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Shropshire Council
Legal and Democratic Services
Guildhall,
Frankwell Quay,
Shrewsbury
SY3 8HQ

Date:

Committee:
Schools Forum

Date: **Thursday, 13 November 2025**
Time: **9.00 am**
Venue: **Whitchurch Room, The Guildhall, Frankwell Quay, Shrewsbury, SY3 8HQ**

You are requested to attend the above meeting.
The Agenda is attached

Tim Collard
Service Director - Legal and Governance

Members of Schools Forum

Mark Rogers
Marilyn Hunt
Stephen Matthews
Reuben Thorley
Sandra Holloway
Alison Ashley
Georgia Moss
Mark Cooper
Bill Dowell
Carla Whelan
Sue Lovecy
Sarah North
Sarah Finch
Lisa Henshall
Rachel Williams
Sarah Godden
James Pearson
James Staniforth
John Hitchings
Shelly Hurdley
Sian Lines
Charles Thomas
Andrew Smith

Your Committee Officer is:

Samantha Bradley Performance & Integration Manager, Learning and Skills
Tel: 01743 256411
Email: Samantha.Bradley@shropshire.gov.uk

AGENDA

1 Apologies

2 Minutes and Matters Arising - 11 September 2025 (Pages 1 - 6)

Paper A attached.

3 Verbal Update on Shropshire Council Financial Sustainability (John Rowe)

4 Central Retention of Dedicated Schools Grant from April 2026 (John Rowe / Stephen Waters) (Pages 7 - 12)

Paper B attached.

5 Dedicated School Grant Monitoring 2025-2026 (Stephen Waters) (Pages 13 - 18)

Paper C attached.

6 Verbal Update on HNB Monitoring Group, Capital allocation and Severndale Funding Arrangements (John Rowe)

7 Communications

8 Future meeting dates

Thursday 11 December 2025	8.30 – 10.30	Microsoft (MS) Teams
Thursday 22 January 2026	8.30 - 10.30	Microsoft (MS) Teams
Thursday 19 March 2026	8.30 - 10.30	Microsoft (MS) Teams
Thursday 18 June 2026 (tbc)	8.30 - 10.30	Microsoft (MS) Teams
Thursday 10 September 2026 (tbc)	8.30 - 10.30	Microsoft (MS) Teams

Schools Forum	Paper
Date: 13 November 2025	A
Time: 09.00 to 11.00	
Venue: Face to Face	Public

MINUTES OF SCHOOLS FORUM HELD ON 11 NOVEMBER 2025 – HELD VIA MS TEAMS

NOTES WERE PRODUCED USING AI VIA COPILOT AS AGREED BY FORUM AT THE BEGIINING OF THE MEETING

1	**Apologies**	
	Apologies received from Marilyn Hunt and Sian Lines	
2	**Minutes and Matters Arising**	
	The minutes from 19 June 2025 were accepted as a true reflection of the meeting.	
3	**Opening to Meeting**	**BD/DS**
	Chair Elected: David introduced the meeting and confirmed no other nominations had been received for Bill Dowell to be Chair. David asked for a show of hands and all representatives voted yes to Bill Dowell being Schools Forum Chair for the next year. Bill was then invited to the meeting. **Vice Chair Elected**: Whilst waiting for Bill to join, David no other nominations had been received for John Hitchings to be Vice Chair. David asked for a show of hands and all representatives voted yes to John Hitchings being Schools Forum Vice Chair for the next year. **Minutes and Matters Arising**: **Communication of financial statement:** Draft letter being prepared by Collins, to be shared with lead portfolio holders and forum **Current Vacancies:** EOI confirmed can be circulated to seek nominations for 3 vacancies on the forum (2 Academy, 1 Diocese) **NFF Briefing:** John advised a funding formula briefing for early December planned; additional briefing for maintained schools on DE delegation and central retention.	
4	**Shropshire Council Financial Position**	**JR**

