

SCHOOLS FORUM

PROPOSAL TO EXTEND THE SEN INVESTMENT FUND FOR 2026-27

6 NOVEMBER 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		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	
		Academy Members	X
		All Schools Forum	

1. The purpose of this report is to update the Schools Forum on the outcome of the consultation on a proposed 0.5% transfer from the Schools Block to the High Needs Block for 2026/27 for the purpose of continuing the SEN Investment Fund.
2. The paper proposes two options for discussion with the Schools Forum around next steps based on consultation feedback and the wider context of heightened pressure on High Needs Block budgets and increased need for outreach support at pupil level.

Recommendations

3. It is recommended that Schools Forum:

- a. Note the responses to the consultation on a further 0.5% transfer from the Schools Block to the High Needs Block of the Dedicated Schools Grant (DSG) for the 2026/27 financial year.
- b. Consider the two options set out in paragraphs 24-37 for funding a sustainable outreach and graduated support offer to mainstream schools through Oakfield School. Options include:
 - A 0.5% Schools Block Transfer to the High Needs Block, or
 - A per-pupil contribution from schools and a commitment from schools to supporting ongoing mainstream inclusion.
- c. Agree which option the Forum recommend to Cabinet.

Background

4. Schools Forum received reports on 18th June, 17th September and 4th November 2024, setting out the Authority's proposal to seek a 0.5% transfer of funding from the Schools Block to the High Needs Block of the Dedicated Schools Grant for 2025/26, and reported the findings of a consultation with schools. On 22nd November 2024, the Cabinet agreed that the Council could seek the approval of the Secretary of State on the proposed transfer for 2025/26. The subsequent School Block Transfer approval and establishment of a SEN Investment Fund was reported to the Schools Forum on 12th February 2025.
5. Schools Forum received an update on progress in relation to the development of the SEN Investment Fund offers for 2025/26 at the meeting held on 10th June 2025. At the same meeting, the Schools Forum received a separate report setting out the Local Authority's intention to seek a further School Block transfer for 2026/27.
6. Schools Forum has previously been made aware of the High Needs overspend and Dedicated School Grant deficit position including drivers, mitigations and impact. A report to the Children & Families Overview & Scrutiny Committee on 2nd September 2025 and a subsequent report to Cabinet on 12th September noted that demand pressure on the High Needs Block continues to increase, leading to a significantly worsening overspend position. As at the end of July, there was a net in-year overspend of £41.8m projected on the Dedicated Schools Grant for 2025/26. This comprises an overspend of £45m on the High Needs Block, offset by an underspend of £3.2m on the Early Years Block.
7. The High Needs Block projected overspend for 25/26 is circa £30m more than the budgeted £15m overspend. This is largely due to increased demand on the placement budget. At the end of 2024/25, the accumulated High Needs deficit stood at £64.4m and is now projected to rise to £110.5m at the end of 2025/26. A range of future demand scenarios are being considered in forecasting the High Needs

budget for future years however any level of growth above the funding settlement will increase the cumulative DSG deficit.

