

CABINET

DATE	11 th February 2026
REPORT OF	Councillor Cracknell Children Portfolio Holder for Children and Education
RESPONSIBLE OFFICER	Ann-Marie Matson – Director for Children's Services
SUBJECT	Social, Emotional and Mental Health Free School and DFE Capital Announcement Decision
STATUS	Open
FORWARD PLAN REF NO.	GENERAL EXCEPTION - Not included in the Forward Plan, therefore, to be considered under the general exception provisions of the Constitution

CONTRIBUTION TO OUR AIMS

Both a new specialist school and local specialist places within mainstream schools directly supports Stronger Economy, Stronger Communities by ensuring that suitable, sufficient, good quality high need pupil places are available to meet the needs of our local children. This would generate local employment opportunities both for qualified and specialist staff, as well as support staff roles too. Locally employed adults will spend in the local economy as well.

Environmentally and financially, transporting children to school will reduce, as either the SEMH (Social, Emotional and Mental Health) free school or local SEND specialist places will reduce the need for out of borough places travel twice daily. Those aged 14+ can be supported to grow in independence where appropriate in accessing their education provision. It will enable the Authority to plan more effectively to reduce the Dedicated Schools Grant (DSG) spend.

Schools and academies are a critical element of the borough's infrastructure and strategically, the development of new specialist places contributes to the delivery of the SENDAP Sufficiency Strategy 2024-2029 towards ensuring appropriate education sites and suitable place availability for our children and young people.

EXECUTIVE SUMMARY

Following an announcement by the Secretary of State for Education in December 2025, North East Lincolnshire Council (NELC) must now decide between the two Department for Education (DfE) proposals:

- Option 1: Proceed with the DFE construction of a new 150-place SEMH Free School primarily funded by the DfE and an additional authority capital contribution of £2 million giving a total of £3 million
- Option 2: Decline the Free School and instead accept a £7 million capital grant to deliver a distributed programme of smaller-scale projects to create a number of specialist and resource specialist places in mainstream schools across the borough

Each option carries distinct opportunities and risks and the DFE have set a deadline of February 27th, 2026, to submit the decision of either Option 1 or Option 2.

Option 1 offers a purpose-built, specialist facility in a regeneration area, with long-term financial savings and strategic alignment. This option will require a significant corporate capital contribution and will not be operational until 2028 or later, however, is dependent on DfE project capacity to deliver within the proposed timescales. It also aligns with the existing SENDAP strategy of development of special school places in the borough. This option does require an additional £2.3-2.4 million capital contribution.

Option 2 provides immediate funding and faster delivery of places with a lower level of investment through multiple projects but requires strong internal capacity and coordination to ensure delivery of equivalent outcomes, as well as sufficient school space to develop the additional places within mainstream schools.

RECOMMENDATIONS

It is recommended that Cabinet:

1. Approves Option 1, to proceed with the planned DfE construction of 150 place specialist free school for SEMH (Social, Emotional and Mental Health)
2. Delegates authority to the Director for Children's Services, in consultation with the Portfolio Holder for Children and Education to respond to the DfE on those terms by the stated deadline.
3. Approves the additional estimated capital costs (estimated at £2.3M) as set out in this report and authorises the Section 151 Officer to make such provision in the capital program as appropriate
4. Instructs the Director for Children's Services to update Cabinet via further report at an appropriate stage, once matters begin to crystallise and with the support of the Portfolio Holder for Children and Education.

In the opinion of the Monitoring Officer, the above recommendations constitute an urgent decision due to the time restrictions imposed by the Department for Education and the need for the Council to engage with the Department for Education as to the direction to be taken and give assurance as to the Council's commitment to the scheme. The public interest has been considered and the Monitoring Officer is minded that the public interest is best served by a swift decision enabling a program that will alleviate demand and pressures in the SEMH area.

