

LEICESTERSHIRE SCHOOLS' FORUM

The Leicestershire Schools' Forum to be held on **Wednesday 24th June 2026** at **10.00am** via **Microsoft Teams**. The primary contact for the forum arrangements is as follows:

Foongyee Cheung / Faye Smith (Clerks)
Email: LeicestershireSchoolsForum@leics.gov.uk
Tel: 0116 305 1454

Please see below for the agenda for the meeting.

AGENDA

<u>Item</u>	<u>Report by</u>
1. Apologies for absence/Substitutions.	
2. Minutes of the Meeting held on 23/02/2026 (previously circulated) and matters arising. <ul style="list-style-type: none">• Schools Forum in Operation	(Pages 3 - 8)
3. School Budgets and Sustainability	(Pages 9 - 18)
4. DSG Outturn	(Pages 19 - 24)
5. SEND Reform Approach and Experts At Hand Model	(Pages 25 - 28)
6. Early Years Budget 2026/27	(Pages 29 - 34)
7. Any other business.	
8. Date of next meeting. <ul style="list-style-type: none">• Thursday 22nd September 1:30 – 3:30pm• Thursday 5th November 2 – 4pm• Thursday 11th February 2027 2 – 4pm• Thursday 24th June 2027 1:30 – 3:30pm	

This page is intentionally left blank

Minutes of a meeting of the Leicestershire Schools' Forum held via Teams on Monday, 23rd February 2026.

Chair/Vice-Chair

<p>Martin Towers Suzanne Uprichard</p>	<p>Academy Secondary Governor PRU Representative & Maintained Primary School Governor</p>
--	---

Members Attendance

<p>Rosie Browne Dominic Lane Ed Petrie David Warwick Kate Nicholson Rebecca Jones Phil Lewin Dr Jude Mellor Beverley Coltman Pete Letherland</p>	<p>Academy Primary Headteacher Academy Secondary Headteacher Academy Primary Headteacher DNCC Representative Academy Secondary Headteacher Maintained Primary Governor Maintained Primary Headteacher Academy Secondary Headteacher PVI Early Years Provider Academy Secondary Headteacher</p>
--	--

In Attendance

<p>Alex Clarke Mike Hobbs Elaine Hart Salik Khan Tim Browne Michelle White Rebecca Wakeley Lisa Turland Renata Chantrill Beth Clements Nerinder Samaria Sarah Davis Callum Payne</p>	<p>Maintained Primary Headteacher Finance Director St Thomas Aquinas Catholic MAT Chief Financial and Operations Officer The Futures Trust LCC Education Finance Manager LCC Director for Education, SEND & Inclusion LCC Head of Service SEND & Children with Disabilities LCC Senior Education Effectiveness Partner LCC Education Effectiveness Team Manager LCC Head of Service Education Sufficiency LCC Head of Service Education & Inclusion LCC Strategic Finance Manager Chief Finance Officer Oak MAT LCC Clerk for Leicestershire Schools' Forum</p>
--	---

Apologies for absence

<p>Dan Cleary Felicity Clarke Carolyn Shoyer Adina Murataj Jo Beaumont</p>	<p>Academy Secondary Headteacher Academy Primary Headteacher Diocese of Leicester – Director Maintained Primary Governor Maintained Primary Headteacher</p>
--	---

1. **Apologies for absence/Substitutions.**

Apologies were received from Adina Murataj, Carolyn Shoyer, Dan Cleary and Felicity Clarke and Jo Beaumont. There was 1 substitution noted; Kate Nicholson attended in place of Dan Cleary

2. **Minutes of the Meeting held on 6th November 2025 (previously circulated) and matters arising.**

No amendments were requested and the minutes of the meeting held on 6th November were agreed as a correct record.

3. **School Forum in Operation**

Salik Khan advised that this item referred to the school forum constitution around the chair and vice chair roles. Salik noted this item was discussed at the same time last year. It was agreed that the motion could be carried over to the next meeting to enable School Forum members further time to consider the paper.

4. **De-Delegation - School Improvement**

Rebecca Wakeley presented the consultation response to the proposal for de-delegation of funding for school improvement functions for Local Authority (LA) maintained schools. The service is seeking approval to continue the £18 per pupil contribution for the fourth consecutive year.

LA maintained headteachers had been consulted on the proposed de-delegation. Of the 65 maintained schools impacted by de-delegation, 37 schools responded to a survey, with a majority of the responses endorsing the proposal.

Feedback highlighted high regard for the service, especially the work of the Education Effectiveness Partners (EEPs), however schools also raised concerns about financial pressures and operational barriers affecting staff availability to engage.

Maintained schools currently have their strongest profile yet of school standards, with nearly all schools rated good or better with one school remaining that is awaiting inspection.

School Forum members queried whether a deficit was planned for the year and it was confirmed that no deficit was expected. The £18 contribution was also queried, and it was noted that a full analysis had been undertaken, which had been reported to the collaborative committee of 11 maintained headteachers who scrutinise spending and impact.

It was noted that academisation could affect the sustainability of the service as fewer maintained schools could mean fewer contributors.

The service focuses on maintaining high standards to prevent costly future declines in education quality and the improvement model is designed to support long-term system sustainability

School Forum members noted the value of the service, particularly for very small primary schools, referencing improved flexibility in the service. Cost concerns for schools were noted.

The LA made the following recommendations:

- Continue the delegated contribution at £18 per pupil, retain any surplus, though historically the surplus has been minimal or carry forward any deficit to be recovered from the following financial year, although no deficit is currently anticipated.

○ Yes: 3 No: 1 Abstained: 0

5. **2026-27 School Budget**

Salik Khan presented the 2026/27 Schools Budget report, outlining the Dedicated Schools Grant settlement, its distribution across funding blocks and key recommendations requiring Schools Forum approval.

The Dedicated Schools Grant structure remains unchanged for 2026/27 and it was confirmed that the funding allocation for this year comprised of £583.9m for the school's block, £4.81m for the central school's services block, an estimated £124.1m for the high needs block and an estimated £128.6m for early years.

The DfE issued the 2026/27 schools block funding settlement on the 17th December 2025 which due to the reduction in pupil numbers has resulted in a £4.6m reduction.