	John updated forum on the Council's financial emergency of a £35m overspend, stringent controls in place and risk of Section 114 notice. Maintained school budgets and high needs block funding are not directly affected, but indirect impacts possible due to interconnectivity of services. HR and Payroll mentioned. Communication to schools and post-16 providers to continue for reassurance and clarity.	
5	**School Library Service (SLS)** John shared information provided by Sarah Browne regarding SLS. Advising the service remains under pressure; moved to pay-as-you-go model. Schools urged to buy in to ensure sustainability. Feedback to be gathered from heads on service value and needs. John further highlighted a flexibility in offer and value for money under new plans and further engagement planned.	**JR**
6	**Final Dedicated School Grant 2024-25** • Final 24/25 Early Years Block allocation increased by £73k; cumulative DSG deficit reduced to £17.566m. • 25/26 DSG: £3.8m reduction in Schools Block, £400k increase in Early Years, £300k reduction in High Needs. Revised DSG: £133.8m. • High Needs Block remains under significant pressure; forecast cumulative DSG deficit of £36.888m by end of 25/26. • Main pressures: top-up funding to mainstream and special schools, and independent placements. • Statutory override for DSG deficit extended to March 2028 .	**SW**
7	**Updated Dedicated Schools Grant 2025-26** • A further Recoupment of £3.810m in Schools Block Funding • No Change in CSSB from March 2025 update • An increase of £0.399m in Early Years Funding from Jan count • Overall HNB allocation reduced by £0.313m due to £0.243m import/export adjustments & £0.070m reduction in Special Free School funding. • Further import/export adjustment to be confirmed in November • National Insurance Contributions (NICs) grant not part of DSG • 2025 pay award not part of DSG but due in Oct 2025	**CE**

8	**Schools Revenue Funding Update 2025-26** • Shropshire Council adopted national formula locally from 2018–19. • ESFA published 2025–26 funding guidance in December 2024. • 2026–27 guidance pending; minimal changes expected. • PUF £5,661 and SUF £6,829 based on October 2024 census pupil numbers. • Split site funding must follow national formula. • Growth and falling rolls now formula-driven. • Teachers Pay Additional Grant (TPAG), Teachers Pension Employers Contribution Grant (TPECG) and Core Schools Budget Grant(CSBG) all consolidated into baseline. • Confirmed NFF Funding actors (2025–26): 73.6% Basic Entitlement, 10.7% Deprivation, 5.9% Low Prior Attainment (LPA), 1.1% English as an Additional Language (EAL), and 0.18% Mobility. • Up to 0.5% transfer allowed with Schools Forum approval. • Disapplication needed for transfers above 0.5%. • NFF structure unchanged.	**CE**

9	**Dedicated Schools Grant Monitoring 2025-26**
	
	• **Forecast and Financial Position:**
	  ○ The 2526 forecast out term position for the DSG is a £19.3 m in-year deficit.
	  ○ The forecast cumulative deficit at the end of 2526 is £36.888 m.
	  ○ The high needs block is forecast to have an in-year deficit of £19.404 m.
	• **Capacity and Placements:**
	  ○ The aim is to reduce reliance on independent specialist placements, which are more costly than LA special schools.
	  ○ Feedback indicated that efforts to reduce permanent exclusions and build capacity within stern hubs and hubs attached to mainstream schools are on the right track.
	• **Funding and Mitigations:**
	  ○ There is no expectation of emergency funding increases for the high needs block.
	  ○ The government has extended the statutory override to keep Council spending deficits off their books until March 2028.
	  ○ The DSG management plan includes several mitigations to improve the funding position for the high needs block.
	• **Expenditure and Variances:**
		SW

	◦ Expenditure for 2526 is forecast to be 21% higher than 2425 levels, reaching £22.134 m. ◦ There are variances in post-16 FE College placements and independent specialist provision. ◦ The increase in expenditure is driven by factors such as the national living wage increase and price inflation. • **Overall Position:** ◦ The overall position reflects continued pressure on the high needs budget as expenditure continues to rise sharply. ◦ The narrative is a continuation from the previous two financial years, with large percentage increases in expenditure.	
8	**High Needs Block (HNB) Monitoring Group** John invited forum members to email Sam if interested in joining a working group in relation to monitoring HNB. This will be bought back to next meeting for oversight.	**JR**
10	**Communication** Bill mentioned draft letter for funding as detailed above. John further discussed HNB monitoring group and an initial meeting to be scheduled once participants agreed.	
11	**Follow Up Tasks** Broader communication to all schools and colleges to be circulated in relation to Shropshire Council financial position Draft letter to be shared with Andy and Neil for their input and review before sending. Expression of interest in joining Schools Forum to fill vacancies confirmed to be sent out. Will add on weekly Schools update email. HNB Monitoring Group interest to be shared at next Forum meeting for meeting to be scheduled	 JR CE/JR SB/JR SB/JR
13	**Future Meeting Dates** Thursday 13 November 2025 (tbc) Face to Face Thursday 11 December 2025 (tbc) MS Teams Thursday 22 January 2026 (tbc) MS Teams	

	Thursday 19 March 2026 (tbc) MS Teams Thursday 18 June 2026 (tbc) MS Teams Thursday 10 September 2026 (tbc) MS Teams	

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Schools Forum	Paper
Date: 13 November 2025	**B**
Time: 9:00 a.m.	
Venue: Face to Face, Whitchurch Room, The Guildhall	Public

CENTRAL RETENTION OF DEDICATED SCHOOLS GRANT FROM APRIL 2026

Responsible Officer Stephen Waters
e-mail: Stephen.a.waters@shropshire.gov.uk Tel: (01743) 258952

Introduction

1. On behalf of Shropshire Schools Forum, the views of maintained schools are being sought on the central retention of Dedicated Schools Grant (DSG) in the next financial year, 2026-27. Schools Forum is committed to consulting with maintained schools ahead of a Forum meeting on 11 December 2025, at which decisions on the de-delegation and top-slicing of DSG from April 2026 will be taken.

