SCHOOLS FORUM
2026/27 Schools Block Transfer
9 SEPTEMBER 2025

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

Purpose of the report

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

1 Recommendations

1.1 That the Schools Forum notes the Local Authority's intention to propose a transfer of 0.5% of funding from the Schools Block to the High Needs Block for 2026/27, specifically for the continued investment in the SEN Investment Fund.

1.2 That the Schools Forum approves the Local Authority to proceed with a formal consultation with all schools regarding the proposed 0.5% transfer, recognising its vital role in sustaining and enhancing the capacity of mainstream schools to support pupils with SEMH needs.

1.3 That the Schools Forum provides comments on the proposed approach and the mechanisms for ensuring an equitable distribution of the transfer across schools and acknowledges the Local Authority's intention to seek Secretary of State approval should local consensus not be achieved following the consultation.

2 Introduction

2.1 This report is presented to the Schools Forum to seek approval in principle for a proposed transfer of 0.5% of funding from the Schools Block to the High Needs Block for the 2026/27 financial year, and begin the necessary next steps in that process

2.2 This transfer is not intended to directly cover the existing High Needs Block deficit, but rather to facilitate crucial and strategic investment into the Special Educational Needs (SEN) Investment Fund.

2.3 For 2025/26, this fund has been dedicated to enhancing support for children and young people with Social, Emotional, and Mental Health (SEMH) needs within mainstream educational settings across Leicestershire and it is intended to continue this focus for 2026/27.

2.4 This proactive and targeted reinvestment aims to build capacity within schools, reduce reliance on more costly independent placements, and ultimately improve educational outcomes for our most vulnerable learners, ensuring a more inclusive and effective educational provision across the county.

3 Background

3.1 The Dedicated Schools Grant (DSG) High Needs Block for Leicestershire continues to face significant financial challenges, with a persistent and growing deficit.

3.2 This deficit represents the largest financial challenge currently confronting the council's educational services and the wider council.

3.3 It is crucial to reiterate that the proposed transfer of funds from the Schools Block is not intended as a direct measure to offset this cumulative deficit. Instead, it is a strategic allocation designed to proactively invest in the SEN Investment Fund, thereby building sustainable capacity within mainstream schools to mitigate future cost pressures and enhance educational provision.

3.4 A funding transfer of 0.5% from the Schools Block to the High Needs Block was undertaken in the 2025/26 financial year, amounting to £2.8 million. This funding was entirely invested into the SEN Investment Fund, specifically designed to build capacity within mainstream schools to meet the needs of pupils with Social, Emotional, and Mental Health (SEMH) needs.

3.5 The intention to seek an annual transfer was established during the 2024 consultation, reflecting the ongoing nature of these financial pressures and the commitment to sustainable SEN provision.

3.6 The current financial framework for 2025/26 is assumed to continue into 2026/27, given the uncertainty surrounding future government policy on school funding.

3.7 Leicestershire's financial position highlights a projected annual high needs revenue gap that, despite the SEN Investment Fund, is expected to persist through the current Medium Term Financial Strategy.

3.8 The cumulative High Needs Deficit brought forward is substantial, underscoring the critical need for continued strategic funding and proactive measures to manage demand.

3.9 Previous reports to the Schools Forum have consistently highlighted the escalating financial deficit of the High Needs Block, including discussions on the High Needs Block Development Plan, proposals for earlier funding transfers, and the Transforming Special Needs and Inclusion in Leicestershire (TSIL) programme.

3.10 The council's participation in the Department for Education's (DfE) Delivering Better Value in SEND (DBV) programme further emphasises the severity of the situation and the ongoing efforts to find sustainable solutions.

3.11 The SEN Investment Fund is a key mechanism to address the escalating demand for high needs support and to cultivate a more inclusive and responsive mainstream educational offer.

3.12 This fund, established through the strategic transfer of funding from the Schools Block, is ringfenced to deliver targeted approaches and activities directly within schools.

3.13 For the 2025/26 financial year, the fund received approximately £2.8 million, directly generated from the Schools Block transfer.