It was noted that there is going to be an expansion for the free school meal entitlement which will be funded through a separate grant, and once we receive the settlement, there will be a budget affordability gap of £1.9m requiring the minimum spending guarantee to be set at 0% to ensure that no school received less than in 2025/26.

Schools Forum were advised that to balance the affordability gap, any gains above 2.77% were capped and that gains were scaled at 50% to recover excess. 151 schools were affected by capping with 124 primary schools and 27 secondary schools. Salik advised that he will seek information from other relevant teams to help analyse on the likely increase in eligible pupils.

Action: Salik Khan to obtain analysis on the potential impact of the expansion for the free schools meals entitlement

Schools Forum were informed that the cumulative DSG deficit was £64.4m at end of 2024/25 and is projected to reach £111.9m in 2025/26 and if the trends continue, the deficit could rise to £460m by 2030. The CSSB allocation remained at £4.8m, including rolled-in elements formerly funded through SBSG and NSC grants. Historic commitments continue to reduce by 20% per year, with DfE expecting minimal continuation by 2030.

The early years block allocation is £128.6m based on hourly rates of £6.20 for 3–4-year-olds, £7.90 for 2-year-olds and £10.67 for under-tuos, and local authorities must pass through 97% of the settlement to providers.

Appendix D outlines updated 2026/27 funding rates applied to withdrawn funding when a pupil is permanently excluded. This includes pupil-led factors such as FSM, mobility, prior attainment and associated top-up funding.

It was reported that without the TSIL programme, demand and placement costs would have been significantly higher, and the programme has shifted more EHCP pupils into mainstream settings, reducing reliance on high-cost independent placements and supporting operations and process change.

It was confirmed that around 80% of independent placements exceed £60,000 annually and 95% of placements are due to sufficiency gaps rather than needs that cannot be met locally.

Schools Forum were made aware that the COVID-era early years deficit has now been fully repaid and that provider base rates for 2026/27 for 3–4-year-olds are expected to be £5.70, a 5.95% increase on 2025/26.

It was confirmed that the authority is actively lobbying for fairer early years funding and the early years remain a priority within the white Paper. Additional inclusion funding may become available pending national guidance.

The LA made the following recommendations:

- That Schools Forum approves the retention of the budget to fund future school growth
 - Yes: 8 No: 0 Abstained: 3
- That Schools Forum approve 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: 9 No: 0 Abstained: 2
- That Schools Forum approve the centrally retained early years funding (Paragraph 17, Item 5)
 - Yes: 10 No: 0 Abstained: 1

Schools Forum approve the action to be taken in respect of schools where the Special Educational Needs (SEN) notional budget is insufficient to meet the aggregated value of High Needs Funding Element 2 (Paragraphs 72 - 74)

- Yes: 8 No: 0 Abstained: 3

6. **Any other business.**

There were no items raised under any other business.

7. **Date of next meeting.**

The next meeting is due to take place on Wednesday 24th June 2026.

8. **Actions**

Action	Responsible
Obtain analysis on the potential impact of the expansion for the free school meals entitlement	Salik Khan

This page is intentionally left blank

SCHOOLS FORUM

Schools' Sustainability

24th June 2026

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

Purpose of the report

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

Recommendation

1 That Schools Forum:

- notes the financial outturn position (at 31 March 2026) of Leicestershire maintained primary schools of an overall net deficit of £6.1m (£9.7m gross deficits)
- as at 2 June 2026, the projected 2026/27 overall net deficit of £9.83 million and a projected £28.05 million net deficit by 2029/30;
- notes the £17.41 million improvement against the July 2025 do-nothing trajectory and the impact of the Local Authority intervention programme to date;
- notes the arrangements now in place for licensed deficit submissions, external specialist review and ongoing monitoring of schools in deficit;

- notes the relevance of the School Places Strategy 2026-2031 to the financial sustainability of the maintained school estate, particularly in relation to falling rolls, surplus places and school reorganisation;
- notes the potential financial risk to the Local Authority arising from accumulated school deficits, closure, conversion and statutory process timelines; and
- comments on the proposed approach, particularly where financial pressures and place planning issues are converging

Executive Summary

2. The purpose of this report is to update the Schools Forum on the deteriorating financial position of Leicestershire maintained primary schools, the intervention programme implemented by the Local Authority since July 2025, and the School Places Strategy 2026-2031 as it relates to the sustainability of the maintained schools.

3. These matters are presented together because the financial position of individual schools, the sufficiency and distribution of school places, and the long-term sustainability of the maintained schools are directly connected. A coordinated approach is required to address both immediate budget pressures and the structural factors driving them.

4. Schools Forum has received previous reports on schools budget pressures, high needs pressures and wider sustainability issues. This report builds on that work and brings together the maintained schools financial outturn, the Local Authority intervention programme, and the strategic place planning context.

5. The current position should not be viewed solely as a school-by-school financial management issue. In many cases, the pressures reflect structural factors, including falling pupil rolls, fixed premises and leadership costs, pay and inflationary pressures, and increasing demand relating to special educational needs and disabilities.

Maintained Schools Financial Position

6. As at 31st March 2026, the closing position for maintained school balances shows an overall net deficit of £3.6m, representing a significant decline from the surplus balance of £0.7m carried forward from 2024/25. This movement is primarily attributable to the primary sector, as can be seen in the table below:

	31.3.25	31.3.26		
	Net Balance	Surpluses	Deficits	Net Balance
	£000	£000	£000	£000

Primary Total	-901	3,713	-9,720	-6,007
Special Total	1,229	670	-374	296
PRU	328	2,142	0	2,142
Total	655	6,525	-10,094	-3,569

On 31st May 2026 schools submitted their revised budgets. This shows total net balances deteriorating further to a net forecast deficit of £9.8m in 2026/27.

There are currently 65 maintained schools, 61 Budget submissions received by 2 June 2026, confirm that 45 of the 61 maintained primary schools, representing 74% of the cohort, are projecting a deficit in 2026/27.

7. The aggregate projected deficit across the cohort is set out below.

Financial year	Aggregate projected deficit
2026/27	£9.83 million
2027/28	£15.10 million
2028/29	£21.37 million
2029/30	£28.05 million

8. The confirmed 2025/26 actual outturn is -£6.01 million. This is £2.22 million better than the -£8.23 million forecast reported in July 2025. This improvement is partly attributable to schools submitting more accurate budgets using confirmed Local Authority planning assumptions for the first time.