Background

2. Schools Forum is a legally constituted advisory and consultative group, made up of representatives from the maintained, academy and wider education sectors, who work with the local authority on issues related to school funding. One of their key areas of work is in relation to the school funding formula and the retention of a small part of the overall DSG to underwrite the costs of services, centrally managed by the local authority on behalf of maintained schools, given the economies of scale and value for money for schools this can realise.

   The Government's school revenue budget settlement guidelines allow local authorities, following consultation with the maintained schools' community and with Schools Forum approval, to centrally retain DSG through de-delegation and top-slicing. These retention methods are as follows:

   • De-delegation – centrally held budgets within the Schools Block of DSG can be de-delegated from maintained schools by the sector representatives on Schools Forum, with decisions taken on an annual basis.

   • Top-slicing – in December 2016 the Government's school revenue settlement allowed local authorities to retain some of their Schools Block of DSG to carry out statutory duties for maintained schools, previously funded through general duties Education Services Grant (ESG), which was removed in September 2017.

   The impact in 2025-26 of the decisions taken by Schools Forum in December 2024 are summarised in the table below:

Decision	Total	Primary Per Pupil (£)	Secondary Per Pupil (£)	Lump Sum
De-delegation (maintained primary and secondary)				
Pupil Growth Contingency	-	N/A	N/A	
Maternity Cover	**£424,970**	53.61	53.61	
Trade Union Duties	**£27,980**	3.53	3.53	
School Improvement (Primary)	**£112,480**	8.25	N/A	9.02
School Improvement (Secondary)	**£550**	N/A	1.04	N/A
Total	**£565,980**			

Top-slice (maintained primary and secondary)	Total	Primary Per Pupil (£)	Secondary Per Pupil (£)	
Redundancy fund	**£167,020**	21.07	21.07	
Statutory Schools Finance	**£34,010**	4.29	4.29	
Statutory HR and health and safety	**£70,000**	8.83	8.83	
Education Welfare and inclusion	**£200,000**	25.23	25.23	

3. This consultation document will examine each of the areas for which delegated funds are taken from maintained schools and seek views on a number of options for how to proceed on each in 2026-27. A simple return has been produced for collecting feedback from schools, which will be collated and inform the report that will be produced for the decision-making meeting of Schools Forum on 11 December 2025. The consultation will run until Tuesday 2nd December 2025. It is important to understand that Schools Forum has the choice, for each budget area, between de-delegating/top-slicing or not. This means that any decisions taken will impact on all maintained schools from April 2026.

De-delegation

4. This section looks at each of the support areas for which funding can be de-delegated from maintained schools. Historically, reports have been taken to the late autumn term meetings of Schools Forum to secure formal decisions for the following financial year.

5. An important consideration when looking at whether a budget should be de-delegated, is the impact on schools resulting from delegation, because with delegation comes responsibility. This means that the responsibility for the delegated budget line – for example, paying for staff maternity cover – transfers to the school and any costs have to be met from the school's delegated budget. The de-delegated funds have therefore provided something of an insurance policy for schools against one-off hits to their budget, which can have a significant impact on schools with tight budgets and modest contingencies.

Pupil growth contingency – primary only

6. A contingencies budget de-delegated from maintained primary schools to allow additional funding to be targeted at schools where pupil numbers increase by at least 15% of their funded number on roll. Controls limit allocations to actual additional costs incurred by a school as a direct result of increased pupil numbers. A key consideration is delegated responsibility. In this case, by not de-delegating, there would be no contingency for pupil growth from April 2026 and so schools would have to absorb cost pressures until the increased pupil numbers worked through from the school census in October 2026, which would result in an increased delegated budget from April 2027.

7. **Pupil growth contingency - options for 2026-27:**

   a. De-delegate funding from primary maintained schools a sum of £40,000.

   b. Fully delegate funding and responsibility to maintained schools, meaning that schools would be liable for funding pupil growth from their individual delegated budgets from April 2026.

