Agenda

South Gloucestershire Council

Schools Forum

Date: Thursday 15 January 2026

Time: 4.30pm

Location: Leaf HQ, Cadbury Heath Primary School, BS30 8GB.

Chair: Pippa Osborne

Members of the Committee

Pippa Osborne (Chair)
Julia Anwar
Dave Farr
Nicky Edwards
Paul Evry
Dave Farr
Kim Garland
Florence Hiatt
Aaron Jefferies
David Jenkins
Nicola Jones
Jonathan Keohane
Ruth Laing
Louise Leader
Tania Craig (Deputy Chair)
Ross Newman
Elly Owen
Will Roberts
Fr. Malcolm Strange
Andy Watson
Susie Weaver
David Williams
Sue Wright

Appropriate Officers attending:
Mustafa Salih
Hilary Smith
Caroline Warren
Jo Briscombe
Michelle Palmer
Deb Luter

Councillors attending:
Ian Boulton

Others: Madeleine Roberts, Director of Finance, Enable Trust, Substitute Special Academy Member

Chris Sivers, Executive Director for the Department for People, Badminton Road Offices, Yate, South Gloucestershire, BS37 5AF

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Agenda

1. Welcome and introductions

2. Apologies for absence (Pippa Osborne)

3. Declarations of interest (Pippa Osborne)

4. Any other items the chair decides are urgent (Pippa Osborne)

5. MINUTES FROM 04th DECEMBER 2025 MEETING (Pippa Osborne)

6. Q2 financial monitoring report 2025 - 2026 (report – information) (Caroline Warren)

7. Schools in financial difficulty update (report) (Deb Luter)

8. Early years funding 2026 – 2027 (report) (Jo Briscombe)

9. Setting the school budget 2026 – 2027 (including proposal of £2.2m block transfer) (Consultation report) (Mustafa Salih)

10. Current la plans for commissioned specialist places 2025 – 2026 and future years (Update – slides, information only) (Hilary Smith)

11. Schools Forum forward plan

12. Any other business

South Gloucestershire Schools Forum

Minutes of Meeting held on 04 December 2025

Location: Teams

Chair: Pippa Osborne

Forum Members

Pippa Osborne (Chair)	Headteacher Christ Church Junior School
Tania Craig (Deputy Chair)	Executive Head Teacher, New Horizons Learning Centre
Julia Anwar	Head of Business Operations, Olympus Academy Trust
Nicky Edwards	Early Years representative
Dave Farr	Finance Manager, Leaf Trust
Kim Garland	Headteacher, Brimsham Green Secondary School
Florence Hiatt	Head of Additional Learning Support, SGSC
Jonathan Keohane	Headteacher Callicroft Primary School/Olympus School
Louise Leader	Headteacher, Pathways Learning Centre
Ross Newman	CEO of the Leaf Trust representing Academies
Will Roberts	Chief Executive, CSET
Fr. Malcolm Strange	Rector of The Fromeside Benefice
Andy Watson	Chair of Governors, Hanham Primary Federation
Susie Weaver	Executive Director, Cabot Learning Federation
David Williams	Diocese of Gloucester
Sue Wright	Finance Director CSET

Executive Councillors:

Ian Boulton, Cabinet Member - Schools, Skills, Employment and Business

Officers:

Mustafa Salih, Service Director Resources and Business
Caroline Warren, Finance Business Partner
Deb Luter, Senior Accountant - People (Children)
Jo Briscombe, Strategic Lead School Support & Early Years
Claire Paines, Schools Finance Officer
Michelle Palmer, Accountant - People (Children)

Others: Madeleine Roberts, Director of Finance, Enable Trust (replacing Tamsin Moreton, who was the substitute special academy member)

Apologies for absence

Ian Boulton, Chris Sivers, Paul Evry, Ruth Laing, David Jenkins, Andy Watson, Michelle Trigg

1. **Declarations of Interest –** None

2. **Any Other Items the Chair decides are urgent – One item.**

   Roundtable Invitation
   Pippa Osborne shared an invitation from Daniel Wood for a roundtable discussion on 12 December at Badminton Road. The event will focus on research into barriers faced by LGBTQ+ communities and will include MPs, Councillors, directors of social care, police, and health representatives. Education representation is requested; members were asked to confirm availability.

   We'll follow up with an e-mail round to everyone as well, because it'd be really good to get education voice there too. And I'm just sorry that neither Tanya nor I could do it on this occasion.

3. **Minutes of last meeting – 06th November 2025**

   Minutes recorded as a true record.

4. **Schools Funding Update** (**Presenter:** Mustafa Salih)

   The Institute for Fiscal Studies, using the OBR budget report, highlights a challenging national outlook for SEND funding. Spending has risen from £7.8 billion in 2015–16 to £13.1 billion in 2024–25, yet funding has not kept pace. Forecasts indicate that by 2028–29, annual SEND expenditure will exceed planned funding by approximately £6 billion. The government has announced that from 2028–29, local authorities will no longer be responsible for SEND deficits, but details remain unclear—particularly regarding historic deficits.

   Locally, we have implemented a comprehensive transformation programme in partnership with the Pines Working Group. Key actions include signing a £25.5 million safety valve agreement with the DfE, creating 152 additional SEND places (with 158 more planned), and transferring £2.2 million annually from the schools block to support clusters, early years, and transition funding. These measures have delivered significant improvements: aligning EHCP rates with the national average, maintaining strong performance on assessment timeliness, and achieving annual savings of over £10 million.

   Further progress includes a new banding system, expanded resource bases, enhanced inclusion and transition support, an online Section 19 offer, EHCP reviews, and an AP framework. Parent satisfaction and EHCP quality have improved, exclusions have reduced, and a new home-school transfer policy is in place.

   Looking ahead, provisional figures for 2026–27 indicate a 2.17% per-pupil funding increase compared to 2025–26, equating to approximately £3 million for school budgets after the £2.2 million transfer. Minimum per-pupil funding will rise to £5,115 for primary and £6,640 for secondary schools. Free school meals will also extend to all children in households on Universal Credit from September 2026. A detailed DSG report, including school-level modelling, will be presented at the January meeting.

Julia Anwar - **That was very informative. If the government covers the SEND deficit, do you anticipate South Gloucestershire could maintain a balanced DSG for the schools block?**

Mustafa - I'd like to agree, but we need clarity on how this will be implemented. At this stage, we're speculating. It's unlikely the DfE will eliminate all local authority deficits, as that could reduce incentives to maintain current progress, such as the £10 million savings we've achieved. However, they may need to acknowledge that historic deficits are too significant for authorities to fully recover. Without further details, it's difficult to provide a definitive view.

The initial safety valve agreement was for £25 million. Most of this funding has already been received.

Outstanding payments

- **Current year**: £2 million is due, and the first payment has already been received.
- **Next year**: £3 million is scheduled for payment.
- **End of agreement**: After the next year's payment, the safety valve funding will be fully allocated.

5. **DSG Quarter 1 Report** (**Presenter:** Caroline Warren)

This report provides an overview of the Dedicated Schools Grant (DSG) position for the current financial year. Please note that the figures reflect the Cabinet report and do not include subsequent updates.

The net DSG budget for 2024–25 is **£174.863 million** after academy recoupment and other adjustments. As of Quarter 1, the cumulative overspend stands at **£57.461 million**, comprising an in-year overspend of **£20.546 million**, a brought-forward deficit of **£38.915 million**, and offset by **£2 million** safety valve income. The gross funding announcement as of December 2024 was **£337.368 million**, with deductions for academy recoupment applied.

The DSG comprises four blocks: Schools, Central School Services, High Needs, and Early Years. Current forecasts show:

- **Schools Block**: Break-even
- **Central School Services Block**: £11,000 underspend (due to lower copyright licence costs)
- **Early Years Block**: Break-even
- **High Needs Block**: £20.557 million overspend (before applying safety valve income and minor offsets)

This overspend exceeds the latest safety valve target by **£12.108 million**, driven by higher-than-anticipated demand and costs. Key factors include:

- **EHCPs**: 333 more than forecast
- **Special School Places**: Increased by 55, above projections
- Continued reliance on independent placements despite planned local provision

Table 3 in the report details forecast demand and costs compared to previous years. While the safety valve agreement provides some mitigation, national SEND pressures persist. Further reforms are expected following the release of the government's White Paper. In the meantime, efforts continue to reduce costs through measures such as expanding local SEND provision and reviewing AP services.

6. Financial Support for Schools (**Presenter:** Deb Luter)

Revised budget submissions for maintained schools were due on 30 November, leaving limited time for a full report. Current projections show 28 schools are expected to end 2025–26 in deficit, unchanged from initial forecasts and only three more than last year. This contrasts with previous years, where revised budgets typically revealed sharp increases in deficits, suggesting a possible plateau and potential improvement.

Many schools have strengthened their financial position, with only six showing a decline across all three years. Improved forward planning, considering both academic and financial years, has helped maintain or enhance positions at revision.

We are working with 6–10 schools on potential planned reductions, a process that can take up to two years, targeting September 2027 and 2028. Since taking up post, 18 schools have received SRMA visits, including 12 this financial year. One school has submitted a recovery plan; ten have received reports and feedback, and one more is scheduled next week. Each SRMA visit provides costed recommendations and an opportunity for schools to respond before final reports are quality assured by the DfE.

Of six schools visited prior to this year, three have submitted recovery plans showing financial stability within three to six years. While regulations require recovery within three years, the local authority may extend licensed deficits where necessary. The remaining three schools are pursuing planned reductions, which lengthens recovery timelines.

Notably, 21 schools have improved their position across all three years, and six with declining positions still hold cumulative surpluses. In-year performance also shows progress: schools with an in-year surplus rose from five at budget setting to 12 at revision, alongside a moderate reduction in in-year deficits.

A full report will be presented at the January meeting.

7. Discussion: £2.2m Block Transfer

Members debated whether to continue the transfer to High Needs Block. Key points:

- Transfer supports cluster funding and SEND initiatives, which have improved outcomes and were recognised in recent inspections.
- Concerns raised about impact on school budgets and whether partial transfer could be considered.

Action: Provide detailed breakdown of £2.2m spend and cluster impact for January meeting.

Nicky Edwards - Given the potential for a future write-off, is the £2.2million transfer still critical? Should we maintain it this year for immediate school impact, or reconsider? What would be the implications for the safety valve agreement if the Forum rejected the transfer?

Mustafa Salih - The £2.2 million transfer is integral to our safety valve agreement with the DfE; removing it could jeopardize future payments. This investment, alongside other measures, has helped reduce expenditure by £10 million, a significant impact given the scale of demand and limited funding. Discontinuing the transfer would risk losing essential support for clusters, HRG, and early years SEND provision, which directly benefits schools and pupils.

Hilary Smith - The inspection confirmed our self-assessment and acknowledged the significant improvements achieved. A key driver of this progress has been the work delivered through the clusters, made possible by the £2.2 million allocation. While some schools may prefer retaining these funds within their own budgets, those engaging with the clusters have seen substantial benefits. Most importantly, this investment has improved outcomes for children and young people. Sustaining initiatives like the Cluster Fund is critical; losing them would represent a major setback for the local area and its pupils.

Will Roberts - It is encouraging to see progress despite significant challenges. The £10 million savings and improved financial positions in some schools are notable achievements. However, I have two key points for consideration:

1. **Nature of Improvements**: Are these improvements the result of supportive financial scrutiny enabling schools to make reasonable changes, or are they driven by difficult decisions schools would prefer not to make?
2. **Funding Transfer Debate**: The proposed transfer warrants thorough discussion. Both sides of the argument have merit, and the impact varies between maintained schools and academies. For example, trusts often mitigate deficits through pooled resources, whereas standalone schools may rely more heavily on cluster funding. While our schools benefit from cluster support, we also have unfunded projects that could strengthen inclusion and reduce reliance on specialist placements.

Finally, we should explore ways to accelerate delivery of additional places. Current processes can be slow, and greater flexibility could help reduce financial pressures and meet educational needs more effectively.