Comparison with the July 2025 Baseline

9. In July 2025, the School Finance Team produced its first briefing note on the financial position of maintained schools. At that point, the do-nothing forecast for 2029/30 was a combined deficit of -£45.46 million across 68 schools.

10. The current forecast of -£28.05 million across 61 schools represents a £17.41 million improvement against that baseline. This reflects the impact of the support package, the enforcement of the 31 May submission deadline, the use of confirmed financial planning assumptions, and recovery actions incorporated into a number of school budget plans.

11. However, the overall position remains serious. In 2026/27, 21 schools are projecting deficits in excess of £200,000. Five schools present the most acute financial risk and have been identified for priority engagement by the external specialist now being procured.

School	2026/27 projected position	Comment
Greenfield Primary	-£1.352 million	Priority engagement
Thistly Meadow Primary	-£1.130 million	Priority engagement
Barwell Infant School	-£1.077 million	Priority engagement

Belvoirdale Primary	Community	-£0.787 million	Priority engagement
Sketchley Hill Primary		-£0.409 million	Forecast to rise to -£2.244 million by 2030/31

12. Of the 16 schools projecting a surplus in 2026/27, 10 are forecast to move into deficit by 2029/30. Only Thorpe Acre Junior, Maplewell Hall and Packington CE are forecast to maintain a robust surplus position through to 2030/31.

Structural Drivers of the Financial Position

13. The financial pressures facing Leicestershire maintained schools reflect a number of structural factors also seen nationally. These include pay awards for teachers and support staff outpacing National Funding Formula income growth, increasing energy and premises costs, demographic decline reducing per-pupil income in rural and some urban areas, and unmet SEND demand being funded from core school budgets where EHCP-funded top-up income has not been secured.

14. In most cases, these pressures do not arise from poor financial management. They are system-level pressures which require system-level responses. The Local Authority's intervention programme has been designed on that basis.

Local Authority Intervention Programme

15. Prior to May 2025, oversight of the maintained school was undertaken through a light touch monitoring approach, reflecting the level of concern and information available at the time.

16. At the 2024/25 outturn, 36 of 74 maintained schools slipped into a deficit position,, with a combined deficit position of £6.14 million.

17. The Schools Sustainability Board, chaired by the Director of Education, was established in July 2025 to oversee early intervention, recovery planning and to provide governance. As a result, the local authority has undertaken the following actions:

Area	Action taken
Policy and governance	The LCC Deficit Budget Policy for Maintained Schools has been published, consulted on and distributed to schools. It has been communicated directly to headteachers and chairs of governors, including by formal letter from the Director of Children's Services.

School sustainability workstream	A dedicated workstream has been established within Children and Families Service, bringing together Education Finance, HR, School Admissions, Place Planning, School Effectiveness and Finance Business Partners.
Financial planning assumptions	Confirmed planning assumptions for 2026/27 have been issued to maintained schools for the first time, including National Funding Formula rates, September 2025 pay scale on-costs and non-pay inflation factors.
Training and support	Financial planning workshops and Access Budget Software training were delivered in April 2026. Worked example business cases and templates have been produced for maintained schools.
Submission and review	The 31 May 2026 budget submission deadline was enforced. Schools projecting a deficit were required to submit a Licensed Deficit Business Case. A procurement process for an external specialist supplier has been approved by the LCC Procurement Board.
Monitoring	A formal monitoring framework has been established. Licensed Deficit Agreements will require monthly Cumulative Expense Analysis reports and termly monitoring reports signed off by the Chair of Governors.

18. The Scheme of Financing Schools is currently under formal consultation and will be updated to include the Deficit Budget Policy by September 2026. The first full monitoring cycle under Licensed Deficit Agreements will begin in September 2026.

19. The external specialist review will result in a prioritised engagement programme for the highest-risk schools. A progress report will be brought to Schools Forum once that work has been completed.

School Places Strategy 2026-2031

20. The School Places Strategy 2026-2031 has been considered by Cabinet and sets out Leicestershire County Council's strategic approach to planning, commissioning and reorganising school places across all phases over the next five years.

21. The Strategy is directly relevant to Schools Forum because the financial sustainability of individual schools cannot be considered separately from the sufficiency and distribution of school places across the county.

22. In the 2025/26 academic year, Leicestershire's primary school estate had capacity for 61,064 places, with 56,213 pupils on roll. This equates to 4,831 surplus places, or 7.91% of total capacity.

23. This headline position is not uniform across the county. Some urban schools remain oversubscribed, while a number of rural schools carry significant surplus places. This uneven distribution is a direct factor in the financial unviability of some small, maintained schools operating below their designed capacity.

24. A school with significant surplus places receives proportionately less income against fixed leadership, premises and staffing costs. In such cases, structural deficits cannot be resolved through expenditure management alone.

25. The birth rate in Leicestershire has fallen to 1.41 children per woman, equal to the national average and the lowest ever recorded in England and Wales. The current Year 6 cohort represents the final year of the higher birth-rate bulge moving through primary schools. In areas without significant planned housing development, primary rolls are expected to continue falling.

SEND Demand and Financial Impact

26. The Strategy confirms that the number of Education, Health and Care Plans in Leicestershire reached 7,196 in January 2025 and 8,311 by September 2025. This represents an increase of 15% in under a year and 36% over the past five years.

27. Growth in EHCP numbers, together with the significant number of pupils with complex needs who do not yet have an EHCP, is placing direct pressure on mainstream school budgets.

28. The SEN deficit scenario included in the Local Authority support materials illustrates a school spending £201,004 on Learning Support Assistant staffing against a notional SEN budget of £33,696. This results in a structural overspend of £167,308 funded entirely from core budget, with no high-needs top-up income.

29. Across multiple schools, this pattern is a material contributor to the aggregate deficit position. Securing EHCP applications for pupils with unmet needs is therefore one of the most significant financial actions available to many maintained schools in deficit. The Local Authority is actively supporting schools to initiate this process as part of the deficit intervention programme.

