

AGENDA ITEM 9

REPORT TO SCHOOLS FORUM

10th NOVEMBER 2025

Schools Funding Consultation Report 2026-27

SUMMARY

1. Dedicated School Grant (DSG) to Local Authorities is allocated in blocks. There are blocks of funding for Early Years, Schools, High Needs and Central School Services. The Department for Education (DfE) uses the national funding formula to calculate the blocks within the DSG that are allocated to local authorities. Local authorities currently have some flexibility in how this funding is allocated to schools, within the framework and constraints set out by the DfE.
2. This paper sets out the results of this recent local consultation with maintained schools and academies which covered a 0.5% transfer from the Schools to High Needs block for 2026/27. The Schools Forum should consider the views of the schools responding before making their decision.

RECOMMENDATION

3. Schools Forum is asked to consider and vote on a proposal to transfer 0.5% (estimated to be between £900k to £950k) from the school's block to the high needs block in 2026/27 noting that: -
 - All Schools Forum Members may vote on this proposal.
 - It is a School's Forum decision on whether to accept this proposal. If Schools Forum does not agree, DfE are able to decide if the local authority requests this via the disapplication route. Due to the increasing DSG deficit the Council might decide to request an amount above 0.5%.

DETAIL

4. The council recently held a consultation on school funding arrangements for 2026/27. This took place between 7th October and 5th November. A copy of the consultation document issued to schools is attached at **Appendix A** to this report.

Summary of the Consultation Responses

5. Of the 78 schools consulted with, 37 responses were received by the deadline of 5pm on the 5th November (compared to 44 in the previous year). One response was received after the deadline and has not been included in the figures. The responses include two block votes from Academy Trusts; both have 11 schools in their portfolio.

6. The breakdown of the 37 responses (which is a 47% response rate) is shown in the table below: -

LA Primary	7
LA Secondary	1
Primary Academy	22
Secondary Academy	6
AP / Special Academy	1
TOTAL	37

7. Further detail on each of the proposals and consultation responses are provided below. A log of consultation response comments are set out in **Appendix B**.
8. The council consulted on a 0.5% (estimated to be between £900k to £950k) transfer from the school's block to the High Needs block. Information was provided to schools on the background to the proposal as part of the consultation document attached at **Appendix A**.

Consultation Responses

9. Of the 37 responses received **26 (70%) supported the proposal** and 11 (30%) did not. From the 26 that supported the proposal, 18 of the respondents were from Academy Trusts with the remaining 8 from Maintained Schools.
10. From the 11 responses that did not support the proposal, all 11 were from Bishop Hogarth Catholic Academy Trust which submitted a group response. From the 18 Academy Trusts that supported the transfer, 11 were part of a group response from Spark Education Trust.

	Yes	No	No Views	Total
Academy	18	11	0	29
Maintained	8	0	0	8
	26	11	0	37

11. If the block responses from the two Academy Trusts were excluded from the results **15 (100%) of the remaining schools who responded supported the proposal**.

Excluding both Academy Trusts

	Yes	No	No Views	Total
Academy	7	0	0	7
Maintained	8	0	0	8
	15	0	0	15

12. If the two block responses from academy trusts were counted as 1 reply each then **16 (94%) of the respondents would have supported the proposal** with 1 (6%) not supporting it.

Block Replies - Trusts 1 Reply Only	Yes	No	No Views	Total
Academy	8	1	0	9
Maintained	8	0	0	8
	16	1	0	17

13. Please note the one school that replied after the deadline date voted to support the transfer.

14. Schools Forum is asked to consider and vote on a proposal to transfer 0.5% (estimated to be between £900k to £950k) from the school's block to the high needs block in 2026/27 noting that:-

- a. All Schools Forum members may vote on this proposal.
- b. It is a schools Forum decision on whether to accept this proposal. If Schools Forum does not agree with the proposal, the DfE are able to decide if the local authority requests this via the disapplication route.

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School Funding 2026/27 - Consultation Document

PURPOSE

To seek views from maintained schools, academies and free schools on proposals in respect of Schools and High Needs Budgets for 2026/27. The results of this consultation will be presented at the School Forum Meeting on 10th November for relevant Forum Members to vote.

School's forums have a range of responsibilities relating to local funding formulae for mainstream schools. For example, they must be consulted by their LA on changes to local funding formulae for schools and Schools Forums must decide on LAs' proposals to move up to 0.5% of the school's block to other funding blocks. This consultation fulfils the Forums responsibilities.

This consultation ends on **Wednesday 5th November 2025**.

HIGH NEEDS BUDGET

The High Needs block supports provision for pupils and students with special educational needs (SEN) and disabilities (SEND), from age 0 to 25, and alternative provision (AP) for pupils who, because of exclusion, illness or other reasons, cannot receive their education in mainstream schools.