8. The number of requests for Education, Health and Care Needs Assessments (EHCNA) in Leicestershire increased 12% in 2024, in line with a similar increase in requests nationally (11.7%). Leicestershire has experienced an additional 25% increase in the number of EHCNAs received between January and September 2025, with the 12 month rolling average annual number of requests reaching over 2,000 at the end of September 2025. The total number of active EHCPs in Leicestershire has also increased over 15% between January and September 2025, to 8,311 at the end of September. It is anticipated demand for funded EHCP packages will reach 8,500 by March 2026. This is 3 years earlier than the previous MTFS forecasted projection.
9. At the Schools Forum meeting on 9th September 2025, the Forum received an update on the confirmed SEN Investment Fund offers for 2025/26, developed in consultation with schools, which would be launched for mainstream educational settings in the Autumn term. The majority of the 2025/26 SEN Investment Fund will be used to expand the existing Primary outreach offer from Oakfield School and create a new multidisciplinary Secondary outreach offer coordinated through Oakfield Secondary, with additional funding for SEMH training for school staff and in-school alternative provision offers.
10. Outreach offers funded through the SEN Investment Fund will initially be introduced temporarily due to the temporary nature of the Fund itself. However, it is noted that there is a need for ongoing targeted support for children and young people with SEND in mainstream schools at risk of permanent exclusion through outreach and a graduated model of support for pupils with additional needs. Demand for support from Primary schools currently outstrips permanent capacity, and it is anticipated that demand for Secondary support will be strong when this offer is introduced in January 2026. It is proposed that any transfer 2026/27 will be focused solely on funding Oakfield outreach and graduated support.
11. Schools Forum also considered at the 9th September meeting a separate report setting out a proposal to consult mainstream schools on a 0.5% Schools Block transfer for 2026/27. The Forum agreed to proceed with formal consultation.
12. A 4-week consultation was undertaken during September and October 2025 through an online survey issued to all mainstream maintained schools and academies, supported by direct written submissions from headteachers, trust leaders, and senior education professionals. The consultation sought views from schools, academies, and education leaders across Leicestershire on the continuation of the 0.5% transfer, the strategic focus of the SEN Investment Fund, and the preferred arrangements for delivery, monitoring, and governance.

Consultation Outcome

13. The consultation generated a total of 35 responses. A quality assurance review was undertaken to ensure analytical validity and to identify duplicate responses from the same school or organisation. In line with standard consultation methodology, only one response was retained per individual school. However, submissions from different schools within the same Multi-Academy Trust were each counted independently to reflect their distinct budgets and governance responsibilities. Following this review, 31 valid responses were included in the analysis. This ensured that each school was represented once, maintaining fairness and proportionality across the dataset.
14. The respondent group was dominated by secondary academies (approximately 77%), with smaller representation from primary academies, schools with resource bases, and other educational organisations. Around two-thirds (69%) confirmed that their response represented the official position of their school or MAT.
15. The overall response rate was broadly consistent with previous Schools Forum consultations, however, represents a small proportion of the 276 mainstream Primary and Secondary schools across the County.
16. Analysis of the quantitative data demonstrates a clear majority opposition to the continuation of the 0.5% transfer.
 - 71% of respondents strongly disagreed with the continuation of the SEND Investment Fund.
 - 14% tended to disagree.
 - 6% neither agreed nor disagreed.
 - 9% tended to or strongly agreed.
17. When asked whether Social, Emotional and Mental Health (SEMH) should remain the Fund's principal focus:
 - 31% disagreed or strongly disagreed.
 - 40% strongly agreed or tended to agree.
 - 29% expressed neutrality or uncertainty.
18. On the proposal to make the 0.5% transfer annual, the level of disagreement increased further:
 - 89% strongly disagreed.
 - 9% tended to agree.
 - 3% neither agreed nor disagreed.

19. The overall findings highlight a consistent and significant level of concern across the school system, with respondents questioning both the financial rationale for the transfer and the effectiveness of the Fund's current implementation.

Key Themes within Consultation responses

20. The key themes within the consultation and the local authority response are set out below:

Theme	Local Authority response
Lack of Demonstrable Impact from the Existing Fund The most prominent concern was the absence of clear, publicly available evidence demonstrating the impact of the SEND Investment Fund introduced in 2025/26. Schools consistently reported that, while a portion of their funding had been redirected, they had not observed any tangible improvements in pupil outcomes, access to support, or specialist input. Several respondents expressed frustration that schools were being asked to continue funding an initiative whose benefits remained unproven.	The Local Authority acknowledges that the first 6 months of the Fund's implementation was primarily focused on co-producing the 2025/26 offers with school representatives, commissioning, and establishing delivery infrastructure including recruitment, which has inevitably delayed implementation and therefore measurable impact. A formal outcomes framework has now been established, linking performance to attendance, exclusions, and EHCNA reductions. An initial evaluation report will be presented to Schools Forum in Spring 2026, with subsequent regular updates thereafter. It has been noted to the School Forum previously that the impact of the Fund on reducing systemic demand pressures will take some time to be realised.
Impact on Frontline Provision and Staffing Many schools described how the funding transfer had limited their capacity to sustain frontline provision, particularly Learning Support Assistants (LSAs) and other classroom-based staff supporting pupils with additional needs. Several leaders noted that this reduction undermines inclusion and contradicts the stated objectives of	The Local Authority recognises the financial pressures faced by schools. It emphasises the transfer represents a limitation on annual funding growth, rather than a reduction in core budgets. The purpose of the Fund is to invest in system-wide strategies and support that improve sustainability, building collective capacity and reducing overreliance on one-to-one adult support. The Authority is working with schools to ensure that future investments are demonstrably visible and beneficial at school level.