Maternity cover

8. Funds the salary costs of any member of school staff on maternity leave in the maintained primary and secondary sector, meaning the schools are only liable for the costs of the replacement employee. A decision not to de-delegate this budget from April 2026, would mean that maintained schools would be responsible for meeting all maternity pay costs of school staff from their individual delegated budgets. Schools would need to carefully consider the flexibility and 'headroom' within their budget (including reserves), as well as the age profile of their female staff. In financial planning terms this can be challenging, given the difficulty of predicting the need for maternity leave. Current projections indicate that the de-delegated budget of £424,970 will be underspend**,** therefore the per pupil rates in 2025-26 can be decreased below the current level of £53.61 in 2025-26. Based on a budget of £360,000 in 2025-26, the current per pupil rate could decrease to £45.41 in 2026-27, assuming the same level of expenditure in 2026-27 as is forecast in 2025-26.

9. **Maternity cover - options for 2026-27:**

   a. De-delegate funding from maintained schools as in previous years, with per pupil sums determined by outturn position in 2025-26 – as an underspend is forecast the per pupil rate in 2026-27 can decrease from the current level of £53.41 to £45.41 estimated**.**

   b. Fully delegate funding and responsibility to maintained schools, meaning that schools would be liable for funding maternity cover from their individual delegated budgets from April 2026.

Trade union duties (referred to as facilities time)

10. This funding is de-delegated for the costs of trade union representatives supporting their members in maintained schools through what is commonly referred to as facilities time. The funding provides cover for, among other things: carrying out trade union duties, attending union training, undertaking health and safety functions, and accompanying members attending hearings, for example disciplinary or grievance. It is the view of the local authority that this would not be as effective and efficient an arrangement as that which could be secured through continuation of de-delegation. The budget will be set at a fixed de-delegated total of £29,070, with the per pupil cost determined by the number of maintained pupils at the time the budgets for 2026-27 are set.

11. **Trade union duties - options for 2026-27**

   a. De-delegate funding of £29,070 from maintained schools, with the per pupil cost determined by the number of maintained pupils at the time the budgets for 2026-27 are set

   b. Fully delegate funding and responsibility to maintained schools, meaning that local arrangements for facilities time would need to be secured by individual schools and/or groups of schools in collaboration with trade unions

School improvement

12. For 2025-26, Schools Forum agreed to de-delegate £112,480 from maintained primary schools and £550 from maintained secondary schools to secure ongoing statutory school improvement support for the year through the Education Quality and Safeguarding Team (EQS). The de-delegation option for 2026-27, being presented to maintained schools for consultation, will secure the ongoing provision of school improvement services for maintained schools. For the last few years the de-delegation from primary maintained schools was done on a fixed/variable basis, with a fixed sum of £902 per site and a variable element of £8.25 per primary pupil. The impact of this option is that larger schools would retain more of their delegated funds, while more funding would be recovered from smaller schools, but is potentially more appropriate based on the support each maintained school receives. The number of maintained schools is currently 57. For secondary schools there will only be 1 maintained secondary school from 1 April 2026. This is an area of support in which it is difficult to present an option for schools to assume delegated responsibility, or to present an option for schools to secure the support on a buy-back basis, given the statutory nature of the support being provided. Therefore, the only option being presented is for the continued de-delegation of funding for this statutory support, but at a slightly increased unit cost.

13. **School improvement - option for 2026-27:**

   a. De-delegate funding from primary maintained schools, levels of a fixed element of £902 per site and a variable element of £8.59 per pupil which has been increased by an inflationary uplift figure of 4.1%. De-delegation for the remaining secondary maintained school will be based on a per pupil unit value of £1.08.

Top-slicing

14. This section looks at each of the support areas for which funding has been top-sliced from maintained schools. These support areas were previously funded from general duties Education Services Grant and so, in the knowledge that this grant funding was being removed by the Government in September 2017, Schools Forum determined funding would be centrally retained in order to provide continuity of provision for maintained schools. This was based on the understanding and commitment to fully consult with schools on what would happen in each subsequent year, hence this consultation on top-slicing from April 2026.

Redundancy fund

15. This fund underwrites the costs of premature retirement and redundancy of staff in maintained schools. Schools Forum supported the principle of retaining a central fund for redundancy costs in maintained schools in previous years. In 2025-26 the contribution was reduced to £21.07 per pupil in maintained schools. A decision not to top-slice funding from April 2026 would mean that individual maintained schools would be liable for meeting any redundancy costs from their delegated budget. This would present a potential financial risk and significant challenge for schools struggling to manage their budgets in year and with low levels of school balances to draw upon. Schools in the academy sector already face these financial challenges and so have to plan carefully and in a timely manner to manage such costs. The costs of redundancy can vary significantly dependent on the grade of staff and length of service.