Reorganisation Framework

30. The Strategy makes clear that the reorganisation of school places to support long-term sustainability will be a key strategic priority for the Council over the next five years.

31. The Council will usually only bring forward proposals to close a maintained school where one or more of the following criteria are met:

- there is very limited demand for places in the catchment area;
- surplus places exceed 25%;
- educational standards are low and there is limited confidence in improvement;
- the school is not financially viable and has an unrecoverable deficit; or
- required building improvements are not cost-effective.

32. The Strategy confirms that the Council's preferred minimum size for primary schools is 420 to 630 places, equivalent to two to three forms of entry. The Council will continue to seek opportunities to amalgamate separate infant and junior schools..

33. The closure and reorganisation process is statutory. Once a decision to close is taken, the process requires pre-publication consultation, statutory notice and representation, and a Cabinet decision before implementation can begin. Closure must take effect at least one full academic year after the decision is taken and must be implemented within three years of that decision.

34. This statutory timeline has direct financial implications. A school's deficit will continue to accumulate throughout the closure or reorganisation process. This reinforces the importance of early identification and intervention before deficits reach a level from which recovery through the school's own resources is no longer possible.

35. The Schools Sustainability Board, comprising officers from education, finance, HR, admissions, legal and property services, will oversee all reorganisation processes and manage the programme of school sustainability reviews.

Connection Between Financial Sustainability and Place Planning

36. Schools Forum is asked to note the particular risk created by the interaction of three concurrent pressures: falling rolls reducing per-pupil income, growing unmet SEND demand absorbing core budget without top-up funding, and fixed leadership and premises costs that do not reduce in proportion to pupil numbers.

37. For a number of maintained schools, the combined effect of these pressures is creating deficits that cannot be resolved through expenditure management or budget efficiencies alone. Structural solutions will be required in these cases.

38. The Local Authority's response is therefore operating on two tracks. In the short term, the licensed deficit intervention programme is addressing immediate financial

pressures through recovery planning, EHCP income maximisation and targeted restructuring support. In the medium term, the School Places Strategy provides the framework for reorganisation decisions that address the structural sustainability of the maintained school estate.

39. The external specialist review commissioned following the 31 May deadline will assess each school's financial position in the context of its roll trajectory and place planning area. The findings will inform recommendations to the Schools Sustainability Board on which schools require reorganisation discussions alongside, or instead of, financial recovery planning.

Risk to the Local Authority

40. The deteriorating financial position of the maintained school estate presents a significant financial risk to the Council beyond the individual schools concerned. Where deficits are not recoverable, the financial risk and liability ultimately transfers to the Council.

When a school closes, any balances (surplus or deficit) revert to the LA, unless the school converts to an academy. For converter academies, the deficit remains with the Academy; for sponsored academies, the deficit remains with the LA.

43. These costs do not crystallise only at the point of closure or conversion. They accumulate during the statutory process, which will typically take 12 months or more from decision to implementation. A school running a deficit of £300,000 per year would accumulate a further £300,000 of deficit during a 12-month closure process, adding directly to the liability that may ultimately fall to the Council's General Fund and reserves.

44. Early intervention is therefore not only educationally and reputationally preferable; it is financially imperative.

Financial, Legal and Other Implications

45. Financial implications: The report identifies significant financial risks associated with the maintained school deficit position and the potential accumulation of liabilities during closure, conversion or reorganisation processes.

46. Legal implications: Any school closure or prescribed alteration would need to follow the statutory process, including consultation, publication of proposals, representation and decision-making requirements.

47. Equality implications: Any future reorganisation proposals would require appropriate equality consideration and assessment, particularly in relation to access to education, rurality, SEND and vulnerable learners.

48. Consultation: The Scheme of Financing Schools is due for consultation. Any individual school reorganisation proposal would be subject to the relevant statutory consultation and representation processes.

Next Steps

49. The following actions are underway or planned.

Timescale	Action
June 2026	External specialist begins independent review of all deficit submissions and completes risk-based prioritisation.
June/July 2026	Licensed Deficit Panel considers submissions and Licensed Deficit Agreements are issued to qualifying schools.
September 2026	Updated Scheme of Financing Schools is brought to forum for approval and the monthly monitoring cycle begins under Licensed Deficit Agreements.
Autumn 2026	Schools Sustainability Board receives the external specialist's prioritised risk report. Reorganisation discussions begin with the highest-risk schools where appropriate.
October 2026	October census confirms pupil rolls and income assumptions are updated where materially different from budget submission assumptions.
Ongoing	Structured deficit position updates are brought to every Schools Forum meeting as a standing agenda item from this cycle onwards.

Equal Opportunity Issues

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

Officers to contact

Nerinder Samaria – Strategic Finance Manager, Children and Family Services

Email; nerinder.samaria@leics.gov.uk

Tel; 0116 305 7616

Salik Khan – Education Finance Manager, Children and Family Services

Email; Salik.khan@leics.gov.uk



SCHOOLS FORUM

2025/26 SCHOOLS BUDGET OUTTURN

24th June 2026

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 2025/26 Schools Budget outturn position and confirms the Dedicated Schools Grant (DSG) Reserve position.

Recommendations

2. That Schools Forum note the content of this report

2025/26 Schools Budget Outturn & DSG Reserve Update

3. The combined overall overspend across the Children and Family Services (CFS) department is £33.5m. This comprises a £2.6m overspend on the CFS Local Authority Block and a combined £30.9m overspend across the Schools

Budget blocks. This report focuses solely on the Schools Budget funding blocks and sets out the position for these areas.

2025/26 Summary of DSG Position - Leicestershire CC

	Over / (Under) spend to budget £m
Early Years Block	(£0.9m)
Schools Block	(£2.9m)
High Needs Block	£34.7m
In year Overspend Position	£30.9m
Net DSG position b/f from 2024/25	£48.3m
Cummulative Deficit Position as at March 2026	<u>£79.2m</u>

4. Overall of the £30.9m overspend on the Dedicated Schools Grant (DSG), this comprises an overspend of £34.7m on the High Needs Block (HNB) – Breakdown below, offset by an underspend of £2.9m on the Early Years Block and £0.9m on the Schools Block.

