in 'financial difficulty'. The Schools Financial Regulations require schools to maintain a balanced budget, however, regulations also recognise that circumstances may mean that this is not always possible. The Scheme for Financing Schools permits schools to apply for a licensed deficit for a period of three years and in exceptional cases this can be extended to five years, these are subject to various limitations. A licensed deficit being an agreement between the school and the Authority. The ultimate responsibility for formulating a recovery plan, and setting a balanced budget, lies with the Governing Body of the school. Over the coming months, the local authority will be seeking to redefine the process, governance, reporting/monitoring arrangements and support to schools where schools are identifying themselves in such a situation.

### **Dedicated Schools Grant Reserve**

8. The DSG reserve continues to record a deficit which remains forecast to grow significantly to the end of the four years of the 2025/26 MTFS despite the successful expansion of specialist provision within Leicestershire.
9. The following table sets out the component parts of the DSG reserve, a positive figure denotes a deficit:

	Schools £,000	High Needs £,000	Early Years £,000	CSSB £,000	Total £,000
2023/24 Reserves Brought Forward	-11,941	41,188	3,108	-334	32,021
2024/25 Outturn	-1,617	23,215	-5,022	-248	16,328
<b>Balance Carried Forward</b>	<b>-13,558</b>	<b>64,403</b>	<b>-1,914</b>	<b>-582</b>	<b>48,349</b>

10. Whilst the reserve is set out showing the balances on each DSG block, the deficit is managed at local authority level and the Department for Education monitor financial performance on the total reserve, there is no formal requirement to sub divide into funding blocks. As such for the DfE's three tier intervention programme the financial position of authorities is assessed on the value of the full reserve i.e. deficit of £48.3m rather than the higher figure of the High Needs Deficit of £64.4m.

### **High Needs Issues**

11. Nationally, concern over the impact of SEND reform on High Needs expenditure, and the financial difficulties this exposes local authorities to, is growing. Whilst the Government's Green Paper is set to result in systemic changes to the national SEND system, such changes may take a number of years to be implemented and none appear to address the funding issues.
12. Leicestershire has been actively engaged within the DfE's Delivering Better Value (DBV) in SEND programme as a result of the DSG deficit, this programme has now ended and there is uncertainty about the DfE's future approach to high needs sustainability. At the end of 2023/24 the accumulated High Needs deficit stood at

£41.2m and this rises to £64.4m at the end of 24/25. The Transforming SEND in Leicestershire (TSIL) programme has moved to an implementation and sustainability phase and improvements created during the design stage are being rolled out; this programme and the DBV programme are closely aligned.

13. Without new interventions the High Needs block deficit is expected to continue to increase over the MTFS period and is not financially sustainable. This is a significant and unresolved financial risk to the Council.
14. Without the DfE addressing such issues through significant system change, it is clear that additional funding alone cannot resolve the current issues, local authorities will be required to set aside resources to offset the deficit. At the levels of expected growth, the position is completely unsustainable and puts the Council's finances in a very difficult position. As such it is essential that the planned measures to contain ongoing growth are successful and both demand and costs are reduced.

### **Equal Opportunity Issues**

15. There are no equality issues arising directly from this report.

#### **Officer to Contact**

Nerinder Samaria, Strategic Finance Manager – Children and Family Services

Email: [nerinder.samaria@leics.gov.uk](mailto:nerinder.samaria@leics.gov.uk)

Tel: 0116 305 7616

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## SCHOOLS FORUM

### 2026/27 Schools Block Transfer

10 June 2025

Content Applicable to:		School Phase:	
Maintained Primary and Secondary Schools	X	Pre School	
Academies		Foundation Stage	
PVI Settings		Primary	
Special Schools / Academies	X	Secondary	
Local Authority	X	Post 16	
		High Needs	X

### Purpose of Report

Content Requires:		By:	
Noting	X	Maintained Primary School Members	
Decision		Maintained Special School Members	
		Academy Members	
		All Schools Forum	X

1. This report sets out the approach to be taken by the Local Authority in respect of seeking approval for a transfer of 0.5% of funding from the Schools Block to the High Needs Block for 2026/27.