Hilary Smith - That's an important point. We need to identify the barriers preventing delivery and determine how to accelerate implementation, as timely progress is essential. I'm fully committed to addressing this as the person accountable for delivering these improvements.

Will Roberts – Happy to feedback separately with Hilary.

Deb Luter - The improved financial stability observed this year likely reflects a combination of factors. Schools are undoubtedly making difficult decisions, but those that have undergone SRMA visits report significant benefits from the process. For example, many were surprised to find their teacher contact ratios far outside recommended thresholds. Receiving clear, costed recommendations, such as adjusting PPA allocations or using HLTA cover instead of supply teachers, has been invaluable.

Additionally, schools are becoming more proactive in financial planning, assessing the impact of changes before implementation rather than reacting to unexpected costs. Governors are also playing a stronger role, increasingly engaging with finance training and acting as effective critical friends to leadership teams.

Tania Craig - While the SRMA review was helpful, some recommendations highlight the limited impact of minor savings. For example, revisiting telephony contracts saved £800 but required significant administrative effort and ultimately represents only a small reduction in overall costs. This illustrates a broader challenge: even after implementing all suggested efficiencies, the financial gap remains substantial.

Pippa - **Action for all members, including those absent, to engage with colleagues they represent and gather broader input for the next meeting. This will help ensure informed feedback and voting**.

Nicky Edwards – **Action. Can we have the early years expenditure detailed enough so we can see the value of that too?**

Mustafa – Yes, that will be included too.

Hilary is correct that maintaining clusters and HRG is important, as their benefits are clear. My understanding is that approximately £1 million of the £2.2 million funds clusters. It would be helpful to have a detailed breakdown of how the £2.2 million is allocated for our next discussion. While we only make recommendations and Cabinet makes the final decision, we may consider proposing an alternative approach—such as supporting £1 million for clusters rather than the full £2.2 million. This is not prescriptive but would provide clarity.

Given that efficiencies in many schools have already been implemented and cumulative surpluses across the LA have nearly halved over the past two to three years, timely discussion is critical.

Tanya Craig - Could the forum be provided with a detailed breakdown of cluster expenditure? An annual report likely exists, and sharing this information would help members understand the scope of cluster activities, particularly for those unfamiliar with other clusters.

Pippa - This may be better addressed within the high needs working group themes, as it requires a more detailed review. Given the time needed for discussion at the next meeting, we should focus here on the overall £2.2 million breakdown and examine cluster expenditure within the working group to allow thorough consideration of both.

Susie Weaver - That's a strong suggestion, Pippa. I'll share the briefing note which outlines next steps for reviewing KPIs and impact measures. I'll update it to provide a more detailed breakdown of cluster expenditure.

8. **Free Breakfast Club Rollout - Update** (**Presenter:** Jo Briscombe)

Background
The Department for Education (DfE) initially planned a full national rollout of free breakfast clubs in 2025 but has moved to a phased approach. The offer provides a minimum of 30 minutes of free breakfast, including food, for all pupils. No formal financial evaluation has been published; only operational case studies and forums are available.

Local Experience
Two early-adopter schools in South Gloucestershire participated. Key points:

- **Funding Model**: Paid in arrears, restricted to primary pupils (nursery excluded). Includes a lump sum for administration/staffing and a one-off setup grant.
- **Attendance-Based Payments**: Funding depends on actual attendance recorded via census, creating challenges where bookings exceed attendance.
    - Example: One school staffed for 90 pupils but only half attended, resulting in a £3,000 loss in wrap-around care income over two terms.
- **Delays in Payments**: Reported by both schools.
- **Financial Viability**: Both schools indicated the scheme would not be viable without setup funding.

Impact
- Attendance increases have been modest (e.g., one school saw an average rise of 20 pupils per day).
- Current costs suggest near break-even or slight offset against lost wrap-around income.
- Positive social benefits noted, particularly for pupils who would not normally attend.

Next Steps (DfE)

- Target schools with **40%+ FSM eligibility**.
- Offer **£1,000 startup grant**.
- Revise funding to **£25 per day plus £1 per pupil** (higher rates for special/AP schools).
- Previous cost calculation details have been removed from DfE's website, raising ongoing concerns about cost-effectiveness.

10. SEND Transformation Programme (**Presenter:** Mustafa Salih)

The Council's medium-term financial strategy and organisational design framework address current financial challenges through five transformation boards: **Data and Digital**, **Customer and Community Experience**, **Value for Money**, **Optimising Assets**, and **Prevention and Demand**. The SEND Transformation Programme sits within the Prevention and Demand Board, reporting to the Strategic Leadership Team via the OCPB Prevention and Demand Transformation Board, and works closely with Schools Forum and the High Needs Working Group.

This structure integrates existing SEND transformation work into the Council's governance model, enabling stronger collaboration with public health and children's social care colleagues. These connections support more effective delivery of shared priorities and ensure alignment with the Council's overarching transformation objectives.

Hilary Smith - At the governance level, our aim is to optimise collaboration and align overlapping transformation initiatives, such as the Family First programme, which places significant emphasis on supporting children with special educational needs."

Kim Garland - Were these changes implemented before or after the inspection, and what influence did the inspection outcomes have on them?

Hilary Smith - The changes were initiated prior to the inspection and were based on established priorities. The inspection outcomes have not influenced our approach, as they aligned with our existing plans and revealed no unexpected findings."

11. High Needs Working Group Update (**Presenter:** Susie Weaver)

To provide an overview of discussions and actions from the recent High Needs Working Group meeting.

Key Discussion Areas

1. **Ofsted Inspection Feedback**
    - Reviewed headline findings and implications for SEND provision.
    - Considered areas for development and alignment with existing priorities.

2. **Post-16 Provision**
    - Update on current developments and service specifications.
    - Focus on early intervention and transition support.
3. **School Funding Planning (2026–27)**
    - Initial discussion on funding strategy and potential transfer.
    - Identified data requirements for informed decision-making.
4. **Theme Updates**
    - Progress on early years inclusion, AP framework, and educational psychology service remodelling.
    - Continued emphasis on accurate SEND identification and provision alignment.
5. **Governance and Communication**
    - Agreed need for timely, accessible updates for all governance partners.
    - Exploring mechanisms to ensure parity of information for maintained schools and MAT boards.
6. **Data and Impact Measurement**
    - External support from Malcolm Reeve to improve data quality.
    - Commitment to using KPIs and performance metrics to evidence value for money and child-centred outcomes.
7. **Professional Development**
    - Training priorities aligned with SEND needs and accurate identification.

Next Steps

- Refine governance communication strategy.
- Strengthen KPI reporting and impact evaluation.
- Review cluster expenditure ahead of Schools Forum discussion.
- Share written summary for inclusion in Schools Forum papers.

Pippa - The January meeting will follow a similar agenda, incorporating updated information and formal reports. By the end of the session, Schools Forum will vote on whether to recommend continuing the transfer. While the final decision rests with Cabinet, our discussion must be thorough and informed. The next meeting is scheduled for **15 January** and will be held in person.

Action: The meeting will be held at Cadbury Heath. Ross will provide parking and access details closer to the date. We look forward to meeting in person.

Pippa - Thank you all for your contributions and engagement this evening. Wishing you a restful holiday season and quality time with your families."

Meeting closed

South Gloucestershire Council

Schools Forum

15 January 2026

Dedicated Schools Grant 2025/26 Quarter 2

Purpose of Report

1. To update Schools Forum on the Dedicated Schools Grant and Safety Valve position as at Quarter 2 2025/26.

Dedicated Schools Grant (DSG) Funded budgets

2. The net DSG budget (as at July 2025) excluding academies and High Needs recoupment, is £174,462k. The DSG is forecasting an outturn overspend position of £57,132k, an improvement of £329k since Quarter 1. This arises from a forecast in-year overspend of £18,217k, a forecast Safety Valve payment relating to the DSG recovery plan (£2,000k) and a brought forward deficit balance of £38,915k.

3. Details of the DSG funding announcement including adjustments for Academy Conversions (Recoupment), High Needs and Early Years Block Adjustments are provided in table 1 below.

<u>Table 1 – DSG Funding Announcement</u>

DSG Budget	Net £'000
Revised Allocation (March 2025)	**174,863**
Adjustments and Recoupment	
• High Needs Block – Import / Export Adjustments	-270
• High Needs Block – Special Free Schools	460
• High Needs Block – Academy Conversion PLC	-1,142
• Early Years Block – updated January 2025 Census	551
Total Revised DSG (July 2025)	**174,462**

4. The Dedicated Schools Grant (DSG) is divided into four funding blocks: Schools Block, Central Schools Services Block, High Needs Block, and Early Years Block.
5. The forecast under / over spend position for each funding block is provided in table 2 below (see column highlighted green) and the key changes and risks in the subsequent paragraphs.

Table 2 – Funding position by Blocks

Funding by Blocks	Gross Budget	EFA / Other Income Budget	Budget Reserve (Usuable Approved Q1)	Net Budget (DSG)	Gross Exp	EFA / Other Income	Q2 Unusable Reserve (In Year DSG)	Net Exp	Over / (Under)
	£’000s	£’000s	£’000s	£’000s	£’000s	£’000s	£’000s	£’000s	£’000s
Schools Block:									
Total Schools Block - Primary & Secondary Schools (excluding Academies)	**79,354**	**-8,020**	**0**	**71,334**	**81,187**	**-9,853**	**0**	**71,334**	**0**
Central Schools Services Block:									
Total Central Schools Services Block	**3,677**	**-166**	**11**	**3,522**	**3,651**	**-140**	**11**	**3,522**	**0**
High Needs Block:									
Schools & Independent Providers (including Academies)	**55,399**	**11,804**	**-20,505**	**46,698**	**67,642**	**-762**	**-20,182**	**46,698**	0
Central Items	**2,126**	**-255**	**-52**	**1,819**	**2,184**	**-319**	**-46**	**1,819**	0
Total High Needs Block	**57,525**	**11,549**	**-20,557**	**48,517**	**69,826**	**-1,081**	**-20,228**	**48,517**	**0**
Early Years Block:									
Private, Voluntary & Independent Providers	**49,717**	**0**	**0**	**49,717**	**49,715**	**-30**	**0**	**49,685**	-32
Central Items	**1,596**	**-224**	**0**	**1,372**	**2,151**	**-747**	**0**	**1,404**	32
Total Early Years Block	**51,313**	**-224**	**0**	**51,089**	**51,866**	**-777**	**0**	**51,089**	**0**
Total In-Year DSG & EFA Funding	**191,869**	**3,139**	**-20,546**	**174,462**	**206,530**	**-11,851**	**-20,217**	**174,462**	**0**

Total DSG In Year Overspend	**-20,217**
DSG Deficit Reserve B/F	**-38,915**
DSG Safety Valve Agreement 2025-2026 (DfE Contribution £2,000k)	**2,000**
Total DSG Deficit Reserve	**-57,132**

DSG Reserve:	£’000s
DSG Deficit Reserve B/F from previous years (Unusable Reserve)	**-38,915**
Approved Budget 2025/26	**-6,438**
Request increase draw on DSG Reserve at Quarter 1 (£12,108k)	**-12,108**
Request reduce drawdown on DSG Reserve at Quarter 2 (£329k)	**329**
Total DSG Deficit Reserve (Appendix 7 - Unusable Reserve)	**-57,132**

Schools Block

6. The Schools Block is forecasting a breakeven position for Quarter 2, no change since Quarter 1.

Central Schools Services Block

7. The Central Schools Services Block is forecasting an underspend of £11k for Quarter 2, no change since Quarter 1.

Early Years Block

8. The Early Years Block is forecasting a breakeven position for Quarter 2, no change since Quarter 1.

High Needs Block vs Safety Valve

9. The High Needs Block is forecasting a £20,228k overspend as at Quarter 2 before applying the £2,000k DSG safety valve payment and the underspend being reported within the Central Block (£11k). This represents an increase of £11,779k above the latest safety valve target for 2024/2025, which is an improvement of £329k since Quarter 1. This is primarily due to an updated funding forecast following the annual import/export exercise. The DfE has confirmed that we will receive an additional £390k as a result.