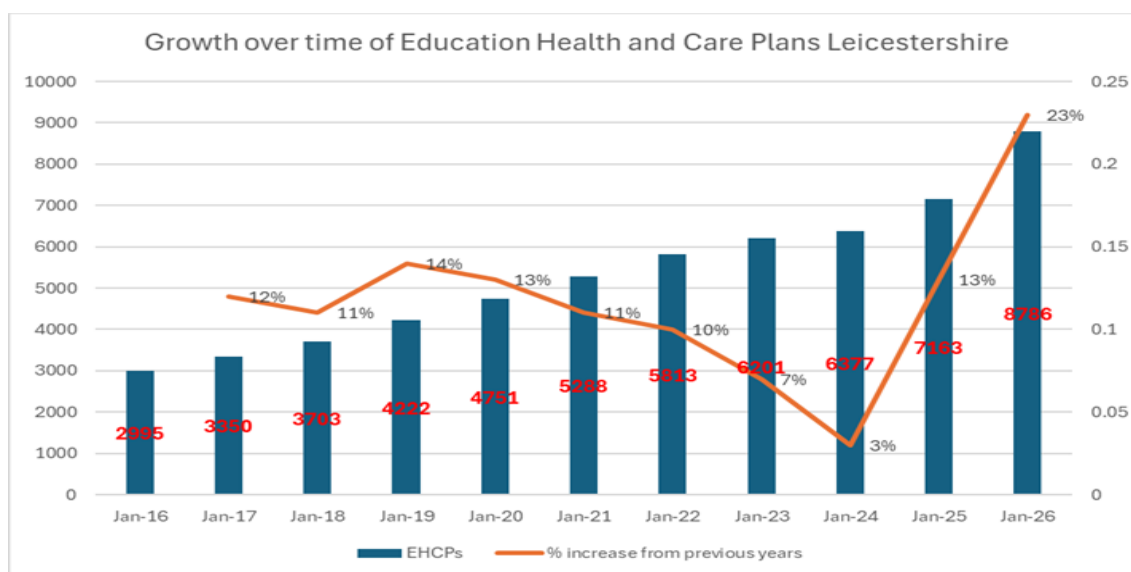
	2025/26 Outturn £m	2025/26 Spend Analysis as % %
<u>HNB Placement Spend</u>		
Mainstream	29.87	19%
Special Units and Resourced Provisions	14.68	9%
Special Schools	45.62	29%
Pupil Referral Unit	5.06	3%
Alternative Provision and Direct Payments	5.73	4%
Specialist Nurseries	1.42	1%
Independent Special Schools	37.63	24%
Post 16 Provisions	9.23	6%
<u>Other HNB Costs</u>	6.50	4%
<u>Gross Expenditure</u>	<u>155.74</u>	<u>100%</u>
Funding Received	-121.04	
<u>In Year Funding Shortfall</u>	<u>34.70</u>	

5. Due to sustained year-on-year growth in demand for funded Education, Health and Care Plans (EHCP's) since they were introduced in 2014, the original 2025/26 budget anticipated a forecast £15m overspend on the HNB after mitigations, based on a 7% increase in EHCP's from the previous year. The High Needs Block outturn overspend is largely due to increased

volume/demand on the placement budget compared with budgeted assumptions based and set on Autumn 2024 data and intelligence.

- Since the original budget was set, overall demand has continued to rise which is further illustrated in the chart below – active EHCP's over time by calendar year. At January 2026 there were 8,786 active EHCP's representing a 23% increase since January 2025, and a 193% increase in EHCPs since 2016. At the beginning of April 2026 there were 8,983 EHCP's. Further on-going analysis of both demand and costs are actively underway as part of MTFs planning.

Number & Growth of children and young people with EHCPs in Leicestershire



- At the end of 2024/25 the accumulated High Needs deficit stood at £64.4m and is now £99.1m at the end of 2025/26. If future demand remained on a similar trajectory to 2025/26, the cumulative DSG deficit could increase to upwards of £400m by March 2030. As part of the Final Local Government Finance Settlement in February, the government confirmed that they would fund 90% of DSG deficits as at 31st March 2026 (which is expected to be based on the net position). This is due to be paid in the autumn, subject to a SEND Reform Plan being submitted and approved by the Department for Education (DfE) and means that the Council will continue to cashflow the deficit until the payment is received. Further details are provided below.
- Whilst the Government's Schools White Paper is expected to result in systemic changes to the national SEND system such changes will take several years to deliver. It is uncertain at this stage whether and how such changes will directly address the current and forecast funding issues in the short to medium term.
- The Transforming SEND and Inclusion in Leicestershire (TSIL) change programme was established in August 2022 with partners across the SEND system supported by a third-party partner, Newton Impact. While the programme has now formally concluded, it has played a crucial role in helping

Leicestershire manage the financial pressures of supporting children and young people with SEND and has been a key enabler in delivering a forecasted MTFS saving/cost avoidance of £34m by March 2029. Without such impact the financial pressure would be significantly higher.

10. The rising demand for EHCPs places increasing pressure not only on direct provision but also on the broader service infrastructure that supports children and young people with additional needs. Services such as Educational Psychology Services, Special Educational Needs Assessment, and Specialist Teaching Services are experiencing heightened caseloads and resource strain. This surge in demand has a consequential financial impact that spans the DSG funded blocks, particularly the High Needs Block, and the Local Authority funded services, creating sustainability challenges across the system.
11. The DSG funding allocated for high needs is also not keeping pace with the rising demand for these services placing additional financial strain on such budgets. This has resulted in an overspend of £0.5m on Specialist Teaching services, within the High Needs block.
12. Despite current planned mitigations the level of projected growth means that the financial position is unsustainable. As such it is essential that the planned measures to contain ongoing growth are successful and further mitigations and actions are actively considered to reduce the projected financial burden on the High Needs funding block. This work is currently underway and will be reflected in the wider MTFS planning work over the coming months. In developing additional mitigations consideration is being given to aligning actions to changes coming through linked to the Schools White Paper and SEND reforms.
13. At year end there was a net underspend of £2.9m across Funded Early Education (FEE) entitlements within the Early Years DSG block. The position is largely driven by timing differences between funding and delivery. Funding is allocated by the DfE on a standard 38-week basis and paid in line with the FEE delivery timetable, which does not always align precisely with the April to March financial year. In 2025/26, fewer delivery weeks fell within the financial year than were funded and this is further exacerbated by stretched entitlements where hours are delivered over a longer period. Given the scale of the expanded entitlement offer, small variations in the number of funded weeks recognised within the financial year can have a materially significant financial impact. From 2026/27, the move to a termly funding mechanism is expected to improve alignment between funding and delivery, simplifying year-end reporting and reducing the scale of timing-related variances.
14. The underspend on the DSG Schools Block of £0.9m in 2025/26 primarily reflects the combination of lower than anticipated costs in relation to schools' copyright licences, alongside a reduced call on the Schools Growth Fund. The latter is due to revised forecasts for pupil growth and the timing of planned school expansions resulting in lower revenue costs being incurred in year than originally assumed.
15. The overall net cumulative DSG deficit across all blocks at year end was £79.2m. (31 March 2025 net deficit £48.3m). This is expected to be the basis