3.14 This investment is being utilised to introduce an enhanced graduated offer of support for children and young people with SEMH needs within mainstream educational settings across Leicestershire.

3.15 This represents a tangible commitment to empowering schools and fostering an environment where all pupils can thrive.

4 Purpose and Objectives of the SEN Investment Fund

4.1 The fundamental objective of the SEN Investment Fund is to systematically build and enhance capacity within mainstream schools, enabling them to effectively meet the diverse and evolving needs of pupils with SEMH.

4.2 This proactive approach is designed to facilitate early intervention, providing appropriate and timely support within the familiar and nurturing school environment.

4.3 By doing so, it aims to prevent the escalation of needs that might otherwise necessitate more intensive, disruptive, and costly interventions, such as placements in independent special schools.

4.4 The activities supported by this fund are designed as a direct reinvestment into schools, providing them with the essential resources, training, and expertise required to support pupils more effectively and inclusively.

5 Key Initiatives and Expected Outcomes

5.1 A separate report on the Schools Forum agenda sets out the key initiatives and expected outcomes of the SEN investment fund for 2025/26.

6 Proposed Approach for 2026/27 Transfer

6.1 Whilst discussions continue, Leicestershire Council intends to seek approval for a 0.5% transfer from the Schools Block to the High Needs Block for the 2026/27 financial year. This approach is aligned with the national framework on school funding and requires comprehensive consultation with all schools followed by formal approval from the Schools Forum.

6.2 Should the Schools Forum not approve this transfer, the Local Authority may seek approval directly from the Secretary of State, as was the case for the 2025/26 transfer.

6.3 This mechanism ensures that investment in SEN provision can continue even in the absence of local consensus, reflecting the national imperative to support children and young people with special educational needs.

7 National Funding Formula and Equitable Distribution

7.1 The National Funding Formula (NFF) is a nationally applied methodology designed to ensure a fair and equitable distribution of funding to schools across England.

7.2 It allocates funding based on pupil characteristics and school circumstances to provide consistency and transparency in school funding.

7.3 Leicestershire Council has adopted the NFF since 2018, mirroring the formula factors and associated financial values set out by the Department for Education.

7.4 Previous consultations have highlighted concerns that the transfer’s impact can fall unevenly, with schools experiencing the largest gains under the NFF contributing proportionally more to the transfer.

7.5 The Local Authority acknowledges these concerns and is exploring mechanisms to ensure a more equitable distribution of any future transfer for 2026/27.

7.6 Technical adjustments under consideration include the use of capping and scaling to moderate year-on-year per-pupil gains and to spread impact more fairly across schools.

7.7 Potential adjustments to the Age-Weighted Pupil Unit and the Free School Meal factors will be explored to distribute the impact more evenly while remaining aligned with national policy.

8 Timeline and Consultation Process

8.1 The timeline for seeking this transfer is tight and requires a request for a decision from the Secretary of State by mid-November.

8.2 School funding arrangements for the following year are typically released in early July, however, like last year this is being released later in autumn which constrains the window for modelling and engagement.

8.3 A comprehensive consultation will be sent to all schools across Leicestershire via the Headteachers' newsletter and other channels, inviting feedback.

8.4 Schools are encouraged to participate actively, as their input will shape the final funding allocation for the High Needs Block for 2026/27.

9 Conclusion

9.1 The financial challenges within the Special Educational Needs and Disabilities system are significant and ongoing, driven primarily by increasing demand.

9.2 The proposed 0.5% transfer is a strategic step to ensure the continued effectiveness and expansion of the SEN Investment Fund and to strengthen provision within mainstream settings.

9.3 By building internal expertise, fostering collaborative partnerships, and providing targeted interventions through the SEN Investment Fund, more pupils can receive appropriate and timely support within their local school communities, leading to improved outcomes and long-term benefits for Leicestershire's educational landscape.

Officers to contact

Salik Khan
Education Finance Manager
Email: Salik.khan@leics.gov.uk

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