10. As previously reported, the latest Safety Valve model for 2025/26 was developed using November 2023 assumptions, with an inflationary uplift applied for 2025/26 prices. Our plan has since been updated and submitted to the DfE to reflect rising demand and cost pressures on the council in future years. Earlier forecasts anticipated a reduction in EHCPs within Early Years and Primary settings due to the introduction of the Early Years Inclusion Fund, as well as fewer placements in Independent and Non-Maintained schools, OLA Special Schools, and Resource Bases because of increased local provision. However, actual figures show significant variances, as both demand and costs remain challenging for the Local Authority

11. The main pressure areas compared to the approved 2025/26 Safety Valve targets relate to High Needs Support in Primary and Secondary schools (£2,330k), South Gloucestershire Special School Placements (£713k), OLA Special Schools and Resource Base placements (£1,647k), Independent Placements (£4,670k) and Post 16 (£2,972k). These pressures have been partially offset against improvements across South Gloucestershire Resource Bases (£236k) and other high needs related areas including the updated funding forecast (£317k).

12. The key pressures relate to demand and/or price changes as illustrated in Table 3 and detailed below.

13. High Needs Support in Primary and Secondary schools is reporting an additional pressure of £2,330k compared to the Safety Valve, an increase of £506k since Quarter 1. This is due to an increase in demand of 71 Education, Health and Care Plans which has been partially offset by the average weekly price being £5 per week less compared to Quarter 1 and a £230k budget reduction following the latest funding announcement in July 2025.

14. South Gloucestershire Special Schools is showing an additional pressure of £713k, an improvement of £411k since Quarter 1. This is mostly due to an updated funding announcement £460k for Special Free Schools, £70k import / export adjustments and a reduction of 1 placement. The improvements have been partially mitigated due to an increase in the average weekly price of £6 per week.

15. OLA Special Schools and Resource Bases are reporting an additional pressure of £1,647k compared to the safety valve, reflecting a slight improvement of £53k since Quarter 1. While the overspend position has improved marginally, demand has fallen by 12 places mainly due to a number of leavers however, the average weekly cost has increased by £56 per week.

16. Independent and Non-Maintained Special Schools is reporting an additional pressure of £4,670k compared to the safety valve, an increase of £544k since Quarter 1. This is primarily due to an increase in the forecast of current and new placements, which have risen by 9. This increase has been partially offset by a £22 per week reduction in the average weekly cost since Quarter 1.

17. Post 16 Education is showing an additional pressure of £2,972k compared to the safety valve, an improvement of £647k since Quarter 1. This improvement is mainly due to a reduction in the average weekly price of £37, partially offset by a increase in demand of 3 placements since Quarter 1 and a £90k budget reduction following the latest funding announcement in July 2025.

18. The above pressures have been partially mitigated by improvements within other High Needs areas of £553k compared to the Safety Valve, an increase of £267k since Quarter 1. This is due to the additional funding relating to the import / export exercise (£390k) mentioned above (para 9), which has been partially mitigated against additional costs within PLC £113k and other High Needs areas £10k.

19. It should be noted that the Quarter 2 figures include a contingency provision for new placements based on named and unknown placements therefore as the year progresses these will be updated with actuals and reported to Schools Forum.

Table 3 – High Needs Demand and Price

High Needs Pressure areas	Outturn 2022/23	Outturn 2023/24	Outturn 2024/25	Quarter 1 2025/26	Quarter 2 2025/26	
Independent and Non-Maintained Special Schools - Placements No.s	122	130	144	167	176	
Average Weekly Price (38 wks)	£1,614	£1,809	£1,747	£2,022	£2,000	
Statemented Support Provision including SG Pupils in OLA Schools No.	963	1,201	1,431	1,587	1,658	
Average Weekly Price (38 wks)	£269	£236	£228	£213	£208	
Post 16 - FE Independent Specialist Placements	28	37	43	50	48	
Average Weekly Price (38 wks)	£1,302	£1,037	£1,257	£1,431	£1,509	
Post 16 - FE Colleges	295	298	315	311	332	
Average Weekly Price (38 wks)	£184	£198	£163	£220	£182	
Post 16 Alternative Provision	57	143	164	215	199	
Average Weekly Price (38 wks)	£558	£433	£615	£706	£700	
Post 16 - Total Placements	380	478	522	576	579	
Average Weekly Price (38 wks)	£322	£358	£395	£507	£470	
Education other than at School SENHN No.s	13	19	24	20	27	
Average Weekly Price (38 wks)	£515	£521	£580	£866	£692	
Other Alternative Provision SENAP No.s	50	33	26	30	28	
Average Weekly Price (38 wks)	£366	£630	£1,207	£1,291	£1,393	
OLA Special Schools No.s	104	109	138	150	138	
Average Weekly Price (38 wks)	£606	£611	£637	£762	£818	
Early Years High Needs Support No.s (EHCPs only	23	30	43	30	30	
Average Weekly Price (38 wks)	£201	£170	£174	£274	£213	
Special Schools No.s	517	557	624	684	683	
Average Weekly Price (38 wks)	£577	£616	£618	£615	£621	
Resource Bases No.s	145	154	142	138	135	
Average Weekly Price (38 wks)	£583	£471	£497	£408	£426	
PLC No.s	170	170	170	138	130	
Average Weekly Price (38 wks)	£622	£603	£597	£601	£429	*

* Note Place Funding for PLC is not included due to Academy Conversion

Safety Valve Message - Quarter 1 and 2 Cabinet Report

20. Schools Forum to note that Cabinet has received a summary of the Quarter 2 financial position compared to the latest safety valve targets together with the narrative below. This was presented to cabinet on 8th December 2025.

21. The council has a Safety Valve agreement with the Department for Education (DfE), which at the time of agreement had the aim of achieving an in-year balance between the level of funding received each year for High Needs related activity and expenditure on that activity. Since the first agreement, it has become clear that the Safety Valve programme is not delivering on that aim for any local authority, as expenditure continues to increase with increasing demand for support and provision for SEND and control of that demand is beyond what can reasonably be expected of a local authority. In 2024 the Local Government Association and County Councils Network commissioned Isos Partnership to review the SEN system and key findings which support the challenges local authorities in England are currently facing include:

    - Since the 2014 reform of the SEND system, EHCPs has risen from 240,183 in 2015 to 575,973 in 2024, an increase of 140%.
    - A further 1.2 million children in schools are identified as requiring SEN support, up from 990,000 in 2015.
    - Rising costs on SEND outweighs the funding increases.
    - Demand is growing faster than capacity can be added.

22. Consequently, local authorities have called for implementation of Reforms to SEND, and it is anticipated that central government will take initial steps toward a Reform programme, which will become clear as part the Education White Paper expected in Autumn 2025. In the meantime, the council requires assurance that action is being taken to address inefficiencies within the system and that controls on expenditure are being implemented by officers as much as is reasonably possible. Further for officers to be able to demonstrate that the position on expenditure on any area of activity is at least in line or better than in other local authority areas.

23. As, is the experience nationally, there continues to be an increase in demand for Education, Health and Care Plans (EHCPs) and with this, an increase in expenditure associated with delivering the support identified in the increased number of plans. Whilst the growth in EHC Plans within South Gloucestershire has increased, we are in line with other Local authorities within the South West. Also worth noting there has been a shift in the timing of requests for EHC needs assessment, which has been influenced by the introduction of the Early Years Inclusion Support Fund. This means that support is available for a child in early years without a plan and therefore requests for assessments are more likely to be when the child is older, with the majority of requests coming forward for children in Years 4 to 7.

24. A priority area of focus is the creation of additional specialist provision in the state funded maintained special school sector to reduce the requirement for some placements in the expensive independent special school sector. Plans have been developed and are being implemented, and these include completion of expansion of Warmley Park, expansion of Pegasus, opening of Two Bridges Special Free school (October 2024). Plans still to be delivered are the expansion of New Horizons Special school and new Resource Bases in mainstream schools which we aim to complete during the 2026/27 academic year.

25. Another significant increase in expenditure relates to provision for young people with SEND post-16. Given the lack of suitable mainstream specialist provision, there has been greater reliance on high-cost Alternative Provision, which also includes a limited offer for some very complex children and young people. This is also reflecting a wider national challenge.

26. Key to the mitigation locally has been the work undertaken between officers and local education system representative as members of the High Needs Working Group, a sub-group of Schools Forum which includes a comprehensive programme of workstreams designed to improve efficiency and effectiveness of local arrangements for SEND and is delivering financial benefits wherever possible.

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South Gloucestershire Council

SCHOOLS FORUM

15th January 2026

Schools in Financial Difficulty Update 2025-26

Purpose of Report

1. The provide Schools Forum with a report on the latest financial position of South Gloucestershire maintained Schools' together with a comparison to previous years. It also provides details of the School Resource Management Advisor support provided by the DfE.

Background

2. Local authorities have continuing responsibility for financial regularity in schools that they maintain.

3. Schools Strategic Finance Group (SSFG) continues to identify, review and support schools with financial difficulties.

Budget 2025-26 and comparisons

4. Last year's report was based on 58 schools. Since then, 5 schools have converted to academy status, therefore, for comparable purposes, all figures in this report relate to the current number of maintained schools within South Glos which is 53.

5. Budget submission deadline is 31st May, 50 schools submitted on time with the remaining 3 giving reasons for the delay. Revised budget submission deadline is 30th November, 51 schools submitted on time. The other 2 schools were delayed due to staffing issues. Where schools submitted the revised budget information in the incorrect format or with incorrect narrative these were returned with a request to resubmit.

Table 1 – Schools' cumulative surplus and deficits and the balances

Out of a total of 53 schools	22-23 outturn	23-24 outturn	24-25 outturn	25-26 budget	25-26 revised budget
Number of schools and percentage reporting surplus	46 87%	45 85%	29 55%	24 45%	24 45%

Number of schools and percentage reporting deficit	7 13%	8 15%	24 45%	29 55%	29 55%
Total school balances (surplus / deficit)	£6,048,542	£4,684,982	£2,830,020	£505,351	£461,610

Table 2 – change in number of schools reporting cumulative deficit from revised to outturn

Out of a total of 53 schools	22-23	23-24	24-25		25-26 as at revised
Number of schools reporting cumulative deficits as at revised	10	14	23		29
Number of schools reporting deficit at outturn	7	8	25		

Table 3 – Size of deficit of the 29 identified at revised

Values	Number of schools	Received SRMA	To receive SRMA	Under capacity *	PAN reduction
Under £25k	7	1		1	
Between £25k and £50k	3	1	1		
Between £50k and £100k	6	5		1	
Between £100k and £200k	6	5	1	3	2
Between £200k and £300k	2	1	1	2	
Between £300k and £400k	2	2		2	2
Over £400k	3	3		2	2
TOTAL	**29**	**18**	**3****	**11**	**6**

* Those whose NOR is 85% or less than full capacity as at Oct 25 Census
**The remaining 8 schools are reporting to recover in the next 2 years or have an extended licensed deficit.

Table 4 – Type of school and capacity of the 29 identified at revised

	Number anticipating a deficit at end of 2025/26	Total number of schools
Small and Rural (less than 210 PAN)	5	8
1 form entry	15	26
1 ½ form entry	3	4
2 form entry	2	7
Other	4	8
TOTAL	**29**	**53**

Table 5 – Change in balances from revised to outturn

	22-23	23-24	24-25
Revised budget balances	**£3,696,938**	**£3,172,150**	**£1,412,174**
Outturn balances	**£6,048,542**	**£4,684,982**	**£2,830,020**

School Resource Management Advisor (SRMA) visits

6. 18 schools in total have been put forward for an SRMA deployment, 12 of which this financial year (4 deployments).

7. The process involves schools and the Local Authority (LA) submitting a variety of information (financial, pupil numbers, staffing structure, teaching hours and curriculum plan, Governor minutes, Contracts register, risk register) which the SRMA then analyses against benchmarking and metric data considering financial governance, resource allocation, benchmarking and Integrated Curriculum Financial Planning (ICFP).