### Recommendations

2. That Schools Forum note the intention of the Local Authority to seek a transfer of funding 0.5% from the Schools Block to the High Needs Block in 2026/27 and comment on the approach being taken.

## **Background**

3. A funding transfer was undertaken in 2025/26 of 0.5% from the Schools Block to the High Needs Block of the Dedicated Schools Grant equating to £2.8m. All of this funding is invested within the SEN Investment Fund to create capacity within mainstream schools to meet the needs of pupils with Social, Emotional and Mental Health (SEMH) needs. The establishment and mobilisation of the SEN Investment Fund is contained within a separate report on the agenda.
4. The 2024 consultation set out that a transfer, subject to adherence with the national framework on school funding and appropriate approvals, would be sought annually. This report confirms the local authority's intention to seek a funding transfer for 2026/27 and the approach being taken.
5. The Government's direction in respect of school funding policy is currently uncertain but the direction of travel in respect of SEND provision is suggestive of a more inclusive mainstream offer which may result in future funding changes. However, without confirmation of funding changes it must be assumed that the funding framework for 2025/26 will continue into 2026/27.

## **The Current Financial Position**

6. Whilst the SEN Investment Fund was established in April 2025 it will not be fully mobilised until the 2025/26 academic year and is not expected to deliver a tangible financial benefit, whether to schools or the local authority, until the 2026/27 financial year.
7. Leicestershire's financial position remains one of concern, and indeed the deficit on High Needs funding is the largest financial challenge currently being faced and is set out in the table below. After the forecast return on the SEN Investment Fund an annual high needs revenue gap remains for the period of the current Medium Term Financial Strategy, falling over the first three years of the financial plan and then increasing from 2028/29.



	2025/26 £,000	2026/27 £,000	2027/28 £,000	2028/29 £,000
Grant Income	-117,413	-120,912	-124,516	-128,228
Placement Costs	133,176	147,214	163,382	181,901
Other HNB Cost	12,265	12,865	12,865	12,865
Commissioning Cost - New Places	0	264	236	0
Schools Block Transfer	-2,799	-2,799	-2,799	-2,799
SEND Investment Fund	2,799	2,799	2,799	2,799
<b>Total Expenditure</b>	<b>145,441</b>	<b>160,343</b>	<b>176,483</b>	<b>194,766</b>
<b>Funding Gap Pre Savings</b>	<b>28,028</b>	<b>39,431</b>	<b>51,966</b>	<b>66,537</b>
TSIL Programme Defined Opportunities	-12,384	-20,034	-28,018	-34,237
Increase in Local Specialist Places	-389	-4,252	-11,193	-14,486
SEND Investment - Return on Investment	0	-2,799	-2,939	-3,086
<b>Total Savings</b>	<b>-12,773</b>	<b>-27,085</b>	<b>-42,149</b>	<b>-51,809</b>
<b>Annual Revenue Funding Gap</b>	<b>15,255</b>	<b>12,346</b>	<b>9,817</b>	<b>14,729</b>
<b>Cummulative High Needs Deficit Brought Forward</b>	<b>65,353</b>			
<b>Cummulative High Needs Funding Gap</b>	<b>80,608</b>	<b>92,954</b>	<b>102,771</b>	<b>117,500</b>
Surplus (-ve) / Deficit Other DSG Blocks	-11,834	-10,834	-9,334	-7,334
<b>Dedicated Schools Grant Surplus (-ve) / Deficit</b>	<b>68,774</b>	<b>82,120</b>	<b>93,437</b>	<b>110,166</b>
<b>High Needs Spend as % of High Needs DSG</b>	<b>125%</b>	<b>133%</b>	<b>143%</b>	<b>153%</b>
<b>Surplus / Deficit as % of Total DSG</b>	<b>10%</b>	<b>11%</b>	<b>13%</b>	<b>15%</b>

8. The DfE has operated a tiered approach to support and challenge local authorities through Safety Valve Agreements and the Delivering Better Value in SEND (DBV) with an expectation that authorities would achieve a balanced budget by the end of 2025/26. Leicestershire, nor other authorities, will achieve this. Leicestershire has been within the DfE's DBV programme which despite significant scrutiny of both service and financial operation failed to identify possible solutions other than the funding transfer which was undertaken for 2025/26.
9. Aligned to these programmes a Statutory Accounts Override was agreed which effectively means that DSG deficits do not have to be backed by cash reserves - this is due to terminate in March 2026 when the deficit has to be cash backed. This could have a significant impact on other local authority services until it can be recovered, and sustainability is achieved. This is not a financially viable position for the local authority. Local authorities, even if affordable, cannot financially contribute to DSG without the permission of the Secretary of State.