improving outcomes for pupils with SEND.	
Transparency, Governance, Communication and Accountability A strong theme throughout the consultation was the perceived lack of transparency regarding how funds were distributed, governed, and evaluated. Respondents expressed concern about limited engagement and perceived lack of co-production in developing the proposals. Many schools highlighted that previous attempts at collaboration had not led to meaningful dialogue or shared decision making. Schools called for the publication of detailed financial information, clear governance structures, and outcome-based reporting. Respondents requested that schools be represented in decision-making processes to ensure accountability.	The Local Authority has overseen a working group of school representatives who have shaped and agreed the offers for 2025/26 and has actively encouraged further membership of the group along with providing regular progress updates to a range of forums. The working group also attempted to engage widely with schools through surveys publicised through Headteacher Briefings. However further improvements in communication and transparency will be introduced to ensure more ownership of decision-making going forward. Performance data will be presented to Schools Forum on a termly basis.
Focus of the Fund – SEMH and Wider Needs While the majority of respondents acknowledged the increasing prevalence of SEMH needs, many felt that an exclusive focus on SEMH risked neglecting other areas such as cognition and learning, communication and interaction, and sensory or physical needs. Several schools argued that a broader, more flexible approach would ensure equitable access to support.	The Local Authority agrees that any future iterations of the Fund should respond to a wider spectrum of SEND. SEMH will remain the lead priority for 2026–27 due to its prevalence in the local EHCP population (currently 23%) and influence on attendance and exclusions, but new workstreams focusing on cognition and learning and communication and interaction will be developed during the year in collaboration with schools.
Equity of funding contributions and the Impact on Inclusive Schools A recurring concern was that schools with higher proportions of pupils with SEND contribute proportionately more	Under the National Funding Formula (NFF), the Minimum Per Pupil Funding Level (MPPL) and Minimum Funding Guarantee (MFG) continue to safeguard core budgets. Nonetheless, the Local

to the transfer and therefore experience a greater financial impact. Respondents described this as counterintuitive and inequitable, suggesting that it risks discouraging inclusive practice.	Authority recognises that perceptions of inequity can undermine confidence. An alternative proposal for continuation of funding for outreach and support using a different method for establishing funding contributions is set out in paragraphs 43-46 below.
Monitoring, Evaluation and Equalities Compliance Respondents asked for assurance that appropriate equality impact assessments had been completed and requested that outcomes be monitored against clear, measurable objectives.	A full Public Sector Equality Duty (PSED) Impact Assessment will accompany this proposal. Monitoring and evaluation processes will be embedded from the outset, with progress reviewed annually and reported to Schools Forum. Performance indicators will focus on inclusion, attendance, and educational progress for pupils with SEN.

Ongoing need for a SEN Investment Fund

21. The feedback from the consultation demonstrated an opposition to undertaking the schools block transfer and the continuation of the SEN Investment Fund for 2026/27. Whilst this feedback was clear, demand for support for children and young people with SEND in Leicestershire is growing at a faster rate than was anticipated against the Medium-Term Financial Strategy, leading to an increasingly unsustainable financial position for the entire education system.
22. There is a need for ongoing support for inclusion and belonging of children and young people with SEND in mainstream schools, and clear demand for outreach and graduated support for pupils with additional needs following the ending of existing offers funded through the SEN Investment Fund. Mainstream inclusion is anticipated to be a clear expectation from the Schools White paper.
23. This therefore leaves the Local Authority and school leaders with some difficult decisions over how to support children with additional needs going forward.