REASONS FOR DECISION

This will enable the build of a dedicated specialist school for 150 children and young people with SEMH needs, with long-term savings and alignment to the SENDAP Strategies and regeneration goals

1. BACKGROUND AND ISSUES

- 1.1 The Government's 2021 Spending Review allocated significant funds (£2.6bn) to support children with special educational needs and disabilities (SEND), and build 60 new free schools, a mixture of both special schools and schools for alternative provision. Cabinet approved in September 2022 for the Authority to submit a bid to DfE, and to accept the DfE funding as well as approval to also acquire the identified land at an assumed minimal cost. The authority was informed that its bid for a specialist free school, focussing on social emotional and mental health needs, had been approved. The authority then entered into the DfE process.
- 1.2 The numbers of children and young people who require additional support through an Education Health and Care Plan with SEMH needs continues to rise. The SENDAP Sufficiency Strategy (2024-29) identified the new free school as being essential in contributing to meeting needs in Borough. There are currently one hundred and sixty-nine children educated out of area in this profile.
- 1.3 The programme has already been delayed due to DfE factors, reprioritising projects and procurement of their technical teams as well as understanding the LA's position. The current revised programme is suggesting the new school could now open in academic year 2028, however, this date may be subject to DfE project delays.
- 1.4 NELC's bid for a new SEMH free school was approved by DfE in 2023 in recognition of this need for specialist school places. At the time of approval, local leaders strongly supported the free school concept: the Portfolio Holder for Education called it "desperately needed" and the Council Leader noted it "would help regenerate this part of Grimsby." Establishing the school on Freeman Street also dovetails with broader regeneration objectives for that deprived urban area – bringing a new purpose to a vacant brownfield site and potentially acting as a catalyst for community renewal with an agreed allocation of £1 million capital funding by NELC.
- 1.5 The land for the free school has been agreed with Lincolnshire Housing Partnership (LHP) and was being transferred to the Authority's ownership. The Authority have been working in partnership with the DfE and the Wellspring Academy Trust, who were procured to run the school, to progress the concept design and the feasibility stage of the project. Feasibility stage including surveys and consultation with the Environment Agency (EA) has now been concluded which has identified estimated additional costs for the Authority of circa £2.3 million.

- 1.6 Capital costs for the free school are mostly borne by the DfE. The DfE will fund the majority of the construction costs for the new school. They will also fund all associated project delivery costs including technical expertise and project management. NELC is responsible for 'abnormal' and enabling works: land acquisition, remediation of the brownfield site, flood risk mitigation such as raised land or two-storey design and highways works. A Cabinet report was drafted initially for January 2026 to request an additional £2.3–£2.4 million in capital funding to meet these revised requirements, however, was subsequently paused given the DfE's update with the two options in December 2025. There is a risk of further cost escalation, particularly if additional site issues arise or if planning and flood mitigation requirements become more complex.
- 1.7 The overall capital contribution is now estimated at approximately £3.3 million, an increase from the original £1 million allocation. However, the school is expected to generate long-term savings of approximately £3 million per year by reducing the need for expensive out-of-area placements. Once operational, the school will be funded through the Dedicated Schools Grant (DSG), with the Council responsible for top-up funding per pupil. These costs are already incurred for out-of-area placements and are expected to be lower for local provision. Additional benefits include reduced education transport costs and improved outcomes from local provision; Every month of delay is estimated to cost the Council approximately £0.3 million in foregone savings.
- 1.8 There is a distinct difference between Resource Specialist Provision, attached to mainstream schools and Specialist School places, in that RSP places are designed to offer support for those children who can or will access mainstream education if they are afforded the support. A specialist place means the complexity of need is outside the scope of what supported can be delivered through a mainstream setting. The SENDAP Strategies launched in 2023 identified the need for local specialist places.
- 1.9 As requested by Josh McAllister, the Children's Minister, views have been sought around both options and included from both local MPs and the Academy Trust Sponsor Designate, Wellspring Academy Trust. Melanie Onn, MP for Great Grimsby and Cleethorpes has shared her preference for the continuation of the Free School Development, as has Wellspring Academy Trust, the Trust Designate DfE appointed sponsor.

2. RISKS, OPPORTUNITIES AND EQUALITY ISSUES

- 2.1 There is a significant risk that the Local Authority will be unable to meet its statutory duty under the Education Act to provide sufficient, suitable places for the children in the borough to go to school, particularly if there are project delays within the DFE.
- 2.2 There is a saving to the Authority by contracting working with DfE who will fund the rest of the school build, project team and development utilising their resources, however, there will be an additional capital request to support the new design concept

- 2.3. There is a reputational risk to the Authority if the new school does not go ahead and we will not meet our SENDAP Sufficiency Strategy outcomes.