8. The SRMA will spend between half to a full day in the school meeting with the Headteacher, School Business Manager and Governors to understand the school's context and begin building a constructive working relationship.

9. Draft reports are issued up to 6 weeks after the visit and a feedback meeting held with the school and LA to discuss the findings and recommendations and for the opportunity for any factual inaccuracies to be amended.

10. Both the school and the LA are invited to submit their comments on the process and recommendations which then forms part of the final report submitted to the DfE.

11. A further deployment is offered 6 months later to review an evaluation booklet where schools can comment on what recommendations they have been able to implement and reasons for the ones they didn't feel were achievable.

12. Some of the areas covered and metrics used in the deployment include Financial Governance, pupil numbers, School Improvement Plan, school led efficiencies, pupil teacher ratio, teacher contact time, leadership and management costs, education support staff costs and teaching resources.

13. Final reports for 7 of the 12 deployments so far this financial year have been received, if all high achievability recommendations were implemented, it would generate savings of over £480k for 2026/27 and over £610k for 2027/28. This assumes any staffing changes will be implemented from September 2026 and excludes recommendations relating to self-generated income.

14. Common findings include high PPA costs, high teacher/pupil contact ratio, high education support staff FTE and/or costs, high leadership/management costs, lack of minuted financial challenge from Governors, low educational resources expenditure and complete contract registers.

15. Feedback from schools who have taken part in SRMA deployments include:

    The SRMA was very knowledgeable, professional and approachable.

    The whole exercise helped to reassure us that we were doing all the right things in order to address the deficit budget.

    We found the review supportive and the SRMA was very knowledgeable about the process and what was required.

    The process encouraged us to reflect deeply on our practices and ensure we were aware of areas we ourselves had concerns about as well as consider recommendations and observations.

    The SRMA reports provide an insightful analysis of all financial and contextual information regarding our school. The detailed research and analysis has been thoroughly prepared providing figures and explanation of the key considerations and challenges at CTK.

    It is reassuring to know that our current measures (specifically our Deficit Recovery Plan) are having the required impact, and we are already focusing and making improvements in the right areas.

The reports provide some very useful further key improvements which can be considered to help us improve our budget, staffing and planning in the future.

Overall, the reports provide a valuable outline of the current financial position and proposed future steps to improve this.

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South Gloucestershire Council

SCHOOLS FORUM (For Formal Consultation with the Forum)

15 January 2026

CONSULTATION ON EARLY YEARS FUNDING ARRANGEMENTS FOR 2026/2027

Purpose of Report

1. To share the outcomes of the recent consultation with the early years (EY) sector on the proposals for the Early Years Funding Formula for 2026/2027. To gain feedback from Schools Forum for the model of funding allocation for early years.

Policy

2. In line with DfE requirements, South Gloucestershire Council is consulting on changes to the funding formula for under two, two- and three- and four-year-old children to be implemented from April 2026. Schools Forum are being consulted on funding changes following consultation with the early years sector. The final decision rests with the local authority. The information contained in this report is accurate at the time of being written, however it may be subject to change depending on further government announcements.

3. Local authorities (LA) are allocated funding to support the provision of childcare in early years through a national funding formula. This uses a base rate along with funding to reflect additional needs factors such as proportion of children from disadvantaged backgrounds, proportion who have English as an additional language or have more complex special educational needs and disabilities. An area adjustment is also applied to take account of differences in costs across the country.

4. The government funds, and local authorities are required to provide the following early years entitlements:
   - the 30 hours entitlement for eligible working parents of children from 9months up to 2 years old
   - the 15 hours entitlement for families of 2-year-olds receiving additional support (formerly known as the 2-year-old disadvantaged entitlement)
   - the universal 15 hours entitlement for all 3 and 4-year-olds
   - the additional 15 hours entitlement for working parents of 3 and 4-year-olds

   The DfE provide each local authority with 3 separate hourly funding rates for these entitlements as follows:

   - An hourly funding rate for children aged 9 months up to 2 years for the eligible working parent entitlement.
   - An hourly funding rate for both the 2-year-old entitlements.
   - An hourly funding rate for 3 and 4-year-olds for the universal and additional hours.

5. Hourly funding rates vary by age and local authority, reflecting the differing costs of delivering provision across age groups and geographical locations.

6. The hourly funding rate for entitlement hours is intended to cover the core costs of providing 15 or 30 hours of childcare. It does not cover consumables such as meals or extra optional activities. Providers can charge parents for these in connection with funded hours. These charges much not be mandatory or a condition of accessing a funded place.

Background

7. The separate hourly funding rates that South Gloucestershire will receive under this formula for 2026/2027. These are £11.96 per hour for under 2s, £8.85 per hour for 2-year-olds and £6.40 per hour for 3- and 4-year-olds (without the termly funding adjustment).

8. DfE have increased early years pupil premium from £1.00 to £1.15 per hour. Disability access fund has also been increased from £938 to £975 per child.

9. There is additional funding to support the Local Authority move to a termly funding system as DfE recognise that this change will have financial implications to implement that has been associated with the 3- and 4-year-old rate.

10. National guidance from DfE states that funding needs to be allocated to providers in line with the following requirements:
    - all local authorities (LAs) must plan to pass-through at least 97% of their early years funding to providers
    - up to 3% can be retained to ensure the continued delivery of the LA statutory services for early years including for special educational needs and disability.
    - funding supplements can be applied but only a limited set with a total value capped at 12% of allocated budget per entitlement should be used
    - LAs should use a universal base rate to fund all providers
    - LAs should have a local inclusion fund for children with special educational needs, covering all the entitlement funding streams
    - LAs should announce their funding rates to providers by 28 February
    - a change this year is that DfE will be moving to a termly funding system for all early years funding streams from financial year 2026 to 2027. We will explain more about this in due course.

    The full guidance can be accessed at the DfE site [Early years funding: 2026 to 2027 - GOV.UK] There is also an Early Years Funding Rates 2026 to 2027: Easy Explainer.

11. In South Gloucestershire our aim is to provide as much funding as possible within the per-pupil hourly rates as this benefits all early years providers. As recommended by DfE we have used our own forecast of termly headcounts to develop our funding model. DfE figures are based on national averages, and they acknowledge that local data should provide a greater degree of accuracy.

12. Total numbers of children accessing funded childcare places have risen form 5274 children attending between April to July 2023 to 9024 children in the same term in 2025. This requires an increase in the amount of time needed to check eligibility, pay providers and administer and monitor this process. There

are also increasing numbers of early years providers to process as school-based nurseries come on stream. Other implications of the changes include updates to IT systems.

13. Alongside the hourly rate the local authority has a number of supplements that can be applied. In South Gloucestershire, we are using three of these.
    - Deprivation supplement (mandatory for 3- and 4-year-olds) - paid as a lump sum to providers alongside their regular payments. The purpose of the fund is to enable settings to provide targeted support to reduce the significant impact economic disadvantage has on children's development and attainment, which can affect their life chances.
    - SEN Inclusion fund – to enable settings to apply for additional funding to meet the needs of children who have SEND but have not undergone a needs assessment or have and are awaiting an Education, Health and Care Plan (EHCP). Some of these children may go on to undergo a needs assessment or receive an EHCP in the future depending on their level of need.
    - Flexibility – a discretionary supplement that we are using to support childminders.

14. Other discretionary supplements can also be applied (rurality, quality and EAL) but we have not applied any of these.

Developing the Consultation Proposals

15. The consultation proposals were developed through engagement with the Early Years Working Group and in response to their feedback. This was informed by financial modelling working with finance colleagues. The following diagram outlines the process followed. All models produced were in line with national guidance.

Initial working group discussion → Development of financial models of options → Sharing options with EY working group → Adjusting options in response to feedback → Circulate final consultation options to all providers → Analyse provider responses

16. Feedback from the working group informed the development of the consultation that went out to all settings. The final consultation document circulated to settings followed opportunities for the working group to provide feedback. The funding announcement was delayed this year by DfE and we are grateful to the working group for their contributions at short notice to ensure that the consultation was able to be circulated as quickly as possible to allow the sector enough time to respond.

17. Early Years Working Group input was invaluable in supporting the development of the options for the consultation and resulted in:

    a. An increase to the inclusion supplement in all options in recognition of increasing need
    b. Incorporating an option to retain a flexibility supplement for childminders
    c. Incorporating an option to increase deprivation supplement

Monthly Payments

18. Childminders have been paid on a monthly basis since September 2025. For other providers funds are still allocated using the 70% (in advance) and 30% model. The volume of payments now

being made means this is not sustainable and it represents a significant financial risk to the council as we are not paid in this way for funded places. The DfE have made clear in their guidance that local authorities should pay all providers the full amount owed to them monthly unless they have good reason not to do so. From April 2026 we will need to move to monthly payments with all providers and we will be working towards this from January 2026 once DfE have made clear their expectations about a planned move to termly payments and termly Census requirements.

South Gloucestershire Issues and Priorities that have Informed the Setting of Funding Rates

19. DfE are going to be moving to a termly funding system based on early years providers completing 3 termly headcounts a year. These dates are set at the beginning of the terms and funding to the LA will be based on these so will not take account of any children registered later than the Census. We know that children begin to access childcare at different points of the term. This requires LAs to have additional funding to cater for this and DfE have built this into their model this year. There is also still a level of uncertainty around uptake of DfE funded places across a whole year. We have used a combination of current uptake of entitlements, previous years averages and population numbers to estimate this across a year.

Reason for SEND Increase in All Options

20. Sector feedback and uptake of Inclusion Support Fund and Transition Supporting Fund indicate that providers are supporting an increased number of children with special educational needs. Funding used from the early years block is supplemented by contributions from the high needs block to fund early years support for children with SEND.

21. The inclusion supplement supports providers to meet the needs of children with SEND and we are slightly increasing the percentage of that this year in recognition of the high levels of need you are facing. These funds also support local authorities to undertake their responsibilities to strategically commission SEN services as required under the Children and Families Act 2014. Applying for inclusion fund to meet the needs of children with SEND and accessing additional support for those children is key to giving them the best opportunity to thrive and we want to increase support for this.

Reason for Small Increase to Deprivation in One Option

22. In South Gloucestershire we know that outcomes for pupils from Families Receiving Additional Support lag behind those of other pupils. Improving outcomes for this group of children is a key target for our Best Start in Life Strategy as required by DfE. The allocation of the deprivation fund is based on the number of universal hours taken up by children in receipt of Early Years Pupil Premium (EYPP) children in a setting. This supplement aims to reach the most disadvantaged children. DfE have announced an increase to the PP payment raising this to £1.15 and this will help meet needs of these children. The increase in funding resulting from the larger increase in the rates this year and in the EYPP allocation should be sufficient to support providers to meet the needs of these children. However additional funding could provide additional support as too many of our children do not reach a Good Level of Development by reception. This links to DfE Best Start in Life objectives. One of our options reflected this.

Reason for Retaining a Flexibility Supplement for Childminders

23. In South Gloucestershire, we have experienced a reduction in childminders over the last few years and as a result included a flexibility supplement for childminders. We believe that childminders are a crucial

and valued part of our childcare system and offer parents flexible childcare options that can meet their needs. Although we have had a number of childminders leave over the last year, we have also seen new childminders register and we hope that this supplement is helpful in supporting childminders. We have included an option to retain this flexibility.

24. The table below shows the number of childminders over the last few years. This indicates that, although some childminders are leaving the profession, we have seen an increase in numbers over the last year and offering the childminder flexibility may have supported this.

	September 2022	September 2023	September 2024	September 2025
Number of childminders in SG	144	129	118	132
Number who left childminding	30	15	11	13
% leaving childminding	21%	12%	9%	10%

25. We also know from survey feedback that the DfE model of funding by ratio and age group of the child is not helpful to childminders as they can only support a limited number of children and as children and, as the children they care for get older, their income drops. Some childminders are reporting that they can not continue to care for 3- to 4-year-old children for this reason.

26. We feel that continuing to support childminders is important to ensure that we have a balance of childcare options available for parents.