10. It is expected that the Government will issue a White Paper on SEN reform in due course, but it is unclear how this will align to funding reform. Overall, the Government's approach to what is seen as a national high needs funding crisis remains unclear, no new Safety Valve Agreements are being agreed and the DBV programme has come to an end. There are indicators that the DfE is developing a new approach in so much as they are looking to recruit SEN Financial Advisors to support local authorities but what this will mean in practical terms is unknown.

### **Actions Being Undertaken to Reduce Expenditure**

11. The actions within the TSIL programme and the delivery of additional specialist places is reducing demand for higher cost independent school packages through an increase in local and lower cost specialist provision. However, analysis of the expected impact over time suggests that proportionally the percentage of children in mainstream school placements decreases over the four years of the current plan from 48% to 42% of the SEND population and by default an overall increase in the number of children requiring a specialist school place.
12. Reducing demand for higher level SEN support is therefore key to financial sustainability and increasing capacity in mainstream schools, as supported by the SEN Investment Fund, is therefore critical to financial sustainability. Additionally, it is essential that the additional capacity being delivered in special school and resource base provision does not deliver an unintended consequence of increasing demand above current forecasts.
13. Over the last 3 years the number of early years children entering the school system and requiring a special school place has been increasing and adds a further, and accumulating, financial risk should these pupils need to remain in specialist provision over the whole of their education journey. Whilst a number of these places are physically within mainstream provision, they are subject to special school funding arrangements.
14. Leicestershire remains committed to ensuring that children and young people with SEND are placed within the most appropriate provision for their individual needs.

### **Current Demand Drivers**

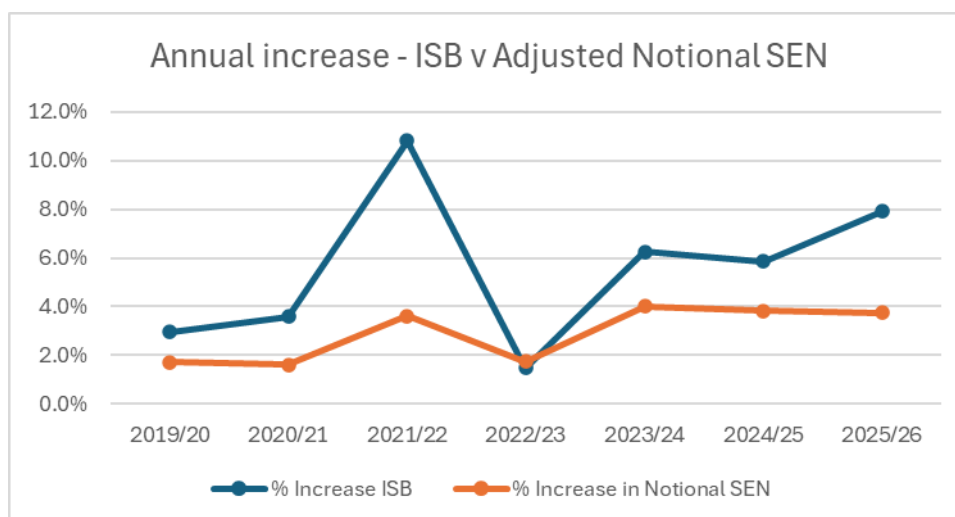
15. Whilst Leicestershire is broadly in line with the national trends, requests for EHCP assessments increased 55% between 2019 and 2024. Within the overall total, the proportion of requests from parents or carers increased from 25% in 2019 to 49% by 2025.
16. There is a continued annual increase in the number of EHCP's. Overall the increase is 113% between 2019 and 2024 against a national increase of 125%. Leicestershire saw an increase of 51% between 2019 and 2024. The increase here and for assessments is higher than the growth in population which was 2.2% over the same period.
17. Demand for financial support packages from the local authority for pupils with High Needs. Analysis of school census data shows:

- An increase in the school population with EHCP's of 36.2% in primary and 59.3% in secondary between 2019 and 2024
- The overall change in pupil population between 2019 and 2024 was -0.8% in primary and +2.7% in secondary
- In 2024 2.5% of the primary school population and 2.7% of the secondary school population were identified with an EHCP

18. Analysis of local data shows for the same period:

- An annual increase in the numbers of pupils with a financial support package (EHCP or SEN Intervention Funding) averaging 7%.
- An annual cost increase of 3%

19. For 2025/26 changes to the calculation basis of Notional SEN i.e. the inclusion of an element of free school meal factors within the NFF achieve a better alignment between the overall SEN population and school budgets. As a result of the changes, trend analysis of the overall changes in school budgets and the Notional SEN budget within them is distorted. However, excluding the impact of the 2025 change the overall funding available to schools continues to rise at a faster rate than the funding identified as the Notional SEN Budget.



A further review will be undertaken alongside the work underway on modelling options for a funding transfer.

### **The High Needs Funding Formula**

20. The national funding formula for the High Needs DSG is not responsive to changes in the number of EHCP's -, the DfE purposely avoid the use of EHCP numbers in funding allocation to avoid the perverse incentive and the link between EHCP's and funding allocations. The grant does flex in terms of the number of specialist placements as it uses population, deprivation indicators and historic expenditure as a driver of underlying change in need. Overall the proportion of funding allocated in respect of specialist places is 9% and population 38% of the 2025/26 funding allocation. With demand growing faster than the grant, deficits in funding are expected to continue.

21. With no mitigating actions placement costs alone are forecast to rise from 113% of the DSG in 2025/26 to 142% of grant in 2028/29. Taking planned cost reductions into account expenditure remains forecast to be in excess of grant by 1% in 2028/29.

### **The Proposed Approach for 2026/27**

22. Within the September 2024 consultation of the 2025/26 transfer there were a significant number of comments on the uneven distribution across schools with those schools gaining the largest increases in annual funding contributing the most to the transfer. In many respects local authorities are unable to change this position as:
- a) The national funding framework includes a mandatory Minimum per Pupil Funding Level (MPPL), local changes in funding cannot take schools below this guarantee. Without this guarantee it would be possible to reduce the value of the Age Weighted Pupil Unit (AWPU) which is the only universal funding received for each pupil within the National Funding Formula (NFF) and create an even impact of a transfer for all schools. Requests to vary or 'disapply' this regulation appear only to have been agreed in two local authorities as a part of Safety Valve Agreements
  - b) The Minimum Funding Guarantee (MFG) protects schools from funding losses arising from significant movements arising from change pupil characteristics.
23. The mechanism within the NFF for dealing with affordability gaps and for effecting a transfer of funding is capping and scaling:
- a) Capping places a limit on the per pupil funding gains between financial years, this was undertaken for the 2025/26 transfer. Capping by its very nature impacts upon those schools that gain the most from the national funding changes resulting from both policy decisions taken by the DfE and changes in pupil characteristics. An example is where the DfE choose to increase rates in one aspect of the NFF such as free school meals - in such instances those schools with the higher proportion of pupils eligible for free school meals would contribute more to a funding transfer. Nationally pupils eligible for free school meals is increasing.
  - b) Scaling is where the impact of the cap is reduced i.e. if a funding cap of 2% per pupil is set and a scaling factor of 50% were applied a school would see a funding increase of 1% per pupil.

These two elements can be used alongside each other to obtain an optimum spread of impact across all schools.

24. Leicestershire adopted the NFF at its inception in 2018 and has to date fully mirrored the formula factors set out by the DfE and the financial values attached to them, albeit necessary to scale back increases as a result of an affordability issue as the DfE has not provided sufficient DSG to fully meet the costs of the overall NFF. The funding regulations regards that any authority fully adopting the nationally set formula factors and having values attached to them within 2.5% of the nationally set

values are deemed to be mirroring the NFF. As such it is possible to reduce formula factor values within this threshold whilst remaining to deliver the NFF.