16. **Redundancy fund - options for 2026-27**:

    a. Top-slice funding from maintained schools as in 2025-26, with per pupil sums determined by outturn position in 2025-26 i.e. an overspend or underspend in 2025-26 will affect the per pupil rate in 2026-27.

    b. Fully delegate funding and responsibility to maintained schools, meaning that schools would be liable for funding all redundancy costs from their delegated budget from April 2026.

Statutory school finance

17. This centrally retained funding underwrites the costs of officer support for statutory financial functions on behalf of maintained schools, including: the monitoring and control of school balances; advice and support to schools in financial difficulties; challenge to schools who are not exercising appropriate financial controls, and appraising and approving licensed budget deficits. With 57 maintained schools in Shropshire, the workload in this area is significant. This is an area in which it is difficult to present an option for schools to assume delegated responsibility, or to present an option for schools to secure the support on a buy-back basis, given the statutory nature of the support being provided. Therefore, the only option being presented is for the continued de-delegation of funding for this statutory support.

18. **Statutory school finance - option for 2026-27**:

    a. Top-slice funding from maintained schools, as in 2025-26, with the per pupil cost of £4.47 which has been increased by an inflationary uplift figure of 4.1%.

Statutory human resources and health and safety

19. A number of statutory and regulatory functions in the area of human resources and occupational health and safety were previously funded through general duties Education Services Grant. This is primarily because the local authority is the employer of staff in maintained schools, with the exception of voluntary aided schools, who directly employ their own staff. While maintained schools can secure advisory support through annual service level agreements, the costs of the functions previously funded through the general duties ESG are not costed into these agreements. The areas of support covered by the £70,000 top-sliced in 2025-26 include health and safety, occupational health, recruitment, payroll and contracts, as well as HR advice. A proportion of this centrally retained funding underwrites the costs of the statutory functions outlined in the Recruitment, Payroll and Contracts Service Level Agreement (SLA). In addition, a significant proportion of this centrally retained funding underwrites the Health and Safety and Occupational Health SLAs. Such funding is required in order for the local authority to comply with its duties as the employer under the Health and Safety at Work etc. Act 1974 and the relevant statutory provisions. It is the view of the local authority that compliance with the above legislation cannot reasonably be achieved through tasks delegated to the governing bodies of schools. The centrally identified funding includes expenditure incurred by the local authority in monitoring the performance of such tasks by governing bodies and, where necessary, giving them advice. The local authority view is that the above areas are difficult to present as an option for schools to assume delegated responsibility, or to present an option for schools to secure the support on a buy-back basis, given the statutory nature of the support being provided. Therefore, the only option being presented is for the continued de-delegation of funding for this statutory support.

20. **Statutory human resources and health and safety - option for 2026-27:**

    a. Top-slice funding of £70,000 from maintained schools, with the per pupil cost determined by the number of maintained pupils at the time the budgets for 2026-27 are set

Education Access Service

21. The top-slice in 2025-26 is partly funding education welfare, delivered through the Education Access Service (EAS). The service also receives income from trading with academies. The top-slice provides maintained schools with access to all EAS support including education welfare, attendance and inclusion/exclusion officers, child employment services and performance licensing.

22. It is intended to maintain the unit cost to £25.23 in 2026-27 to reflect. The main alternative to top-slicing maintained school budgets is to move to a fully traded service from April 2026.

23. There are risks to maintained schools of not opting into a traded arrangement. They would need to be confident that they have the skills and underpinning knowledge they require within their own setting, or where they can secure this support from elsewhere and at what cost.

Education Access Service - options for 2026-27:

a. Top-slice from maintained schools to be maintained at the 2025-26 level of £25.23 per pupil

b. Fully delegate funding and responsibility to maintained schools, presenting buy-back arrangements through service delivery agreements from April 2026 for those seeking to secure ongoing education welfare and inclusion support for the statutory areas currently covered by the top-slice

Shropshire Council

Schools Forum Date: 13 November 2025 Time: 9:00 a.m. Venue: Face to Face, Whitchurch Room, The Guildhall	Paper **C** Public

DEDICATED SCHOOLS GRANT MONITORING

Responsible Officer Stephen Waters
e-mail: Stephen.a.waters@shropshire.gov.uk Tel: (01743) 258952

Summary

This report outlines to Schools Forum members the centrally retained Dedicated Schools Grant (DSG) forecast outturn position at the end of October 2025.

Recommendation

This report is for information only.