Options

Option 1 – Continue with School Block Transfer to create ongoing SEN Investment Fund

24. The School Block Transfer for 2026/27 would be used to fund a sustainable outreach and graduated support offer accessed via Oakfield for mainstream Primary and Secondary Schools.

25. The multidisciplinary outreach model introduced during 2025/26 from the existing SEN Investment Fund will offer in-reach support for schools accessed via Oakfield School that upskills staff working with children with additional needs and provides direct intervention with a child and their family. Staff will go into schools to support teachers and support staff through observations, modelling and solution circles, as well as delivering direct interventions. It is proposed that this will continue on a sustained basis through the future SEN Investment Fund.
26. In addition, the Fund will also deliver an offer of bespoke in-school intensive support for children and young people outside of their classroom through Oakfield. This would be co-produced with schools. It would take place at the times triggers are observed. The provision would seek to help children and young people regulate their emotions but would also have an academic focus to ensure they are able to reach their full potential. There may be an additional focus in the sessions to address specific identified needs.
27. The offer will support parents to fully understand what support mainstream schools can be expected to provide. They would also present parents with data around the attainment and progress of children and young people placed in specialist provision compared with those who remain at a mainstream school.
28. As a key area of ongoing concern, support for EBSNA will be considered as part of the graduated support and outreach offer. EBSNA consultations introduced through the SEN investment fund for 2025/26 may look to be continued subject to feedback from schools on their effectiveness.
29. The SEN Investment Fund and onward plan will deliver:
 - Increased direct support to schools
 - Increased access to specialists
 - High quality educational curriculums for pupils at risk of exclusion or those permanently excluded that provide pupils with meaningful outcomes through Oakfield School
 - An opportunity to support pupils to maintain their place in their mainstream school through targeted intervention
 - Reduced mobility of pupils within the system
 - Improved targeted support through access to high-quality training
30. To provide ongoing rigor and accountability, it is recommended that we establish a Steering Group of school leaders to determine the governance arrangements and impact reporting mechanism.
31. Within the nationally set financial framework for school funding, the only option of removing funding from the Schools Block to High Needs is by capping per pupil

funding gains between years. Given that per pupil funding is protected at a level only slightly above the Age Weighted Pupil Unit (AWPU) as the only universal funding received by all pupils, funding gains are delivered within the NFF additional factors which are largely related to deprivation measures.

32. Taking into account feedback from the consultation around equity of funding contributions, the final methodology for determining contributions will be confirmed when funding allocations have been announced by the DFE.

Option 2 – Continue Oakfield outreach and graduated support offer funded by a per-pupil contribution from schools and commitment to supporting ongoing mainstream inclusion

33. Considering opposition to continuation of the transfer, an alternative proposal for funding a sustainable model for outreach and graduated support for pupils with additional needs in mainstream schools via Oakfield School is proposed for consideration by the Schools Forum.
34. This option would see schools make an annual per-pupil contribution based on the number of children on roll. Mainstream schools would also be asked to commit to supporting ongoing mainstream inclusion and support measures to create a more sustainable financial position for the Leicestershire educational system by:
 - Reducing new EHCP requests in proportion to their individual historical request level through the development of mainstream inclusion offers
 - Reducing permanent exclusions, using managed moves/alternative provision
 - Accepting an agreed number of pupils with SEND rather than LCC placing in specialist provision
 - Develop inclusion provision/spaces
35. An indicative per pupil contribution level would need to be agreed based on creating a sustainable outreach and graduated support model across the Primary and Secondary mainstream education system for Leicestershire.
36. A number of responses to the Schools Block Transfer consultation refer to schools with higher numbers of SEND pupils being impacted by the proposals and the disproportionate impact of the transfer across Leicestershire Schools. A per-pupil contribution model would address these concerns by introducing a standard contribution, ensuring equity across all mainstream schools.
37. In following this approach, consideration would need to be given to proportionate access to support offers to ensure that mainstream inclusion and belonging remains a priority for all schools. The Leicestershire education system would need to work in partnership to create a more sustainable system, with expectations that the current unprecedented level of demands upon the High Needs Block are reduced, including

reductions in the number of pupils permanently excluded from schools, particularly those with a disproportionately high number.