Consultation Outcomes for Funding

27. The final consultation was circulated to all settings and childminders. See Appendix 1 for the full consultation paper. The sector were given 3 options and were asked to select their preferred option.

28. The summary of the 3 options is below. The commentary provides some contextual information about each of the options providers were asked to select from.

	Rates for 2025 for comparison	Option 1	Option 2	Option 3
Pass through	96.7%	97%	97%	97%
Description of option		Inclusion 1.5% and Deprivation 0.6% £0.15p childminder flexibility allowance all year groups	Inclusion 1.5% and Deprivation 0.6% no childminder flexibility allowance all year groups	Inclusion 1.5% and Deprivation 0.7% & no childminder flexibility allowance all year groups
9-month-old rate	£10.83	£11.33	£11.36	£11.35
2-year-old rates for from	£7.95	£8.39	£8.40	£8.40

Deprivation supplement	0.6%	0.6%	0.6%	0.7%
Inclusion supplement	1.3%	1.5%	1.5%	1.5%
Flexibility supplement for childminders	£0.14	£0.15	£0.00	£0.00
Early years pupil premium	£1.00 per hour	£1.15p per hour	£1.15p per hour	£1.15p per hour
Disability access fund	£938 per child	£975 per child	£975 per child	£975 per child

Summary of Consultation Outcome

29. The consultation period with the sector took place from 18 December to 9 January. Responses were gathered through a SNAP survey. Information concerning the consultation was initially emailed to the sector with a read receipt and posted on the Virtual Learning Environment (VLE) which is the standard platform in place locally for sharing information with the sector. Two reminder emails were then sent.

30. There were a total of 180 responses from childminders, pre-schools, day nurseries and nursery classes, representing 67% of the sector registered to accept funded children. 2 of the responses submitted did not select a preferred option for implementation.

31. There has been a consistent response rate to the consultation over the last two years. The table below shows the response rates to the consultation over the last 3 years. This allows us to be more confident that the views of the whole sector are being represented.

	2022 - 2023	2023 - 2024	2024 - 2025	2025-2026
Number of responses from providers	111	139	180	180

32. The following table gives a breakdown of the different provider types who responded to the survey.

Type of provider	**Number of responses**	**Percentage of total in South Gloucestershire**
Childminders	75	59%
Private	82	86%

Voluntary	17	44%
Nursery Classes	6	86%
Total	**180**	**67%**

33. 90 settings chose not to respond. These included 53 childminders, 13 private providers, 22 voluntary providers, 1 independent and 1 nursery class.

34. The table below shows the summary of all responses.

Type of provider	Option 1	Option 2	Option 3
Childminders	72	2	0
Private	14	49	18
Voluntary	5	9	3
Independent	0	0	0
Nursery Classes	0	5	1
Total	91	65	22
Percentage who selected the option	51.1%	36.5%	12.4%

35. Option 1 was selected as the preferred option by the majority of settings and childminders, with 51.1% of those who voted selecting this option. Option 3 was the least popular option. The sector were supportive of maintaining a childminder flexibility with 51.1% choosing the option that included this.

36. The second highest option was option 2 - without childminder flexibility. A large number of private providers opted for Option 2 which gave 1p more on the rate for age 3-4 and 3p more for children age 9 months.

37. Providers were asked if they had any additional views that they wished to share with us. Some of the issues shared were:

    a. The funding rate for 3- to 4-year-olds is not sufficient to be financially viable (2 childminders and 1 independent)
    b. Setting a funding rate based on ratios is not supportive (6 childminders)
    c. A request that funding rates be averaged out across ages (7 childminders)
    d. Impact of charges and restrictions on sustainability (1 childminder, 2 voluntary providers and 7 private / independent)
    e. Ability to claim funding for care of children of relatives (1 childminder)
    f. Payment mechanism – need for monthly payments and covering August (1 childminder and 1 private / independent)

38. It should be noted that the methods of allocating funding are set by DfE and the local authority has to allocate funding out to providers in line with the guidance. This means that it needs to be done via age allocations and can not be averaged across ages. We do recognise that this is problematic for childminders who care for small numbers of children and their income drops as the children get older.

39. The guidance restricts funding so that family members are not eligible to have funded places.

40. There has however been a welcome increase in the funding this year which means that all age groups will see a significant increase.

41. We will continue to feed provider views back to DfE.

42. One provider commented that the support for providers around changes to funding and charging was not good. We put in place the following to support providers:
    a. A funding task group of providers to help us plan for and support the changes
    b. Briefings around the changes
    c. Drop-in sessions to help providers to make changes and plan for reducing the impact on them
    d. Presentation to Schools Forum and MPs about the anticipated impact on providers
    e. Feedback to DfE on a regular basis about the impact
    f. A self-evaluation checklist to support providers to plan for changes required
    g. Additional allocation of funding back to providers to support the 3- to 4-year-old age group.

43. It is also important to note that we have had increased complaints raised by parents that providers are not operating in line with the guidance. We have followed these up. We are in the process of monitoring fee policies and charging guidance from all providers to check that charging is in line with requirements and will follow up with individual providers as required.

44. We will continue to discuss with the Early Years working group as to whether any additional actions may be helpful.

Recommendations

45. It is recommended that the Schools Forum note the outcome of the consultation and approve implementation of proposals put forward under Option 1, summarised below
    a. 9 months to 2-year-old funding rate is set at £11.33
    b. 2-year-old funding rate is set at £8.39
    c. 3- to 4-year-old funding rate is set at £6.07
    d. Deprivation supplement is set at 0.6% and inclusion fund supplement is set at 1.5%
    e. A flexibility supplement for childminders is set at £0.15.

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Appendix 1 - Early Years Funding Consultation 2026-27

Introduction

In line with DfE requirements, South Gloucestershire Council is consulting on proposals for the funding formula for under two, two- and three- and four-year-old children to be implemented from April 2026. Schools Forum will be consulted on funding changes following consultation with the early years sector. The final decision rests with the local authority. The information contained in this report is accurate at the time of being written, however it may be subject to change depending on further government announcements.

National guidance from DfE states that funding needs to be allocated to providers in line with the following requirements:

- all local authorities (LAs) must plan to pass-through at least 97% of their early years funding to providers
- funding supplements can be applied but only a limited set with a total value capped at 12% of allocated budget per entitlement should be used
- LAs should use a universal base rate to fund all providers
- LAs should have a local inclusion fund for children with special educational needs, covering all the entitlement funding streams
- LAs should announce their funding rates to providers by 28 February
- a change this year is that DfE will be moving to a termly funding system for all early years funding streams from financial year 2026 to 2027. We will explain more about this in due course.

The full guidance can be accessed at the DfE site Early years funding: 2026 to 2027 - GOV.UK There is also an Early Years Funding Rates 2026 to 2027: Easy Explainer.

Funding Allocation
The DfE is providing each local authority with three separate hourly funding rates:

- an hourly funding rate for children aged 9 months up to 2 years for the eligible working parent entitlement
- an hourly funding rate for both 2-year-old entitlements which will be the same for families of 2-year-olds receiving additional support and eligible working parents of 2-year-olds
- an hourly funding rate for 3 and 4-year-olds for the universal and additional hours entitlements
- There is additional funding to support the Local Authority move to a termly funding system

As recommended by DfE we have used our own forecast of termly headcounts to develop our funding model. DfE figures are based on national averages, and they acknowledge that local data should provide a greater degree of accuracy.

Local authorities can take a percentage of the allocated funding to support supplements. We are using three of these.

- Deprivation supplement (mandatory for 3- and 4-year-olds) - paid as a lump sum to providers alongside their regular payments. The purpose of the fund is to enable settings to provide targeted support to reduce the significant impact economic disadvantage has on children's development and attainment, which can affect their life chances.
- SEN Inclusion fund – to enable settings to apply for additional funding to meet the needs of children who have SEND but have not undergone a needs assessment or have and are awaiting an Education, Health and Care Plan (EHCP). Some of these children may go on to undergo a needs assessment or receive an EHCP in the future depending on their level of need.
- Flexibility – a discretionary supplement that we are using to support childminders.

South Gloucestershire Issues and Priorities that have Informed the Setting of Funding Rates

DfE are going to be moving to a termly funding system based on early years providers completing 3 termly headcounts a year. These dates are set at the beginning of the terms and funding to the LA will be based on these so will not take account of any children registered later than the Census. This requires LAs to have additional funding to cater for this and DfE have built this into their model this year. There is also still a level of uncertainty around uptake of DfE funded places across a whole year. We have used a combination of current uptake of entitlements, previous years averages and population numbers to estimate this across a year.

Reason for SEND Increase in All Options

Sector feedback and uptake of Inclusion Support Fund and Transition Supporting Fund indicate that providers are supporting an increased number of children with special educational needs. As you are aware we have increased the frequency of our funding panels to reduce the waiting time for funding for eligible children. Funding used from the early years block is supplemented by contributions from the high needs block to fund early years support for children with SEND. In South Gloucestershire we aim to support you to identify and meet children's needs early. We have a range of ways of doing this as well as through inclusion support fund:

- Additional Early Intervention Officer support
- Access to cluster support
- Additional speech and language support
- Sensory loan resources to support you with identifying what will best meet the sensory needs of children in your care
- Portage support to work with families at home where children have complex needs
- Stay and play sessions to support families and signpost them to support

- Pilot outreach worker to work with families and settings to support children to access their full childcare entitlement through Dingley's promise
- Education Psychology support

The inclusion supplement supports providers to meet the needs of children with SEND and we are slightly increasing the percentage of that this year in recognition of the high levels of need you are facing. These funds also support local authorities to undertake their responsibilities to strategically commission SEN services as required under the Children and Families Act 2014. Applying for inclusion fund to meet the needs of children with SEND and accessing additional support for those children is key to giving them the best opportunity to thrive and we want to increase support for this.

Reason for Small Increase to Deprivation in One Option

In South Gloucestershire we know that outcomes for pupils from Families Receiving Additional Support lag behind those of other pupils. Improving outcomes for this group of children is a key target for our Best Start in Life Strategy as required by DfE. The allocation of the deprivation fund is based on the number of universal hours taken up by children in receipt of Early Years Pupil Premium (EYPP) children in a setting. This supplement aims to reach the most disadvantaged children. DfE have announced an increase to the PP payment raising this to £1.15 and this will help meet needs of these children. The increase in funding resulting from increased uptake should be sufficient to meet our projected needs but with additional funding you could have additional support to help these children thrive as too many of our children do not reach a Good Level of Development by reception. This links to DfE Best Start in Life objectives. One of our options reflects this.

Reason for Retaining a Flexibility Supplement for Childminders

As you are aware, we have experienced a reduction in childminders over the last few years and as a result included a flexibility supplement for childminders. We believe that childminders are a crucial and valued part of our childcare system and offer parents flexible childcare options that can meet their needs. Although we have had a number of childminders leave over the last year, we have also seen new childminders register and we hope that this supplement is helpful in supporting childminders. We have included an option to retain this flexibility.

Funding Options

We are asking you to select 1 of 3 different options for implementation in April 2026. Please consider the implications of each option before making your selection. All options passport 97% directly to providers and all include an increase in Inclusion fund percentage to 1.5%.

We have also shown the rates for this year for comparison.

- Option 1 – is the same as last year, it retains the childminder flexibility and increases this to 15 pence
- Option 2 – is the same as option 1 but without the childminder flexibility
- Option 3 – is the same as option 2 but raises deprivation to 0.7%

	Rates for 2025 for comparison	Option 1	Option 2	Option 3
Pass through	96.7%	97%	97%	97%
Description of option		Inclusion 1.5% and Deprivation 0.6% £0.15p childminder flexibility allowance all year groups	Inclusion 1.5% and Deprivation 0.6% no childminder flexibility allowance all year groups	Inclusion 1.5% and Deprivation 0.7% & no childminder flexibility allowance all year groups
9-month-old rate	£10.83	£11.33	£11.36	£11.35
2-year-old rates for from	£7.95	£8.39	£8.40	£8.40
3- to 4-year-old rate	£5.53	£6.07	£6.08	£6.07
Deprivation supplement	0.6%	0.6%	0.6%	0.7%
Inclusion supplement	1.3%	1.5%	1.5%	1.5%
Flexibility supplement for childminders	£0.14	£0.15	£0.00	£0.00
Early years pupil premium	£1.00 per hour	£1.15p per hour	£1.15p per hour	£1.15p per hour
Disability access fund	£938 per child	£975 per child	£975 per child	£975 per child

Monthly Payments

Childminders have been paid on a monthly basis since September 2025. For other providers funds are still allocated using the 70% (in advance) and 30% model. The volume of payments now being made means this is not sustainable and it represents a significant financial risk to the council as we are not paid in this way for funded places. The DfE have made clear in their guidance that local authorities should pay all providers the full amount owed to them monthly unless they have good reason not to do so. From April 2026 we will need to move to monthly payments with all providers and we will be working towards this with you from January 2026 once DfE have made clear their expectations about the move to termly payments.