for the calculation of the 90% grant, and not the £99m deficit on the High Needs Block itself.

16. The Local Government finance settlement for 2026/27 to 2028/29 announced government support to local authorities with DSG deficits as below:
 - a. Phase 1 - Local Authorities with DSG deficits at the end of 2025/26 will be eligible to receive a High Needs Stability Grant covering up to 90% of their net DSG deficit subject to each authority submitting and securing the DfE approval of a local SEND reform plan. The DfE will commission local area partnerships to develop these plans during 2026. Payments will then be made in autumn 2026.
 - b. Phase 2 – the Government will confirm the detail on further support for deficits arising in 2026/27 and 2027/28 before the end of the statutory override (31 March 2028), stating ‘we will continue to take an appropriate and proportionate approach, although it will not be unlimited’.
 - c. From 2028/29 – SEND spending will be covered by the DfE’s central budget meaning that local authorities will not be expected to fund future SEND costs from general funds, but no funding has yet been included in the DfE’s budget for this.
17. The DfE has also advised that it will scrutinise local authority DSG Accounts on an ongoing basis to identify discrepancies and significant fluctuations, as well as potential ineligible spend, which will be deducted from the total net DSG balance before calculating the 90% grant.
18. Based on the above year-end position, an initial estimate is that approximately up to £71.3m of government grant could be received by the Council in respect of its cumulative DSG deficit as at 31 March 2026, subject to the DfE approval process.
19. Prior to 2020/21, local authorities were able to maintain separate reserves for each of the four DSG funding blocks, although overall accountability for managing the DSG has always rested with the authority as a whole rather than on an individual block basis. However, the Local Authority (Capital Finance and Accounting) (England) (Amendment) Regulations 2020 (updated in 2022) introduced statutory requirements governing the calculation and treatment of DSG deficits. These regulations require any overall DSG deficit—taking into account both in-year positions and any brought forward balances—to be held in a single unusable reserve. As a result, it is no longer permissible to hold separate reserves with individual surpluses for each funding block.
20. There are still ongoing financial risks with DSG deficits from April 2026 until responsibility transfers to the DfE from 2028/29. The level of government support for these deficits has not yet been confirmed and therefore the MTFs continues to set aside funding towards these deficits until the position becomes clearer. This will be considered as part of the MTFs refresh later in the year.

Maintained School Balances

21. It is not possible to formally analyse maintained school balances until Consistent Financial Reporting (CFR) returns are received in mid-June, and adjustments are made to exclude balances relating to academies where closedown of former maintained school accounts is still underway. However, current projections indicate that mainstream primary school balances have deteriorated over the last 12 months and are now expected to be in an overall deficit position of circa £6m. Balances for academies are published separately by the DfE through the Academy Accounts Return (AAR).
22. There is an increasing number of Leicestershire schools identified as being in financial difficulty. While Schools Financial Regulations require schools to set balanced budgets, they recognise that this may not always be achievable. The Scheme for Financing Schools allows schools to apply for a licensed deficit, typically for up to three years and subject to defined conditions, as part of a formal agreement with the Local Authority. Responsibility for developing and delivering a recovery plan rests with the Head Teacher and Governing Body. The Local Authority is continuing to strengthen its approach to oversight, including clearer processes, governance, monitoring arrangements, and targeted support for schools in this position.
23. This work is closely aligned with the recently published School Place Strategy and the wider Schools Sustainability Programme. Together, these initiatives aim to ensure that school place planning, financial sustainability, and long-term system resilience are considered in a coordinated way, supporting schools to remain viable and meet future demand across the county.

Equal Opportunity Issues

24. 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
Tel; 0116 305 7616

Salik Khan – Education Finance Manager, Children and Family Services
Email; Salik.khan@leics.gov.uk



SCHOOLS FORUM

SEND REFORM APPROACH AND EXPERTS AT HAND MODEL

24th June 2026

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. Purpose of report

1.1 This paper provides Schools Forum with an update on the national SEND Reform Programme and Leicestershire's Local SEND Reform Plan, including the key data underpinning the plan and the implications for schools, settings and the High Needs Block.

1.2 The reforms are intended to address significant pressures across the SEND system, including rising demand, increasing costs, and variable inclusion in mainstream provision. Local Areas are required to submit a partnership-agreed SEND Reform Plan to the Department for Education (DfE), supported by a detailed data return, with a strong emphasis on early intervention, mainstream inclusion, and financial sustainability.

2. Background

2.1 Nationally, the SEND system is under severe strain. Since 2019, the number of pupils with Education, Health and Care Plans (EHCPs) has grown significantly, with rising tribunal

appeals, increasing reliance on specialist and independent provision, and escalating transport and placement costs.

2.2 The Government's reform programme sets out a shift towards:

- Earlier, preventative support in mainstream settings
- Clearer national thresholds and expectations
- Reduced reliance on statutory processes
- Better value for money and improved outcomes

2.3 Local Areas are expected to manage a transition period, operating both the existing SEND system and emerging reform arrangements in parallel.

3. Proposal

3.1 Leicestershire's Local SEND Reform Plan consists of three inter-related elements:

1. Data and Forecasting. A comprehensive dataset covering High Needs Block expenditure and forecasts and workforce capacity.
2. Partnership Maturity Assessment undertaken by partners against seven national pillars
3. A Strategic Reform Plan setting out the local vision for inclusion, priority workstreams, and what "good looks like", while explicitly addressing known system pressures and risks.