25. For 2026/27 the approach to the transfer will widen to consider the impact of capping and scaling but also whether any changes to AWPU as the only universal factor within the NFF and / or the two free school meal factors (FSM, FSM6) which are most significant within the NFF both in terms of proportion and national funding policy will spread the impact of the transfer more evenly across schools. The impact will be measured across the 2025/26 baseline where 135 (59%) of primary and 31 (74%) of secondary schools saw a restriction of funding gains between 2024/25 and 2025/26 as a result of the transfer. This work has begun.
26. The timeline to seek any transfer is expected to remain exceptionally tight and any decision from the Secretary of State, under the current timescale, must be sought by mid-November. Historically school funding arrangements for the following year have not been released until early July which, with an early end to the summer term in Leicestershire, leaves the time for modelling and school engagement exceptionally limited. Earlier illustrative modelling will allow multiple options to be identified and evaluated against the 2025/26 baseline.
27. There is a nationally set process that all local authorities proposing a 0.5% transfer of funding from the Schools Block to the High Needs Block of the DSG are required to follow - which includes consultation with all schools and approval from the Schools Forum. Should Schools Forum not approve a transfer local authorities may seek approval from the Secretary of State, as for the 2025/26 transfer. Local authorities may also seek approval from the Secretary of State for a transfer about 0.5% but still must consult with schools and seek support from the Schools Forum. Approvals for a funding transfer apply only for one year and subsequent approvals must be sought annually.

## **Conclusions**

28. The financial position for both schools and the local authority remains challenging and makes it essential that the funding within the SEND system which is distributed across both is used to deliver the maximum benefit for Leicestershire's children and young people with SEND. The SEN Investment fund is a key component to achieving that and in line with the direction of travel from the DfE and needs to continue to deliver maximum benefit, that can only happen with a continues transfer of funding from the Schools to the High Needs Block.
29. Costs are relatively stable and the financial position is driven by increased demand, therefore addressing the growing demand is the key to financial sustainability. Actions are in place that are slowing down the grown in the need for Independent Places but the forecast fall in the proportion of placements in mainstream is a concern.
30. It is uncertain when the DfE will make their intentions on schools and high needs funding for 2026/27 known and what impact this may have on the approach described in this report.

## **Equal Opportunity Issues**

31. The approach as set out within this report will allow for a detailed analysis of any equal opportunities issues.

### **Background Papers**

Schools Forum 18 June 2024 – Resetting the SEN Finance system

<https://democracy.leics.gov.uk/ieListDocuments.aspx?CId=1018&MId=7734&Ver=4>

Schools Forum 17 September 2024 – SEN Investment Fund and Schools Block Transfer

<https://democracy.leics.gov.uk/ieListDocuments.aspx?CId=1018&MId=7957&Ver=4>

Schools Forum 4 November 2024 – Resetting the SEN Finance System

<https://democracy.leics.gov.uk/ieListDocuments.aspx?CId=1018&MId=7978&Ver=4>

Cabinet 22 November 2024 – Proposed Transfer of Funding From The Schools Block to The High Needs Block of The Dedicated Schools Grant

<https://democracy.leics.gov.uk/documents/s186577/Resetting%20SEND%20Finance%20Cabinet%20report.pdf>

### **Officers to Contact**

Jenny Lawrence

Email: [jenny.lawrence@leics.gov.uk](mailto:jenny.lawrence@leics.gov.uk)

Tel: 0116 3056401

# SEN INVESTMENT FUND UPDATE

Schools Forum - June 2025

# Introducing an enhanced support offer for SEMH needs

## What is the SEN Investment Fund?

- The fund has been created from the 25/26 schools block transfer and is being used to introduce an enhanced graduated offer to support children and young people with SEMH needs in mainstream educational settings in Leicestershire.
- For 2025/26 this has created a fund of around £2.8m.