REPORT

1. The overall 2025-26 outturn against centrally retained DSG is forecast to be £23.454m in deficit as at the end of October 2025. It should be noted that this figure is the in-year deficit and needs to be added to the £17.566m revised deficit carried forward from 2024-25 in order to give an overall cumulative DSG deficit position of £41.019m.

Centrally Controlled High Needs Budget

2. The centrally controlled High Needs Block for 2025-26 is £35.455m. This budget excludes the place funding element of the High Needs Block totalling £10.821m. The total High Needs Block DSG allocation (before deductions) is £45.800m. It is important to note that Shropshire's 2025-26 High Needs Block DSG allocation has increased by £3.450m compared to the £42.350m allocation in 2024-25. This is an 8.1% increase.

3. In January 2025, Schools Forum members confirmed that the National Funding Formula should be applied to funding factors and agreed that up to a 0.5% transfer from the schools block to the High Needs Block DSG could be applied after fully funding the schools in line with the National Funding Formula. The value available to transfer from the schools block to the High Needs Block DSG was £0.476m. Adding this figure to the £45.800m means that the overall High Needs Block budget for 2025-26 is £46.275m.

4. Due to forecast overall expenditure of £69.772m (including Place Funding), the forecast outturn position for the High Needs Block is an in-year deficit of £23.497m.

Lines 1.2.1 & Line 1.2.2 - Top Up funding – Mainstream Schools

5. On budget lines 1.2.1 and 1.2.2, shown in the Appendix, there is a forecast overspend of £11.165m.

Top Up funding - Mainstream Schools

6. Within this £11.165m forecast overspend, an overspend of £6.286m relates to the top-up funding paid to mainstream schools. Continuing on from the 2024-25 financial year, there has been a large increase in top-up funding to mainstream schools reflecting increasing requests for EHC Needs Assessment and issuing of EHC plans.

7. It is important to note that the top-up funding to SEND hubs attached to mainstream settings is coded to this budget so some of the increase will relate to an increase in capacity in SEND hubs.

Lines 1.2.1 & Line 1.2.2 - Top Up funding – Special Schools

8. There is a £4.879m overspend on top-up funding to special schools.

9. Total expenditure on top-up funding to special schools has increased significantly since 2024-25, due to changes to top-up funding levels payable to 2 Shropshire special schools as reported to Schools Forum in the June 2024 meeting.

10. This review of, and subsequent increase in, banding levels across the Council's special schools aligns with the strategy to build capacity in these settings where appropriate and significantly reduce the numbers of pupils placed in independent special school settings.

11. Another explanation for the increase in expenditure in this budget line is the full-year effect of an increase in numbers at Keystone Special School, to 120 pupils since September 2024.

12. These increases in top-up funding have resulted in forecast expenditure of £12.556m in relation to top-up funding to state-funded, special schools. This represents an increase of £1.446m compared to the 2024-25 financial year or 13%. This increase in expenditure aligns with the strategy to appropriately fund the Council's special schools. However, work now remains to realise the financial benefits to the DSG High Needs Block by being able to transfer pupils from independent special schools to our state funded special schools, from special schools to SEND Hubs and Hubs to mainstream schools. This is a complicated process that involves the view of parent carers, pupils, schools and the Local Authority but does provide the opportunity to deliver a more sustainable financial position for the DSG overall.

Line 1.2.2 - Post 16 Further Education Colleges

13. There is a budget of £1.859m allocated for Post 16 funding at further education colleges and sixth form colleges. The 2025-26 forecast outturn position is an overspend of £0.915m.

14. For 2025-26, there is a forecast increase in expenditure of £1.157m compared to 2024-25 outturn. This large, 72% increase is due to a combination of factors. Firstly, a few 2024-25 financial year invoices have been accounted for in 2025-26 as no accrual was processed for them in 2024-25. This had had the impact of lowering the 2024-25 expenditure level and increasing the 2025-26 expenditure figure. Secondly, there are 2 relatively new high cost placements at an Independent Special Post 16 provider in 2025-26. This accounts for an increase of £0.338m.

15. It is important to note that Shropshire has seen particularly significant growth in recent years in terms of the number of post 16 EHC Plans.

16. There continues to be a higher proportion of post 16 pupils attending Independent Special Schools or independent alternative providers and the expenditure for these young people is showing in the budget area relating to independent providers instead.

Lines 1.2.3 - Top Up funding - Non-Maintained and Independent Providers

17. The 2025-26 budget of £14.589m for Independent Providers has been increased by £2.287m compared to the 2024-25 budget level of £12.302m. The increase in budget reflects that Shropshire experienced a significant increase in expenditure in this budget area in 2022-23, 2023-24 and 2024-25, highlighted by actual expenditure totalling £18.259m in 2024-25. Increasing the budget to £14.589m, while increasing the budget by £2.287m still results in a budget that is £3.670m less than last year’s outturn figure. This emphasises the need to bring down expenditure in this area and not only reduce the increase in expenditure.