3.2 High Needs Block expenditure is forecast to rise from £131.2m (2024/25) to £208.3m by 2027/28. The fastest-growing areas of spend are independent and non-maintained special school placements and alternative provision. Without reform, these trends are not financially sustainable and increase the risk of further DSG deficits.

3.3 There are two main building blocks within the SEND Reform plan, 'Experts at Hand' and sufficiency of inclusion and specialist provision. For this paper, we will focus on the Experts at Hand model.

3.4 The aim of Experts at Hand is to embed a multi-disciplinary 'experts' directly into mainstream settings (0–25), supporting early intervention and inclusion. There has recently been year 1 guidance produced for Experts at Hand, which highlights the need to include educational psychologists, specialist teachers, speech and language therapists and occupational therapists within proposed modelling. It also references the need to also include outreach for AP, which aligns to the Oakfield Outreach offer.

3.5 The 2026/27 Experts at Hand allocated budget is designed so that the vast majority (c.80%+) is invested in front-line multi-disciplinary support for settings, with defined and separately controlled allocations for enabling functions (admin/training/comms) and time-limited transformation capacity to implement reform and strengthen inclusion at scale. This structure supports Schools Forum assurance that the grant is predominantly deployed to operational impact, while maintaining separate, capped overhead and transformation allocations.

3.6 The proposal for the Experts at Hand Direct Delivery commitments are primarily staffing and outreach capacity. The proposal that is being presented to Schools Forum is for the Oakfield Outreach to be funded through the Experts at Hand budget envelope. The Oakfield Outreach had previously been funded through School Block Transfer (academic year 25/26) and proposals had been presented to future fund this through a per pupil costs from schools. It is now being proposed for the costs to be covered as part of the Experts at Hand budget envelope for the next three financial years (25/26-27/28).

4. Governance

4.1 The SEND Reform Plan and Implementation is a local area partnership plan. Leicestershire County Council has collaborated with all partners to ensure a partnership approach and that the plan is meeting the current concerns across the system. The SEND Reform Plan will be initially agreed by a Partnership Board and implementation will be monitored through this governance.

4.2 The SEND Reform Plan must, as a minimum, be formally signed off by the Local Authority Chief Executive (CEO), the Integrated Care Board (ICB) Chief Executive, the Local Authority Director of Children's Service (DCS), the Integrated Care Board NHS Place Director, and the Local Authority Chief Financial Officer (CFO/Section 151 Officer).

5. Conclusions

5.1 Schools are central to the success of SEND reform. The emerging direction implies:

- Greater emphasis on inclusive practice as standard
- Earlier access to expert advice without escalation to EHCPs
- More consistent expectations through national inclusion standards (once published)
- Clearer arrangements for how specialist and support bases operate
- Continued engagement with schools as partners in design and delivery

5.2 Importantly, reform is intended to support schools, not transfer unfunded responsibility. However, it will require sustained collaboration, culture change, and shared ownership across the system.

6. Equal Opportunity Issues

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

7. Officer to Contact

Liv Dale:
Head of Service, Education Strategy and Transformation
Email: olivia.dale@leics.gov.uk

This page is intentionally left blank



SCHOOLS FORUM

2026-27 Early Years Block Budget

24th June 2026

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

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. Purpose of the Report

1.1 This report is presented to Leicestershire Schools Forum for information. It sets out the Early Years Block budget for 2026-27 and confirms that Leicestershire County Council has met the statutory requirement to pass through a minimum of 97% of its Early Years National Funding Formula (EYNFF) allocation to early years providers.

1.2 No decision is required from Schools Forum. Members are asked to note the information and compliance position set out in this report.

2. Background and Legislative Context

2.1 The Schools and Early Years Finance (England) Regulations require local authorities to pass through at least 97% of the funding received from the Department for Education through the Early Years National Funding Formula directly to providers delivering funded early education entitlement places.

2.2 The requirement applies separately to each of the four funded entitlement streams: 3 and 4 year olds, including the universal 15 hours and additional 15 hours; early learning for 2 year olds from disadvantaged families; 2 year olds of working parents; and children aged 9 months to 2 years of working parents.

2.3 The pass-through rate is calculated as the proportion of the EYNFF allocation directed to providers through the Early Years Single Funding Formula (EYSFF). This includes base rates, deprivation supplements, SEN Inclusion Fund payments and contingency, measured against the total EYNFF allocation received.

2.4 Centrally retained expenditure, the Early Years Pupil Premium (EYPP) and the Disability Access Fund (DAF) are funded separately and do not form part of the 97% pass-through calculation.

3. Pass-Through Rate Summary

3.1 The table below confirms the pass-through rate achieved for each entitlement stream. All four streams meet or exceed the statutory minimum pass-through requirement of 97.0%.

Entitlement Group	Required Rate	Achieved Rate	Status
3 and 4 Year Olds	97.0%	97.2%	Compliant
Early Learning for 2 Year Olds (Disadvantaged)	97.0%	97.1%	Compliant
2 Year Olds - Working Parents	97.0%	97.1%	Compliant
9 Month to 2 Year Olds - Working Parents	97.0%	97.2%	Compliant

4. Early Years Funding Formula - Budget Detail

4.1 The Early Years Single Funding Formula allocates funding to providers across Private, Voluntary and Independent settings, nursery schools and primary nursery classes. The 2026-27 budget positions are summarised below.