## SEN Investment Fund Working Group

- A working group of School Leaders and representatives from across SEND and Inclusion support services have been meeting regularly to discuss and shape emerging proposals
- The group is considering how the fund can be used most effectively, including appropriate points for referral and access into the new support offer and how we can measure success and impact
- Questionnaire sent via the Head Teachers briefing to consider existing good practice and gaps in supporting children and young people with SEMH needs. Findings are being used to help us refine the scope of the proposals, ensuring funding is targeted where it is most needed
- Proposals for use of the fund were discussed in focused groups during early May, bringing in feedback from questionnaire
- Regular reporting of progress to school leaders through the Primary and Secondary Heads meetings, Schools Forum and comms briefings as appropriate

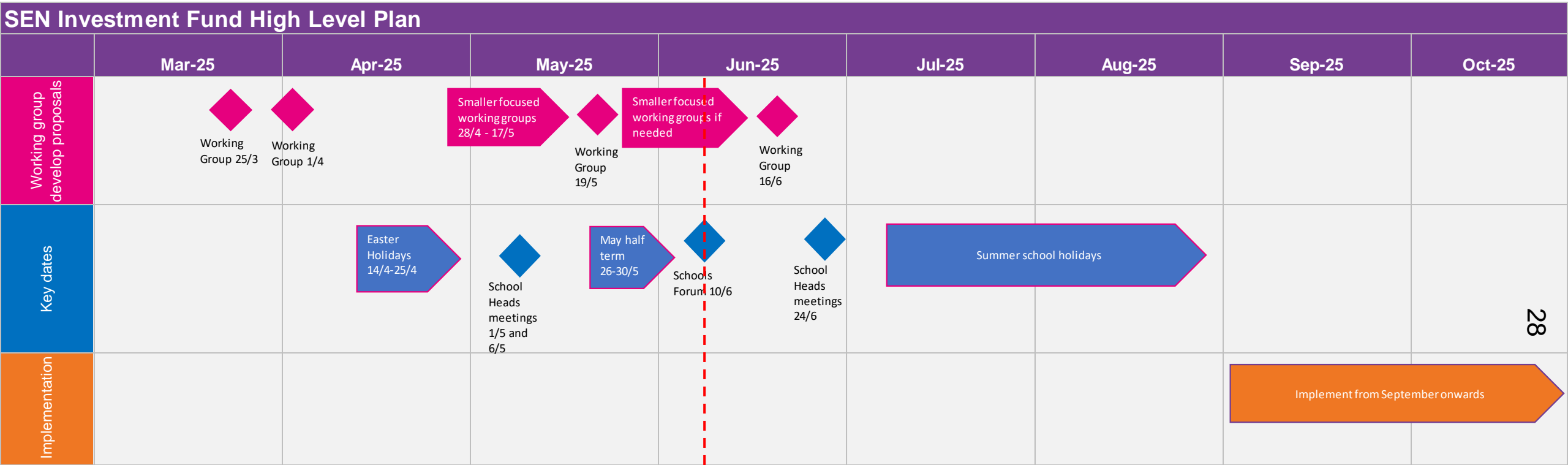
## SEMH offers under development

- The Working Group is developing detailed plans for the following in order of priority:
  1. Coaching/training/whole school approaches for school staff
  2. In-school AP/outreach (specific offers being developed for Primary and Secondary)
  3. Bookable online clinics for school staff
  4. Supporting positive relationships with parents
- Representatives from Oakfield and the SEIPs are supporting our planning to ensure alignment with existing support offers.
- Children and young people voice will also be used to help shape the support offer and monitor impact along with ongoing engagement with the SEND Hub.

## Next steps

- Final proposals will be agreed at the next meeting of the Working Group with School Leaders and representatives from the Local Authority on 16th June
- Work will be undertaken following the meeting on the 16th to finalise costings and confirm impact measures, including baselining of KPIs to ensure we are able to monitor the impact of the enhanced offers introduced through the Fund
- The package of new offers available to support children and young people with SEMH needs in mainstream schools and how they can be accessed will be communicated out to schools once finalised and back to the Schools Forum at the next meeting in September

# SEN Investment Fund – Timeline



## Schools Forum support for direction of travel

- The Schools Forum is asked to confirm its support for the direction of travel of ongoing activity to develop an enhanced offer for supporting SEMH needs using the SEN Investment Fund

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