Next Steps

38. A report will be taken to Cabinet on 18th November 2025 to consider the options for funding the sustainable outreach and graduated response model from Oakfield School outlined within this paper. The recommendation from the School Forum will be included.
39. Should Cabinet make a decision to continue with the School Block Transfer without the agreement of the Schools Forum, a request for a decision from the Secretary of State will need to be submitted by mid-November 2025. Confirmation of the decision from the Secretary of State would be expected prior to the next Schools Forum meeting in February 2026.

Financial implications

40. 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, and none appear to directly address the current or forecast funding issues. Any announcements linked to SEND reform are now not expected until the New Year.
41. The 0.5% transfer proposed from the Schools Block to the High Needs Block is expected to generate around £2.8m for 2026/27, to be confirmed when budget allocations are received from the DfE.
42. The impact of any block transfer on individual schools will be confirmed following budget allocations being received from the DfE.
43. Should a per-pupil charge be agreed, this would also be confirmed to schools following receipt of budget allocations from the DfE and using the number of pupils on roll on the annual school census day.

Equality Implications

44. The SEN Investment Fund by its nature is targeted at children and young people with SEMH needs, however will support wider inclusive mainstream practice which should benefit all children and young people. A full Equality Impact Assessment will accompany this proposal.
45. A number of comments throughout the consultation responses refer to schools with a higher number of SEND pupils being impacted disproportionately by the proposals. Within the nationally set financial framework for school funding, the only

option of removing funding from the Schools Block to High Needs is by capping per pupil funding gains between years. Given that per pupil funding is protected at a level only slightly above the Age Weighted Pupil Unit (AWPU) as the only universal funding received by all pupils, funding gains are delivered within the NFF additional factors which are largely related to deprivation measures. Methodology for the 2026/27 transfer will be confirmed following confirmation of budget allocations by the DfE.

46. The alternative per-pupil funding model proposed would result in a proportionate impact across Leicestershire schools from a contribution perspective, however due to differing pupil demographics and levels of SEND in schools, the resulting need for support from the fund may not be the same across all schools.

Background papers

Report to the Cabinet on 12 September 2025, "Medium Term Financial Strategy – Budget Monitoring and MTFS Refresh",
<https://democracy.leics.gov.uk/documents/s191577/MTFS%20Sept%2025%20Cabinet%20-%20030925%204pm%20FINAL.pdf>

Report to the Schools Forum on 9 September 2025, "2026/27 Schools' Block Transfer",
<https://democracy.leics.gov.uk/documents/s191584/School%20Block%20Transfer%20Report%2009092025.pdf>

Report to the Schools Forum on 9 September 2025, "SEN Investment Fund",
<https://democracy.leics.gov.uk/documents/s191586/Schools%20Forum%20report%20-%20SEN%20Investment%20Fund%202025-26.pdf>

Report to the Children & Families Overview & Scrutiny Committee on 2 September 2025, "Transforming SEND and Inclusion in Leicestershire (TSIL) Programme Summary and High Needs Block Update",
<https://democracy.leics.gov.uk/documents/s191237/Transforming%20SEND%20and%20Inclusion%20in%20Leicestershire%20TSIL%20Programme%20Summary%20and%20High%20Needs%20Block%20Upda.pdf>

Report to the Schools Forum on 10 June 2025, "2026/27 Schools' Block Transfer"
<https://democracy.leics.gov.uk/documents/s190104/2026-27%20Schools%20Block%20Transfer.pdf>

Report to the Schools Forum on 10 June 2025, "SEN Investment Fund Update"
<https://democracy.leics.gov.uk/documents/s190092/SEN%20investment%20fund.pdf>

Report to the Schools Forum on 12 February 2025, "2025-26 Schools Budget",
<https://democracy.leics.gov.uk/documents/s188368/5.%202025-26%20Schools%20BudgetV3.pdf>

Report to the Cabinet on 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>

Report to the Schools Forum on 4 November 2024, "Resetting the SEN Finance System"

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

Report to the Schools Forum on 17 September 2024, "SEN Investment Fund and Schools Block Transfer"

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

Report to the Schools Forum on 18 June 2024, "Resetting the SEN Finance system"

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

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