18. Expenditure for 2025-26 is forecast to be 29% higher than 2024-25 levels at £23.810m, resulting in a forecast overspend of £9.221m.

19. There are several explanations for this large budget pressure in 2025-26. Firstly, the Council has continued to experience a sharp increase in demand year on year for Independent Special School placements as evidenced by the number of new placements. There also continues to be a more frequent use of independent alternative providers, particularly in relation to children who are post 16. This trend has continued in 2025-26.

20. Section 39 of the Children’s and Families Act places a legal requirement on local authorities to consult on independent schools where parents request this as part of a child’s EHC needs assessment. This can be subsequently further complicated by the tribunals process which supports this right.

21. New fixed-term EHCP case officers employed from September are specifically attached to support the transition of pupils from independent special schools at end of key stage transition points.

22. The £23.810m forecast spend represents a 29% increase in expenditure on Independent Special School placements relative to the 2024-25 financial year. This indicates that increasing funding to Council’s special schools and SEND hubs has helped to decrease the acceleration of expenditure in this area where expenditure increased by 64% in 2023-24 and by 31% in 2024-25.

23. The Council has established a SEND Commissioning and Procurement Panel to review requests and make decisions on high needs funding for Independent Special Schools and Mainstream Special Schools. The panel also acts as a forum to ratify and respond to fee up-lifts from all settings in conjunction with and accounting for decisions made at the West Midlands Price Review Panel on behalf of the 14 local authorities including Shropshire.

Lines 1.2.5 – SEN Support Services

24. There is a forecast overspend of £1.569m against the SEN Support Service budget of £1.947m. Similarly to 2022-23, 2023-24 and 2024-25, the overspend in 2025-26 relates to staffing where additional staff have been employed, sometimes as agency workers to support the wider increase in demand. Some of these employees are working with the Educational Psychology Service to address increasing demand. There has also been an increase in the use of external Speech and Language Therapists since 2024-25.

Overall position

25. The Council’s DSG financial position of a cumulative deficit of £41.019m as at the end of the 2025-26 financial year reflects a continuing pressure on the total High Needs budget as expenditure continues to increase sharply year on year. This increase has been particularly pronounced over the last 3 financial years; 2023-24, 2024-25 and now 2025-26.

26. As it stands, there is a DSG Deficit statutory override in place. The government announced in June that it has extended the statutory override to keep councils’ spending deficits for special

educational needs and disabilities (SEND) off their books for another two years until March 2028.

27. Council Officers met with representatives of the Department for Education (DfE) on 7th July to focus on addressing the DSG deficit. This meeting focused on progress with the DSG management plan. DfE Officers confirmed that the forecast DSG funding income assumptions that were forecast for 2026-27 and beyond were the correct approach and therefore no increase in funding beyond that level is expected. They also confirmed that the mitigations proposed on the expenditure side including increased capacity in Resourced or SEN Units, a reduction in Independent Special School placement numbers, full occupancy at Council Special Schools, and a planned reduction in Permanent Exclusions were the sorts of areas that we should be addressing and that they would continue to work alongside the Council to review the plan going forward. The internal review and monitoring of this DSG management plan can form part of the work that the new High Needs Block monitoring group will undertake.

APPENDIX

CENTRALLY RETAINED DEDICATED SCHOOLS GRANT FUNDING PERIOD (2025-26)