Consultation Questions

The consultation includes the following questions and response options.

Questions	Responses
Name of Provider	Free text response
Type of Provider	Childminder, Voluntary, Private, Nursery Class
What is your preferred funding option for implementation in April 2026?	Option 1, Option 2 or Option 3
If you have any other views about funding that you want to share with us, please add them here.	Free text response

Timeline for Consultation

The sector will be consulted in the following ways:

- Meetings with the Early Years Working Group and School Forum representatives
- Providers will be emailed this consultation paperwork and link
- Information/links to key documents and publications will be posted on the VLE for all providers

The timescale of consultation activities is as follows:

Timescale	Activity
December 2026	Initial consultation with the Sector. **Deadline** for responses **close of play on Friday 9 January 2026 by 12 pm**
January 2026	Report sent to Schools Forum
February 2026	The sector will be informed of the outcome of the consultation and the confirmed rates by 28 February.
April 2026	Implementation of new funding formula

How to respond

Please note, only one response per provider will be accepted. Responses to the consultation can be made via SNAP survey only and must be received by **close of play on Friday 9 January 2026.** To complete the survey, visit Early Years Funding Consultation Survey 2026 - 2027

Contact information

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South Gloucestershire Council

SCHOOLS FORUM (for formal consultation)

15 January 2026

Setting the School Budget 2026 – 2027 (including proposal of £2.2m block transfer)

Purpose of Report

1. To formally consult with the Schools Forum on options for setting the Schools Budget 2026-27. The Forum is being asked to give a formal view on a block transfer of up to £3m, which will be presented to Cabinet and Full Council in February 2026 for their consideration in setting the final Schools Budget for 2026-27.

Policy

2. The Financing of Maintained Schools Regulations 2025 requires local authorities (LAs) to set the Schools Budget each year. The Schools Budget is defined in regulations and broadly represents all the expenditure incurred by local authorities that relate to schools. The source of funding to support the Schools Budget is a ring-fenced grant received by local authorities known as the Dedicated Schools Grant (DSG). Local Authorities must distribute an element of the Schools Budget to their maintained schools using a formula which accords with the regulations made by the Secretary of State for Education and enables the calculation of a budget share for each maintained school. The financial controls within which delegation works are set out in the Scheme for the Financing of Schools.

3. The DSG is allocated to local authorities in 4 blocks as follows:

- Schools Block: relates mainly to funding for mainstream school budget shares
- High Needs Block: relates to funding to support children and young people with SEND
- Early Years Block: relates to funding for supporting nursery education providers and other general early years education responsibilities
- Central Services Block: relates to funding to support LA statutory responsibilities relating to schools

4. Requirements relating to each of the blocks and the DSG in totality are covered in the regulations previously mentioned.

5. The Schools Forum has a key responsibility to act as a consultative body with the local authority on the strategic financial management of the Schools Budget and the DSG. A key priority in this area is to take decisions that ensure sound financial management of the Schools Budget.

Background

6. This report sets out the latest information available and proposed options to consider in setting the 2026-27 Schools Budget including setting the formula for calculating school budget shares.

The National Funding Formula (NFF) for Schools 2026-27

7. Total provisional funding for mainstream schools through the schools NFF will total £50.9 billion in 2026 to 2027. This includes funding that was allocated in 2025 to 2026 through the schools budget support grant (SBSG) and National Insurance Contributions (NICs) Grant, which has been "rolled in" to the schools NFF in 2026 to 2027 to help simplify the funding system. On top of this rolled in funding, factor values in the school NFF have been increased to allow for an above inflation increase in funding for schools. no structural changes from 2025 to 2026

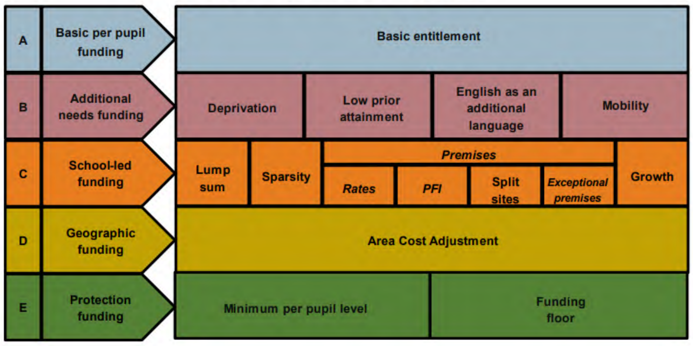
8. through the minimum per pupil funding levels, every primary school will attract at least £5,115 per pupil, and every secondary school at least £6,640 per pupil – the increase reflecting the rolled in SBSG and NICs grants

9. the funding floor is set at 0%. This ensures that no school will see a cash reduction in its pupil-led per pupil funding they attract, compared to the 2025 to 2026 baseline. For 2026 to 2027 the baseline includes rolled in funding to reflect the NICs grant and the annualised equivalent of the SBSG

10. For mainstream schools this results in a cash increase of £9.3m for South Gloucestershire, however once the grants being rolled into the 2026-27 figure are accounted for then this results in a like for like increase of £6.1m. In comparison to settlements over the past 4 years that represents a relatively favourable increase.

11. The structure of the Schools NFF is set out in figure 1 below:

Figure 1 - Current NFF Funding Factors



High Needs Funding Settlement for 2026-27

12. The South Gloucestershire High Needs Block is due to increase by just over £3m on a cash basis in 2026-27 compared to 2025-26.

13. Due to the extent of the divergence between the High Needs National Funding Formula (NFF) allocations and spending in different local authorities the DfE have questioned aspects of this allocation methodology and the use of the high needs national funding formula (NFF) is, therefore, being suspended for 2026 to 2027.

14. For financial year 2026-27 the high needs block of each local authority's DSG has been calculated on the basis of their DSG high needs block allocations for 2025 to 2026, and:

- additional funding equivalent to the funding allocated to local authorities in 2025 to 2026 through the consolidated Core Schools Budget Grant (CSBG), with the 2025 staff pay increase element of that grant annualised (whereas in 2025-26 this funding was to support settings with the part-year costs of the teachers' pay award), and
- additional funding equivalent to the funding allocated to mainstream schools for the elements of the 2025 to 2026 National Insurance Contributions (NICs) Grant and Schools Budget Support Grant (SBSG) paid in respect of special units and resourced provision. The SBSG element is annualised as above, for the same reasons.
- the final allocations of the 2025 to 2026 DSG, CSBG, NICs grant and SBSG, when they have been published, and
- the import/export adjustment that reflects cross-border movement of pupils and students who live in the area of one local authority in England and receive their education from a school or college in another English authority's area, to ensure that the funding system continues to reflect how local decisions on placements affect the distribution of costs.

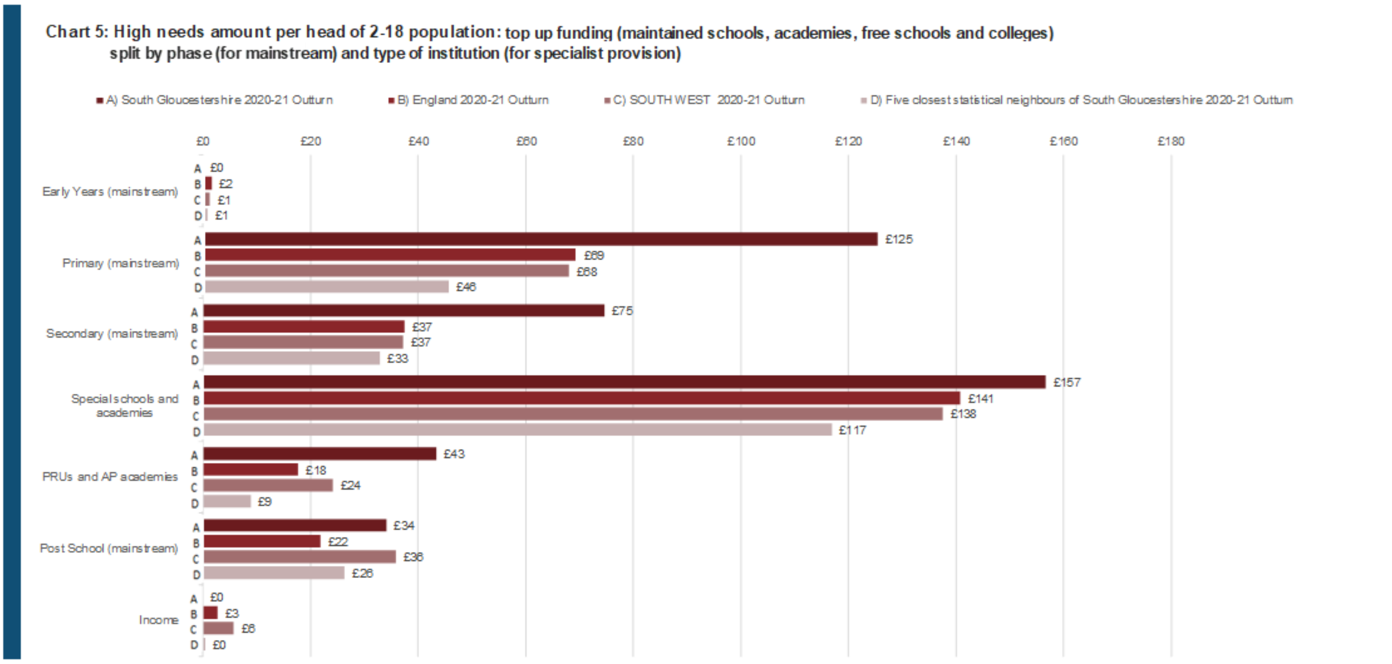
15. This means that apart from the rolling in of the annualised grant allocations shown above there is no further uplift to the High Needs Block. It is anticipated that funding growth, historic deficits and future funding allocations will be addressed as part of the Government's upcoming SEND reforms.

16. Government ministers have said that *“while we do not expect local authorities to plan on the basis of having to meet deficits in full, any future support will not be unlimited”, adding: “Councils must continue to work to keep deficits as low as possible. Further details on plans “to support” councils with “historic and accruing deficits and conditions for accessing such support” will be “later in the settlement process”.* Added support provided to councils “will be linked to assurance that they are taking steps to make a reformed, inclusive education system a reality”, alongside the government’s SEND reforms. No date has been given for these further announcements.

