REPORT FOR SCHOOLS FORUM

1.	**Date of meeting:**	**18th September 2025**
2.	**Title:**	**DfE Consultation: Upfront funding for mainstream schools – creating a 'local SEND inclusion formula'**
3.	**Directorate:**	**Corporate Services**

1. PURPOSE OF REPORT

1.1 To inform Schools Forum of the Department for Education's (DfE) consultation 'Upfront funding for mainstream schools: creating a 'local SEND inclusion formula'', which proposes enabling local authorities to voluntarily transfer funding from the High Needs Block (HNB) to the Schools Block (SB), to increase the level of SEND funding mainstream schools receive upfront in their core budgets.

1.2 To seek Schools Forum's views of Rotherham's response to this consultation, having regard to the Council's current High Needs Block financial position, as set out in section 5 of this report

2. RECOMMENDATION(S)

2.1 That Schools Forum notes the content of the DfE consultation 'Upfront funding for mainstream schools: creating a 'local SEND inclusion formula'', which closes on 18 September 2026.

2.2 That Schools Forum notes Rotherham's position not to submit an expression of interest to participate in the first phase of this approach for the 2027/28 financial year, for the reasons set out in section 6 of this report.

3. BACKGROUND / CONTEXT

3.1 The consultation was published by the DfE on 10 July 2026 and follows the wider 'SEND reform: putting children and young people first' consultation and the Schools White Paper, Every Child Achieving and Thriving, published on 23 February 2026. Both set out a longer-term ambition to rebalance high needs funding into mainstream schools' core budgets, to support earlier and more proactive intervention ahead of any statutory reform, which is not expected before September 2029.

3.2 Mainstream schools are currently expected to meet the first £6,000 of SEND support costs per pupil per year from their core budget, before applying to the local authority for High Needs 'top-up' funding. This threshold has been unchanged in cash terms since 2013. The DfE's stated view is that this has driven growing reliance on top-up funding, more assessment-led processes, and delay in support reaching children.

3.3 This report asks Schools Forum to consider the proposal in the context of Rotherham's own High Needs Block position and to note the Council's response and position not to support participation in the first phase of this implementation.

4. ROTHERHAM'S FINANCIAL CONTEXT

4.1 The context for implementing this proposal is one of increasing SEND demand and financial pressures – a recurring theme over the past few years and is anticipated would continue over the medium term. The DSG reserve (mainly driven by the high needs budget) is forecast to reach a cumulative deficit of £9.3m by the end of 2026/27, rising to £19.9m by March 2028 when the statutory override is due to end.

4.2 The increasing number of (as well as cost of supporting) pupils with EHCPs in mainstream schools and requiring specialist support in special and independent schools continue to exert pressures on the high needs budget. This is in addition to a challenging economic landscape of rising inflationary cost pressures.

5. SUMMARY OF THE DfE PROPOSAL

5.1 The DfE's proposal forms part of its wider SEND reform programme and is intended to begin rebalancing SEND funding so that a greater proportion is allocated directly to mainstream schools through their core budgets, rather than being accessed through individual high needs funding applications.

5.2 The DfE's stated objective is to enable schools to identify and support pupils' needs earlier, reduce reliance on statutory assessment and top-up funding processes, and provide schools with greater certainty and flexibility to plan inclusive provision. The proposal is intended to support a more proactive and responsive approach to SEND support, reduce administrative burdens associated with funding applications, and allow schools to invest in both individual and cohort-based interventions before needs escalate.

5.3 The 2027/28 arrangements are proposed as a voluntary 'test and learn' phase to help the DfE and local authorities understand how funding can be rebalanced effectively ahead of any wider statutory reforms expected from 2029. The key features of the proposal are summarised below.