		2025-26 Budget £	2025-26 Spend £	2025-26 Variance £
	DEDELEGATED ITEMS			
1.1.1	Contingencies	-	-	-
1.1.2	Behaviour Support Services	-		-
1.1.3	Support to UPEG and bilingual learners	-		-
1.1.4	Free school meals eligibility	-		-
1.1.5	Insurance	-		-
1.1.6	Museum and Library Services	-		-
1.1.7	Licences/subscriptions	-		-
1.1.8	Staff costs Maternity supply cover	424,970	360,229	- 64,741
1.1.9	Staff costs Trade Union Duties	27,980	24,484	- 3,496
1.1.10	School Improvement	113,030	113,030	-
	DEDELEGATED ITEMS SUB TOTAL	**565,980**	**497,743**	**- 68,237**
	CENTRALLY CONTROLLED EARLY YEARS BUDGET			
1.3.1	Central Expenditure on Children under 5	529,500	526,466	- 3,034
1.0.1	Individual Schools Budget - Early Years PVI's and Maintained Nursery Provision	42,507,940	42,507,940	-
	CENTRALLY CONTROLLED EARLY YEARS SUB TOTAL	**43,037,440**	**43,034,406**	**- 3,034**
	CENTRALLY CONTROLLED HIGH NEEDS BUDGET			
1.2.1	Top Up funding - Maintained Providers	4,287,580	4,618,192	330,612
1.2.2	Top Up funding - Academies, Free Schools and Colleges - Excluding FE College Placements	11,186,180	22,020,125	10,833,945
1.2.2	Top Up funding - Academies, Free Schools and Colleges - FE College Placements	1,859,300	2,774,394	915,094
1.2.3	Top Up funding - Non-Maintained and Independent Providers	14,588,600	23,809,531	9,220,931
1.2.4	Additional High Needs Targeted Funding for Maintained Schools and Academies	400,000	948,909	548,909
1.2.5	SEN Support Services	1,947,250	3,516,284	1,569,034
1.2.6	Hospital Education Services	170,190	144,207	- 25,983
1.2.7	Other Alternative Provision Services	153,500	196,977	43,477
1.2.8	Support for Inclusion	862,020	922,543	60,523
1.2.9	Special Schools and PRUs in Financial Difficulty	-		-
1.2.10	PFI / BSF Costs at Special Schools and AP / PRUs	-		-
1.2.11	Direct Payments (SEN and Disability)	-		-
1.2.12	Carbon Reduction Commitment Allowances (PRUs)	-		-
	CENTRALLY CONTROLLED HIGH NEEDS BUDGET SUB TOTAL	**35,454,620**	**58,951,161**	**23,496,541**
	CENTRAL SCHOOL SERVICES BLOCK			
1.4.1	Contribution to combined budgets	-		-
1.4.2	Schools Admissions	322,150	352,654	30,504
1.4.3	Servicing of Schools Forums	10,000	8,000	- 2,000
1.4.4	Termination of employment costs	756,330	756,330	-
1.4.5	Falling Rolls Fund	-		-
1.4.6	Capital Expenditure from Revenue (CERA)	-		-
1.4.7	Prudential Borrowing Costs	295,350	295,350	-
1.4.8	Fees to independent schools without SEN			-
1.4.9	Equal Pay - Back Pay			-
1.4.10	Pupil growth / Infant Class sizes			-
1.4.11	SEN Transport			-
1.4.12	Exceptions agreed by Secretary of State (Deficit)			-
1.4.13	Other Items (Copyright Licensing Agency fee)	317,980	317,980	-
1.5.	Ongoing duties	866,200	866,200	-
	CENTRAL SCHOOL SERVICES BLOCK BUDGET SUB TOTAL	**2,568,010**	**2,591,792**	**28,504**
	TOTAL CENTRAL DSG	**81,626,050**	**100,948,922**	**23,453,774**
	SCHOOLS BLOCK GROWTH FUNDING (PART OF ISB)	381,130	381,130	-
	TOTAL CENTRAL DSG + SCHOOLS BLOCK GROWTH FUNDING	**82,007,180**	**101,330,052**	**23,453,774**

	£
DSG DEFICIT CARRIED FORWARD FROM PREVIOUS YEARS	**17,638,514**
2024-25 EARLY YEARS DSG ADJUSTMENT	- 72,900
REVISED DSG DEFICIT CARRIED FORWARD FROM 2024-25	**17,565,614**
2025-26 IN YEAR DEFICIT	23,453,774
CUMULATIVE CENTRAL DSG DEFICIT	**41,019,389**

High Needs Budget - Place Funding	
Post 16 FE Colleges	980,000
Pre and Post 16 SEN Places - Special Academies	5,061,670
Pre-16 Special Free Schools	1,200,000
Pre and Post 16 SEN Places - Resourced Provisions	787,000
Total deduction to 2024-25 High Needs Block for direct funding of places by ESFA	**8,028,670**
TMBSS	1,560,000
Maintained School SEND Hubs	360,000
Additional Commissioned Place Funding at Special Academies	62,500
Additional Commissioned Place Funding at SEND Hub Academies	309,850
Teachers Pay/Pension for Special Academies	499,620
Total deduction to 2024-25 High Needs Block for central funding of places	**2,791,970**
HIGH NEEDS BUDGET - Place Funding	**10,820,640**

Early Years Block		43,037,442
High Needs Block		45,799,665
0.5% Transfer from Schools Block		475,600
CSSB		2,568,006
Schools Block less 0.5% transfer from Schools Block		223,685,099
TOTAL DSG Allocation (Updated July 2025)		**315,565,812**

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