SEND Pressures and the Safety Valve Plan

17. The Council’s successful engagement with the DfE’s Safety Valve process has resulted in significant funding to offset a large part of the historic DSG deficit that has built up over several years due to our expenditure exceeding our annual funding allocation. The total amount to be received via the Safety Valve is £25.5m

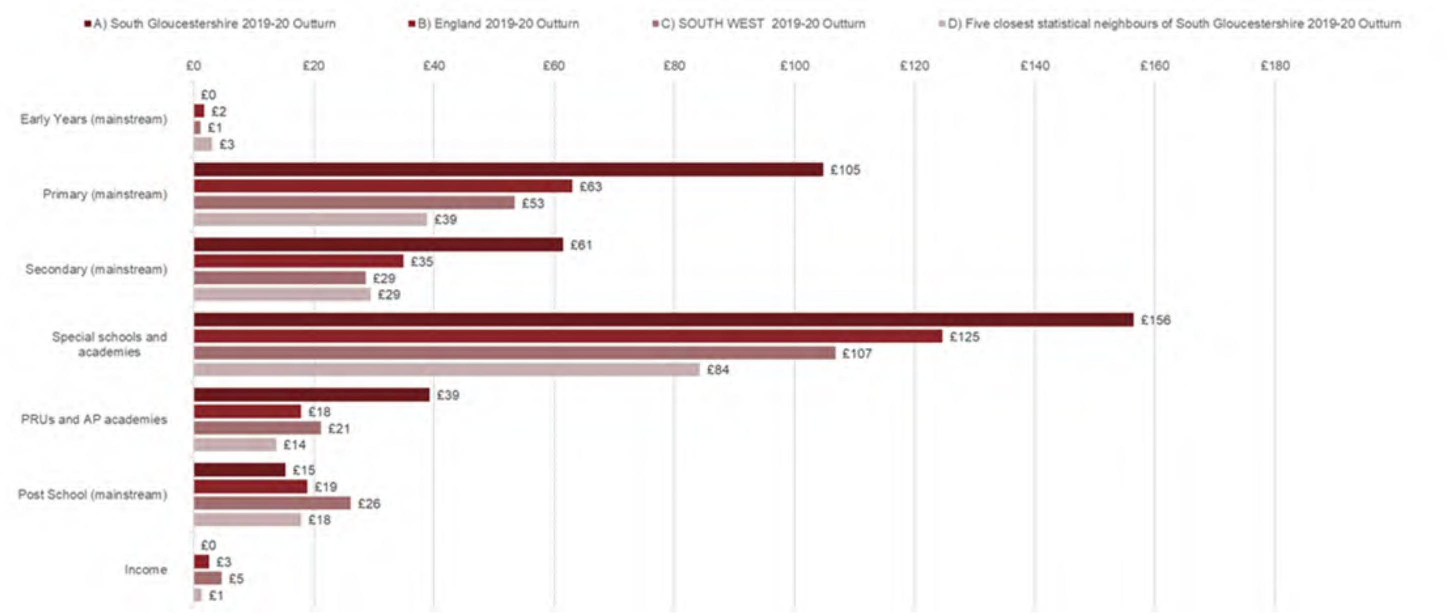
18. The DfE’s national benchmarking tables have consistently shown that we pass on significantly more funding to schools through EHCP top-up levels than all our comparators as well as having a higher proportion of EHCPs than our comparators, as can be seen in the following two tables:



19. The DfE’s benchmarking data base which provided the analysis shown above has unfortunately been suspended while the DfE investigate updating the database and so the above is the most up to data analysis available. The original Safety Valve Recovery Plan is shown in the following

table which includes an assumed £2.2m transfer from the Schools Block each year up until 2026/27 and a £1m contribution from the Council's own reserves.

DSG Sustainability Plan	Outturn	Outturn	Outturn	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'001
High Needs Block Funding	27,225	27,711	30,134	33,548	38,036	39,937	41,135	42,369	43,641	44,950	46,298
Annual Increase in Funding		*486*	*2,423*	*3,414*	*4,488*	*1,902*	*1,198*	*1,234*	*1,271*	*1,309*	*1,348*
		1.80%	8.70%	11.30%	13.40%	5.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Transfer from Schools Block	2,900	2,200	2,200	2,200							0
Total Funding	***30,125***	***29,911***	***32,334***	***35,748***	***38,036***	***39,937***	***41,135***	***42,369***	***43,641***	***44,950***	***46,298***
DfE Ask Proposal											
Transfer from Schools Block					2,200	2,200	2,200	2,200	2,200		
Safety Valve Ask					17,000	4,000	4,000				
Council contribution					334	333	333				
Total Proposed Funding	30,125	29,911	32,334	35,748	57,570	46,470	47,668	44,569	45,841	44,950	46,298
Annual % Increase		*-0.70%*	*8.10%*	*10.60%*	*79.70%*	*-34.40%*	*2.80%*	*2.80%*	*2.90%*	*2.90%*	*2.90%*
Total Spend (analysed below)	32,602	34,958	39,978	44,986	44,156	42,537	40,995	41,180	42,004	42,844	43,701
Annual % Increase		*7.20%*	*14.40%*	*12.50%*	*-1.80%*	*-3.70%*	*-3.60%*	*0.50%*	*2.00%*	*2.00%*	*2.00%*
In Year Over(+)/Under(-) spend High Needs Block	**2,477**	**5,047**	**7,644**	**9,238**	**-13,414**	**-3,933**	**-6,673**	**-3,389**	**-3,837**	**-2,106**	**-2,597**
In Year Over(+)/Under(-) spend (Other Blocks)		-347	-89								
Cumulative deficit	11,646	16,346	23,901	33,139	19,725	15,792	9,119	5,730	1,893	-213	-2,810



The Case for an increased Block Transfer of £3.2m

20. The council holds a cumulative brought forward deficit balance on its Dedicated Schools Grant of £38.9m, which is forecast to increase by of £18.2m to result in a cumulative deficit of £57.1m.

21. Safey Valve funding received up to and including 2025/26 totals £22m, with the final safety valve payment due in 2026-2027 of £3m.

22. The current Safety Valve targets agreed with the DfE are not being met. There is good evidence that our Plan and actions are having a material affect and ensuring expenditure is lower than it would otherwise be. The Council has quantified the impact that our measures have achieved to show that savings of over £10m have been achieved thus far.

23. Despite this progress the Safety Valve targets have slipped due to 3 main factors:

a) **Unprecedented demand and pressure for EHCPs.** As is the national case, the number of pupils with SEND has accelerated, with the main reason thought to be the impact of COVID and COVID related lock downs. Growth in pupils with SEMH needs, medical needs EOTAS (Education Other than at School) and alternative provision have ramped up beyond the targets used for the original Safety Valve plan. Funding allocations each year have not kept pace with this ongoing demand increase.

b) **Unprecedented inflationary pressures.** When the Safety Valve Plan was originally modelled inflation was below 2% with no anticipation that inflation would reach double digit levels as it did during 2023/24.

c) **Lack of local specialist places.** The Council has expanded and is currently expanding places in its Special Schools and is developing plans for a further two expansions. Beyond that the Council has exhausted its capital funds to create more much needed SEND places. The Council had bid for extra Capital funding as part of its Safety Valve negotiations but was not successful. The Government has announced more SEND capital funding for LAs and we are awaiting further details, which may help in the future.

24. There have been cases for other LAs that have slipped their targets where the DfE has ceased their Safety Valve payments. SG has submitted a reprofiled plan and so far, payments have continued. In the last monitoring meeting with DfE officials, however, SG was asked to consider increasing the Block Transfer to help move the Council back towards its original targets. An increased transfer is therefore included in the options presented to the Forum in this report.

25. The transfers modelled for this Report are as follows:

- **A 3.2m transfer**: this is based on maintaining the proportion of the aggregate school's budget shares that the first £2.2m represented. i.e. £2.2m represented 1.352% of school budget shares in 2020/21 and £3.2m represents 1.352% of 2026/2 school budget shares.

- **A 2.6m transfer:** this represents what the original £2.2m would be using standard inflationary uplifts each year's since 2020-21.

- **A 2.2m transfer:** this has been the standard transfer undertaken each year over recent years.

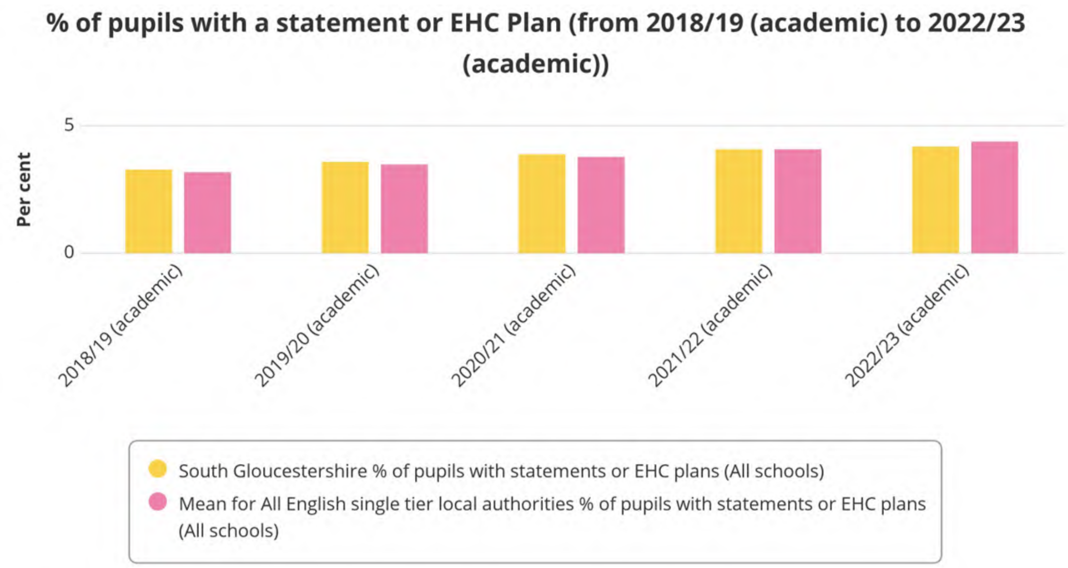
- **A £1.2m** transfer this is the highest transfer possible without requiring Secretary of State approval.

26. Importantly, the school funding settlement for 2026/27 was a positive one for SG, resulting in funding growth of £6.2m on a like for like basis (the equivalent figure last year was lower at £5m). This would mean that after a £2.2m transfer to support pupils with SEND there would remain £4m additional funding for school budget shares.

27. Appendix A shows school by school modelling showing the relative impact of these options. As with all modelling figures, the Council presents to schools, they are shown to give an indication of impact between different options and should not be taken as representing final budget share figures schools will receive for 2026-27. Final budget share figures will be shared with schools by the 28th February 2026, which is the statutory deadline.

28. Over recent years the Schools Forum has approved a transfer of £2.2m from each year's Schools Block increase to invest in improvements to the local SEND system, improving support for schools and helping to reduce escalating costs in future years. The current proposed transfer of £2.2m, **the majority of which still flows back to schools** but importantly to specifically support SEND pupils, would allow the following investments:

    - **£1m for Cluster Boards** to invest in SEND support in their schools. This has now become an established element of SG's SEND system with good buy-in from schools. Importantly it has also supported progress on one of the Safety Valve agreement's critical KPIs by helping to close the gap with our benchmarking comparators on the proportion of EHCPs, as can be seen in the following table:



Source:
Metric ID: 2213, Department for Education, Special Educational Needs in England, Percentage of pupils with Special Educational Needs (SEN) statements or Education, Health and Care (EHC) Plans (All schools) , **Data updated:** 23 Jun 2023
Powered by LG Inform

- **£300k for investment in Early Years**.

- **£900k to invest in early help and support schools to meet more complex needs of SEND pupils**. One of the targets of our Safety Valve Plan is to reduce reliance on expensive independent school places. Many mainstream and special schools play an important role in supporting this aim. There has been rapid growth in the need to provide additional support for more complex cases to ensure the placement does not break down and to support schools to meet more complex needs. SG expenditure in this area has increased significantly and this funding will support schools that play that important role. This funding will also complement the new family link worker early help offer being developed using council and health funding.

29. All the above investment initiatives are critical to our continued progress on moving to a position where, as a system we can live within our means as well as improving our offer of support for SEND pupils. The Council has rightly developed these investment initiatives collaboratively with the High Needs Working Group which is a sub-group of the Schools Forum and has representatives from all sectors of schools. The intention is to continue managing the use of the funding and tracking its impact jointly with the HNWG and continue our process of providing regular updates to the Forum and thereby all schools as well.