As schools will be aware, since the introduction of the new SEND code of practice in 2014, there has been a year-on-year increase in the demand placed on the High Needs Block due to increased numbers of children requiring SEN support and Education, Health and Care Plans (EHCPs).

At the end of the 2024/25 financial year the deficit against the Dedicated School Grant (DSG) was **£6.72m**.

Based on the quarter 2 budget monitoring exercise it is apparent that the high needs budget continues to see increased demand for additional placements and higher levels of support and an **additional in year deficit of £4.65m** is now expected. This will take the estimated **cumulative deficit to £11.37m** by the end of the financial year. The main areas of pressure are as follows: -

Agency Placements – There are currently 223 placements which is an increase of 56% so far since March 2023 (143 to 223). Although the budget does include additional growth funding, further placements and fee increases are expected to result in an outturn of c£13.4m this year. This is an increase of over 89% since March 2023 (£7.1m to £13.4m).

Out of area placements – There are currently 161 placements in other LA schools with an average annual placement cost of £21k. The number of placements has increased by 49% since March 2023 (108 to 161) with the annual cost increasing by over 156% (£1.6m to £4.1m).

Alternative Provision (AP) – Although the LA is looking at AP and the support available, as this is one of the mitigations in the DBV programme, the costs of support are continuing to increase. At present, the AP budget is expected to be c£200k overspent.

The Council is currently working on the mitigating actions as notified to the Government as part of the Delivering Better Value Programme. The current DSG Management Plan, provided as part of the DBV Programme, is showing a cumulative deficit of £35m at the end of 2027/28. The authority is working on mitigating actions to reduce this down to a balanced position, but these actions will take time to develop and implement before savings can be made / increased costs offset.

For 2026/27 local authorities will continue to be able to transfer up to 0.5% of their school's block to the high needs block of the DSG, with Schools Forum approval. Last year the Forum supported a transfer of 0.5% (£0.897m) from the Schools Block to the High Needs Block. A disapplication will be required to the Secretary of State for transfers above 0.5%, or any amount without Schools Forum approval.

DfE aim to publish NFF allocations for schools and all supporting documents on the NFF (including the schools operational guide and NFF technical note) for 2026 to 2027 in the Autumn. As a result of the above an accurate figure that equates to 0.5% cannot be calculated but it is estimated to be between £900k to £950k.

Due to the continued pressures with the SEND service particularly, the Council may decide to request additional funds above 0.5% via the disapplication request process to the Secretary of State for Education.

Question 1 - Do you support the transfer of 0.5% from the Schools Block to High Needs Block in 2026/27?

	Response	Comments
Yes		
No		
No views		

Please complete and certify this sheet and return electronically with your consultation to: andy.bryson@stockton.gov.uk by 5pm on Wednesday 5th November 2025.

If you are unable to include electronic signatures could you please provide authorisation within the body of the email from both the Headteacher and Chair / Clerk to Governors.

Name of School:

.....
Chair or Clerk to Governors (Please specify) **Headteacher**

.....
Print Name **Print Name**

Appendix B

LOG OF CONSULTATION RESPONSES**Question 1 - Do you support the transfer of 0.5% (estimated to be between £900k to £950k) from the Schools Block to High Needs Block in 2026/27?**

<u>RESPONSE NO.</u>	<u>COMMENTS</u>
1	<p>We do not support a transfer of 0.5% (estimated at between £900k and £950k) from the Schools Block to High Needs Block in 2026/27. We are sympathetic to the pressures faced in the High Needs Block, but solutions should be ring-fenced within this block through continuing efficiencies to reduce costs and the lobbying of government to increase funding. Pressures on school budgets within the Schools Block remain intense and 100% of the funding allocated to this block by government should be spent on school budgets.</p> <p>All schools are required by government to identify and achieve savings. The 25/26 teachers' pay award of 4.0% was accompanied by only 1.7% of additional funding, leaving schools to find 2.3% from existing funding and "productivity gains and smarter spending". The Secretary of State confirmed in July 2025 that "no additional funding will be made available for pay awards, in any year of the multi-year Spending Review period". In this context, it is not sustainable for schools to lose a further 0.5% of funding when they are already having to make significant savings year on year. (Block response Academy Trust 11 Schools)</p>
2	Transfer required to support the growing needs and complexity of young people with SEND. This includes the increase in numbers and requests for funding from mainstream schools.
3	<p>Given the continuing pressure on SEN and High Needs budgets we are comfortable with continuing the 0.5% transfer of funds. Given these pressures are felt across all schools it would be great to be able to work with the SBC SEN team on how our Trust can support with cost effective provision but this communication and partnership working has felt difficult over the recent past.</p> <p>(Block response Academy Trust 11 Schools)</p>