4.2 Funding Formula Budgets

Funding Stream	Budget (£)	Notes
3 and 4 Yr: Base Rate (PVI - Universal and Additional 15 hrs)	£42,907,951	£5.70/hr; 4,843,860 PVI hrs + 40,977 nursery school hrs
3 and 4 Yr: Deprivation Supplement	£217,905	IDACI-based; two bands (£0.04 and £0.08/hr)
3 and 4 Yr: MNS Lump Sum	£236,849	Maintained Nursery School supplementary funding
3 and 4 Yr: SEN Inclusion Fund	£299,790	Paid directly to providers
3 and 4 Yr: Contingency	£526,939	
TOTAL - 3 and 4 Year Old EYSFF	£44,189,434	
Early Learning 2 Yr: Base Rate	£3,235,046	£7.56/hr; 427,916 PVI hours
Early Learning 2 Yr: SEN Inclusion Fund	£17,042	Paid directly to providers
Early Learning 2 Yr: Contingency	£29,954	
TOTAL - Early Learning 2 Year Olds	£3,282,042	
2 Yr Working Parents: Base Rate	£31,281,215	£7.56/hr; 4,137,727 PVI hours

2 Yr Working Parents: SEN Inclusion Fund	£164,784	Paid directly to providers
2 Yr Working Parents: Contingency	£289,641	
TOTAL - 2 Year Olds Working Parents	£31,735,640	
9 Mth-2 Yr Working Parents: Base Rate	£42,440,029	£10.23/hr; 4,148,585 PVI hours
9 Mth-2 Yr Working Parents: Deprivation Supplement	£120,089	IDACI-based; two bands
9 Mth-2 Yr Working Parents: SEN Inclusion Fund	£165,217	Paid directly to providers
9 Mth-2 Yr Working Parents: Contingency	£290,401	
TOTAL - 9 Month to 2 Year Olds Working Parents	£43,015,735	

4.3 No supplements have been applied for quality, flexibility, rurality or sparsity, or English as an Additional Language in 2026-27. Deprivation supplements are allocated using IDACI rankings, with two bands applied for 3 and 4 year olds and for 9 month to 2 year old working-parent entitlements.

5. Centrally Retained Expenditure

5.1 The local authority retains the following amounts from the Early Years Block to fund quality improvement, advisory and administration functions.

Item	Budget (£)
Central Retained - 3 and 4 Yr Olds	£1,296,105
Central Retained - Early Learning 2 Yr Olds	£98,967
Central Retained - 2 Yr Working Parents	£956,956
Central Retained - 9 Mth-2 Yr Working Parents	£1,276,425
TOTAL CENTRALLY RETAINED	£3,628,453

6. Early Years Pupil Premium and Disability Access Fund

6.1 The Early Years Pupil Premium and Disability Access Fund are passported in full to providers and are not subject to the 97% pass-through calculation. The budgets are included below for completeness.

Grant	Budget (£)	Pass-through to Providers
Early Years Pupil Premium - 3 and 4 Yr Olds	£588,921	100% - directly to providers
Early Years Pupil Premium - Early Learning 2 Yr Olds	£24,829	100% - directly to providers
Early Years Pupil Premium - 2 Yr Working Parents	£240,085	100% - directly to providers
Early Years Pupil Premium - 9 Mth-2 Yr Working Parents	£37,220	100% - directly to providers
TOTAL EYPP	£891,055	
Disability Access Fund - 3 and 4 Yr Olds	£359,775	100% - directly to providers

Disability Access Fund - Early Learning 2 Yr Olds	£9,961	100% - directly to providers
Disability Access Fund - 2 Yr Working Parents	£96,314	100% - directly to providers
Disability Access Fund - 9 Mth-2 Yr Working Parents	£34,125	100% - directly to providers
TOTAL DAF	£500,175	

7. Pass-Through Calculations

7.1 The detailed calculations supporting the pass-through rates for each entitlement stream are set out below. The methodology follows the Department for Education prescribed framework.

7.2 3 and 4 Year Olds

Ref	Description	Amount
A	Base rates + deprivation supplements + MNS lump sums + SEN Inclusion Fund + contingency = Subtotal	£44,189,434
B	DfE quantum MNS supplementary funding allocation (published in DSG allocations tables)	£236,849
C	Planned total base rate hours for universal and additional 15 hrs, including MNS	7,527,711 hrs
D	Equivalent average rate to providers = $(A - B) / C$	£5.84/hr
E	LA EYNFF hourly rate for 3 and 4 year olds (DSG allocations tables)	£6.01/hr
F	Pass-through test = $(D / E) \times 100\%$	97.2%

7.3 Early Learning for 2 Year Olds (Disadvantaged)

Ref	Description	Amount
A	Base rate + supplements + SEN Inclusion Fund + contingency = Subtotal	£3,282,042
B	Planned total base rate hours for early learning 2 year olds	427,916 hrs
C	Equivalent average rate to providers = A / B	£7.67/hr
D	LA hourly rate for 2 year olds (DSG allocations tables)	£7.90/hr
E	Pass-through test = $(C / D) \times 100\%$	97.1%

7.4 2 Year Olds - Working Parents

Ref	Description	Amount
A	Base rate + supplements + SEN Inclusion Fund + contingency = Subtotal	£31,735,640
B	Planned total base rate hours for 2 year olds of working parents	4,137,727 hrs
C	Equivalent average rate to providers = A / B	£7.67/hr
D	LA hourly rate for 2 year olds (DSG allocations tables)	£7.90/hr
E	Pass-through test = $(C / D) \times 100\%$	97.1%

7.5 9 Month to 2 Year Olds - Working Parents

Ref	Description	Amount
A	Base rate + deprivation supplements + SEN Inclusion Fund + contingency = Subtotal	£43,015,735
B	Planned total base rate hours for 9 month to 2 year olds of working parents	4,148,585 hrs

C	Equivalent average rate to providers = A / B	£10.37/hr
D	LA hourly rate for 9 month to 2 year olds (DSG allocations tables)	£10.67/hr
E	Pass-through test = (C / D) x 100%	97.2%

8. Matters for Schools Forum to Note

8.1 Leicestershire County Council has met the statutory 97% pass-through requirement for all four Early Years entitlement streams in 2026-27.

8.2 The highest achieved pass-through rate is 97.2%, recorded for both 3 and 4 year olds and 9 month to 2 year olds of working parents.

8.3 No supplements have been applied for quality, flexibility, rurality or sparsity, or English as an Additional Language in 2026-27. The only supplement in use is deprivation, allocated through IDACI rankings.

8.4 The combined EYPP and DAF budget of £1.39m are passported in full to providers and sit outside the pass-through calculation.

8.5 The amount centrally retained by the local authority is £3.63m, covering quality improvement, advisory and administration costs.

9. Equal Opportunity Issues

9.1 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

Tel; 0116 305 7616

Salik Khan – Education Finance Manager, Children and Family Services

Email; Salik.khan@leics.gov.uk

This page is intentionally left blank