30. Attached as Appendix B is a report highlighting the positive impact the £1m investment in the Cluster Funds has delivered and detail the importance of the continuation of this investment for pupils, schools and the financial benefit to the overall DSG position. The Cluster project is proving to be a highly effective model of school led support which has demonstrable impact. To

cease it would risk weakening the infrastructure for inclusive practice in South Gloucestershire and reversing the progress made in early identification, collaboration, and cost-effective provision, ultimately impacting children and young people's outcomes and school capacity. Specific risks and concerns include:

- **Loss of a vital support network for inclusive practice:** The cluster model provides a highly valued collaborative network that enables schools to share best practice, access specialist advice, and embed inclusive approaches consistently across settings. Its removal would weaken system-wide inclusion.

- **Reduction in capacity for early identification and intervention:** Cluster-funded services and shared resources ensure timely identification of needs and targeted support. Without this structure, schools may lack capacity to identify and meet pupil needs promptly, leading to delayed interventions and lower outcomes.

- **Loss of a mechanism for consistent dissemination of information and approaches:** Clusters act as a key conduit for sharing guidance, training, and evidence-based strategies across schools. Removing this system risks fragmentation and inconsistency in SEND practice.

- **Risk to strategic use of funding:** Currently, clusters ringfence funding for SEN Support pupils, ensuring resources are deployed in a focused and strategic way. If absorbed into individual school budgets, funds may be diverted to wider school costs rather than targeted interventions, reducing impact on SEND provision.

- **Reduced opportunity for school leaders to influence SEND system leadership:** The cluster model enables co-production and delegated decision-making. Its removal would diminish schools' ability to shape local SEND priorities and governance at a time when collaborative leadership is being strengthened.

- **Loss of a recognised strength in South Gloucestershire's inclusion system:** The cluster approach has been repeatedly praised in inspections and stakeholder feedback as being key to inclusive practice. Ceasing this model would undermine a key area of success and reputation.

31. Attached as Appendix C is a similar report highlighting the positive impact the £300k investment in Early Years has delivered. The risks that would arise from this investment ceasing would include:

- Without early support some children would not access any early years provision and would arrive at school without the early experiences they need to support their development

- More children with SEND could arrive at school with no provision in place or any evidence of their needs which would place an additional burden on reception teachers and SENCos in schools.
- Access to additional funding could be delayed if processes are not supported to enable early years providers to put the relevant support and applications in place.
- Reduction of specialist capacity would mean that meeting some children's needs would be delayed which could result in the need for further additional more costly support higher up the education system.
- This could impact on the number of children with SEND able to achieve a good level of development
- South Glos area partnership arrangements for children with SEND in early years has been identified as a strength of the local area and developments in recent years have been possible as a result of the investment provided by schools. The ability to sustain these developments would be removed if funding is no longer available from the transfer.

School by School Modelling

32. Appendix A shows school by school modelling of school budget shares for 2026-27 utilising all funding announcements thus far. It shows various options with a view to show the comparative impact between them. The options show the impact of the block transfers ranging from £1.2m to £3.2m. The recommended is based on a £2.2m block transfer.

33. As with all modelling of this nature the figures shown should only to be used to assess the relative impact between different options; they should not be regarded as values to assess what individual schools may receive in funding for 2026/27. This is even more the case this year as the DfE have not released the APT tool which allows LAs to model more accurately using the NFF. Officers have had to adapt existing models and utilise mathematical approaches to create the models shown, which renders them even less useful for assessing school funding levels, but they should represent a good indicator of relative impact.

National Funding Formula Rates

34. Appendix D set out the formula funding rates consistent with the recommended option shown in Appendix A.

Special Needs Top-Up Rates

35. The High Needs Operational Guide for 2026-27 requires all LAs to consider how the High Needs Block allocation is distributed including consideration of uplifts for specialist provision. As part of the Council's Safety Valve work and previous efficiency work, top-up rates for special schools, resource bases and Early Years settings have not been uplifted for the past 4 years. This allowed South Gloucestershire top-up rates to fall in line with other LAs rates as they

passed on uplifts. Having now reached that comparable position, there is a need to ensure South Gloucestershire Top-Up rates pass on sufficient funding to specialist provision. It is also important to note that top-rates and place rates are the only sources of funding for these types of provision, unlike mainstream schools who also have received above inflation uplifts in School budget shares each year for the past decade. It is, therefore, recommended to pass on a 3% increase to Top-up rates for Special Schools, Resource Bases and Early Years for 2026-27. This should support specialist provisions to meet the pressure of pay awards for Teaching Assistants and other key staff that directly support pupils with EHCPs. The proposed Top-Up Rates are shown in Appendix D.

Early Years Single Funding Formula

36. As well as setting school budgets each year the Council must determine the make-up of the Early Years Single Funding Formula (EYSFF) which sets the rates at which Nursery Education providers are funded to provide the statutory offer of nursery education.

37. A specific consultation process has been undertaken with Nursery Providers and the Schools Forum as set out in Appendix E.

38. In accordance with the relevant School Funding Regulations the setting of the EYSFF rates has to be done with regard to a formal consultation with the Schools Forum. The Schools Forum met on 16 January 2025 and reviewed the outcome of the consultation with the sector and the views expressed by the Nursery Sector Representatives that are members of the Forum and is recommended to approve the recommended rates set out below in this paragraph.

    a. 9 months to 2-year-old funding rate is set at £11.33
    b. 2-year-old funding rate is set at £8.39
    c. 3- to 4-year-old funding rate is set at £6.07
    d. Deprivation supplement is set at 0.6% and inclusion fund supplement is set at 1.5%
    e. A flexibility supplement for childminders is set at £0.15.

39. The above are above the DfE's minimum required increases and fully passes on the extra funding announced by the Government for the early years sector and accords with the Schools Forum's recommendations.

<u>Risk Assessment</u>

Financial Implications (includes tax implications such as VAT) (Caroline Warren – CAH Finance Business Partner)

40. The School Finance Regulations set out the arrangements which Local Authorities must follow when allocating the DSG funding to schools.

41. As the support for schools and other pupil related services expenditure is funded by the DSG there is no charge to the Council Budget. Hence there is no charge to the Council Taxpayer.

42. The DSG is forecast to overspend in 2025-26 and 2026-27. Any overspend will need to be recovered from future year's DSG funding. The Council has successfully entered into the DfE's Safety Valve Programme which includes adhering to a challenging plan of reaching an in-year balance by 2029/30. The recommendations in this report form an important element of staying on track with the Safety Valve agreement and failure to maintain that progress could put at risk the £25m secured through the Safety Valve Programme. The historic nature of the deficit will mean that without this additional funding from the DfE greater savings from the local SEND system would be needed to achieve that statutorily required in-year balance.

Legal Implications *(John McCormack, Head of Legal, Governance and Democratic Services, 01454 865980)*

43. There is a legal requirement for the local authority to:
    - submit the final school pro-formas and underlying data to the Education & Skills Funding Agency by the 21 January 2026.
    - confirm with schools their budget allocations for 2026/27 by 28 February 2026.

44. The Chief Finance Officer, after the end of the financial year, must confirm to the DfE that the grant conditions have been met.

Human Resources Implications *(Sharon Johnson, HR Business Partner)*

45. Decisions taken regarding funding may have an impact on the workforce of council maintained schools. A reduction in funding to schools may have human resources implications for each individual school. As well as any issues arising from proposals set out in this report, the budget allocation for each School will be affected by pupil number changes, pupil's Special Educational Needs changes, DfE funding levels and costs amongst many other factors. The potential Human Resource implications will need to be considered and managed by each school, in line with their delegated responsibilities and required procedures.

Social Implications (Mark Pullin, Service Director – Community Development – 01454 868480)

46. There are no specific social implications arising from this report but each of the departments / service areas need to consider separately the work areas identified in the report to ensure social implications are appropriately considered.

Climate Emergency and Environmental Implications *(Lucy Rees – Senior Environmental Policy & Climate Change Officer, 01454 862224)*

47. In July 2019 the council declared a Climate Emergency pledging the leadership to enable area wide net zero emissions by 2030. Expenditure across council services and operations will need to be considered in terms of the impact on carbon emissions, the potential to build local resilience to the local impacts of a changing climate and to support local nature recovery. This action will

help to reduce the longer terms costs to the council and the area caused by the local impacts of a changing climate and the depletion of the local natural environment.

Economic Implications *(Ian Steele, Business Investment and Digital Connectivity Manager 01454 868202)*

48. There are no specific economic implications arising from the recommendations outlined within this report.

Equality Impact Assessment *(Mustafa Salih, Service Director, Resources – Dept. for People)*

49. The recommended option results in a significant investment in support for pupils with SEND and therefore promotes greater equality, although it does result in less mainstream funding for schools. The negative impact of this reduced mainstream funding is mitigated to a large extent as all schools will continue to receive the Government's stipulated minimum per pupil amounts as well as directly benefiting from the element of the Block Transfer that flows back to directly support schools. In addition, establishing the Cluster Funds on a permanent basis will ensure this additional funded support for SEND pupils enhances the equality aspects of the overall SEND system.

Risks, Mitigations and Opportunities

50. There are inherent risks around the pressures being experienced in SEND expenditure. New regulations introduced by the DfE now mean that DSG Deficits have to be ringfenced and general funding is not allowed to be used to reduce DSG deficits. DSG funding is the only funding source that can be used to solve DSG deficits. This does reduce the risk of the DSG deficit impacting on other services and the general funds of the Council.

51. Another mitigation is the DSG Safety Valve Plan developed with the DfE, the Schools Forum and the High Needs Working Group aimed at improving the local SEND system and thereby reduce expenditure. This plan will take a long time to start showing financial improvements and hence the current risk will need to be managed over the long term.

52. Another potential mitigation is the outcome of the DfE's SEND Review which could identify improvements to the SEND system that could save significant amounts for local authorities.

<u>Author:</u>
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Appendix A – School by School modelling of Block Transfer Options

Appendix B - Impact Report regarding Cluster Funds

Appendix C -. Impact Report regarding Early Years SEND Investment

Appendix D – NFF Funding Rates for 2026-27.

Appendix E – Schools Forum Report on Early Years Single Funding Formula for 2025-26

Background Papers
Budget Report – Council February 2026
DSG Funding Tables 2026-27
School Funding Operational Guide 2026-27

South Gloucestershire Council

SCHOOLS FORUM

15 January 2026

Current LA Plans for Commissioned Specialist Places 2025 – 2026 and future years

PowerPoint Presentation

South Gloucestershire Council

SCHOOLS FORUM

15th January 2026

Schools Forum Forward Plan

Jan 2026	15	**In person meeting – Leaf HQ, Cadbury Heath Primary School, BS30 8GB.**	
		Q2 Financial Monitoring report 2025 – 2026 (report - information)	Caroline Warren
		Schools in Financial Difficulty Update (report)	Deb Luter
		Impact Report Early Years	Jo Briscombe
		Setting the School Budget 2026 – 2027 (including proposal for £2.2m block transfer) (consultation report)	Mustafa Salih
		Current LA plans for commissioned specialist places 2025 -2026 and future years (update – slides, information only)	Hilary Smith

March 2026	12	**Microsoft Teams**	
		F40 update	Mustafa Salih
		Safety Valve update	Mustafa Salih
		Q3 DSG Report 2024-2025	Caroline Warren
		Growth Funding Policy (update)	Caroline Warren
		Falling Rolls Policy 2024 – 2025 (update)	Caroline Warren
		Place Pressures	Hilary Smith
		High Needs Working Group Update	Susie Weaver

May 2026	**7**	**Microsoft Teams**	
		Safety Valve update	Mustafa Salih
		High Needs Working Group Update (HNWG)	Susie Weaver
		Mainstream Place Numbers update (Verbal)	Hilary Smith
		EHCP Breakdown	Caroline Warren
		Scrutiny report	?

July 2026	**2**	**Microsoft Teams**	
		Schools in Financial Difficulty Update (Report) (Maintained Schools & Academies update)	Mustafa Salih
		Funding Update (including School's supplementary grant)	Mustafa Salih
		Outturn Report 2024-2025 verbal update outturn report)	Mustafa Salih
		Financial Regulations for Schools	Justine Poulton
		Scheme for Financing Schools – DfE Directed Changes	Caroline Warren
		High Needs Working Group Update	Susie Weaver

South Gloucestershire Council

SCHOOLS FORUM

15 January 2026

Any other business