- Participating authorities would consult Schools Forum on: the proposed new SEND cost threshold (replacing the current £6,000); the total funding to be transferred from the HNB to the SB; and how that funding would be distributed to schools.
- Funding would be distributed through a new, locally designed 'local SEND inclusion factor', on top of the existing schools funding formula, using proxy factors already permitted in the National Funding Formula (e.g. deprivation, low prior attainment, EAL, mobility) rather than being linked to individual EHCPs or assessed need.
- The Council would retain its statutory duty under Section 42 of the Children and Families Act 2014 to secure the provision specified in EHC plans and would need to satisfy DfE that funding transferred is adequate for schools' increased responsibilities.
- Authorities would require DfE approval to vary the threshold and would report the transfer through the Authority Proforma Tool (APT); some discretionary High Needs funding could be retained to manage schools with disproportionately high EHCP numbers.
- The DfE has stated that, in this context, it would not expect a participating authority also to propose a transfer of funding back from the Schools Block to the High Needs Block – participation is, in practice, a one-way commitment of HNB funding into schools' core budgets, reapplied for annually until any statutory reform takes effect

6. ROTHERHAM'S CONCERNS WITH THE PROPOSAL

6.1 The following are the key concerns with the proposal to voluntarily transfer funding from the high needs block to mainstream schools for SEND inclusion

Does not address underlying SEND demand pressures

6.2 The proposal redistributes a fixed pot of existing high needs funding more broadly across mainstream schools; it brings no new money into the system and does not change the trajectory of EHCP growth projections for Rotherham. Rotherham's EHCP requests have doubled since 2021/22 and the Council's own forecasting indicates this growth will continue over the medium term.

6.3 Transferring a proportion of high needs funding to mainstream schools, allocated by national proxy factors rather than assessed need, risks reducing the resources available to meet the top-up and specialist placement costs that are the actual drivers of the Council's High Needs deficit, regardless of where the £6,000 threshold is set.

Statutory accountability and responsibility remain with the Council

6.4 Under Section 42 of the Children and Families Act 2014, the Council retains the legal duty to secure the special educational provision set out in every EHC plan, irrespective of the proportion of High Needs funding transferred into schools' core budgets. The consultation document confirms this legal duty is unaffected by the transfer of funding.

6.5 The Council would therefore be taking on the financial and operational risk of a funding transfer, at a time when its high needs / SEND budget is faced with increasing financial deficits, whilst still retaining full statutory and operational accountability for SEND outcomes.

No accountability by schools for how funding is used

6.6 Beyond the general requirement to publish an annual inclusion strategy, there is no mechanism in the proposal that ties this funding to demonstrable SEND outcomes, nor any sanction if a school's use of the funding does not match the needs it was calculated against.

Funding is not directly linked to EHCP pupils in schools

6.7 The funding would be allocated to schools, via a proposed local SEND inclusion factor as a non-ringfenced, formula-based allocation, not linked to individual pupils, assessed need, or the provision specified in a Section F. This stands in direct contrast to Rotherham's existing EHCP top-up model, which is deliberately needs-led and tied to the specific, quantified provision set out in Section F of the EHC plan.

Risk that funding is used to manage wider school budget pressures

6.8 Rotherham's schools are facing rising staff related and inflationary costs (in spite of further government grant funding) – with schools having to use carry forward balances to mitigate some of these pressures. Since funding transferred under this proposal would be allocated to schools as core funding rather than ring-fenced SEND grant, schools could use it to balance their overall budget rather than to fund additional SEND support.

6.9 The consultation proposes no mechanism to prevent this or to track the use of this funding by mainstream schools.

7. CONCLUSION

7.1 Rotherham's High Needs Block already carries a significant and growing deficit. The Council's statutory duties in respect of SEND provision are unaffected by where funding sits.

7.2 The Council's view is that this proposal would transfer funding to schools from the high needs budget, without reducing the Council's underlying exposure, without any mechanism to hold schools accountable for the funding's use, and with a material risk that it is absorbed into wider school budget pressures rather than SEND support.

7.3 Participation would also be difficult to reverse once agreed, as DfE would not expect an authority to subsequently transfer funding back from the Schools Block to the High Needs Block

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