3. OTHER OPTIONS CONSIDERED

- 3.1 Opt for Option 2 and accept a £7 million capital grant to deliver a number of small-scale projects, creating both resource specialist provision and specialist places in our local schools.
- 3.2 Do nothing, and risk losing both the planned Free School Project or the capital grant offer

4. REPUTATION AND COMMUNICATIONS CONSIDERATIONS

There are both potential positive and negative reputational implications for the Council resulting from the decision. The development aligns with the current SENDAP Strategies and offers regeneration opportunities and enables local children to be educated closer to home. There are negative reputational implications if the Free School build does not go ahead which could be perceived as impacting on local children and their families. An action plan will be agreed with the Council's communications service, covering these issues including the importance of stressing this is a DFE build project.

5. FINANCIAL CONSIDERATIONS

- 5.1 The Free School is a DFE financed capital project. They fund the majority of the construction costs and all associated project delivery costs. Feasibility stage including surveys and consultation with the Environment Agency (EA) has now been concluded which has identified estimated additional costs for the Authority, bringing the total capital contribution to £3.3 million.
- 5.2 Following the EA position, the current school concept design option will be redesigned by the DfE to meet the necessary flood prevention mitigation. The Authority is working closely with the DfE regarding the capital costs and capping of the amount the Authority will be reasonably liable for.
- 5.3 The SEMH free school will enable one hundred and fifty children and young people to be educated in Borough. Using the current average out of area placement cost and assumed placement cost of the new SEMH school, a reduction of approximate £3 million per year could be realised through the uptake of these places. In addition, daily education transport and time would be reduced. Every month the project is delayed, the Authority is missing the opportunity to reduce education placement and education transport costs and educate our children within the borough they live.
- 5.4 The additional £2.3-£2.4 million capital contribution will support potential reduction in future revenue costs estimated at £3 million per year due to reduction in external places once fully occupied. Associated savings across education transport would also be expected.

- 5.5 External placement costs and specialist school places are funded by the dedicated school grant high needs block. Any reduction in costs supports the mitigation of the DSG deficit position.

6. CHILDREN AND YOUNG PEOPLE IMPLICATIONS

- 6.1 Approving either decision will enable children and young people with SEND to be educated in their communities in spaces and places which are fit for purpose and meet identified needs, rather than having to be transported to external provision due to lack of sufficiency in North East Lincolnshire.
- 6.2 Children and young people have been consulted about the project. Their voices will continue to be captured and inform design and development.

7. CLIMATE CHANGE, NATURE RECOVERY AND ENVIRONMENTAL IMPLICATIONS

- 7.1 All of the DfE and local authority's school schemes incorporate wherever possible, energy efficient saving measures which are already captured within the Schools Asset Management Plans. Any new advancements in technology and materials are also considered, explored and implemented wherever possible.
- 7.2 Educating children and young people in their own communities will positively impact on environment due to the reduction in education transport.

8. PUBLIC HEALTH, HEALTH INEQUALITIES AND MARMOT IMPLICATIONS

Key tenets of this Public Health initiative are to reduce health inequalities and improve outcomes for our population by focusing on improving social determinants such as education and giving every child the best start in life. These key principles are crucial when considering the educational opportunities for our children and young people receiving high quality education in a setting which is able to fully support their needs.

9. CONSULTATION WITH SCRUTINY

Given the late notification from the DfE and subsequent updates from the department in January, it has not been possible for the Children and Lifelong Learning Scrutiny Panel to consider the recommendations within this report. The panel did consider an early iteration of this report at its meeting in November 2025 and recommended that Cabinet explore safeguards around exposure to risk of increasing costs.

10. FINANCIAL IMPLICATIONS

- 10.1 Option1 will support the creation of specialist school places within the borough, reducing the need to transport young people to higher cost out-of-borough settings but will need additional capital contribution.

10.2 The Dedicated Schools Grant is currently in a deficit position and the increase in specialist school places within the borough is a key mitigation to managing the current expenditure levels through reduction in both placement and transportation costs.

11. LEGAL IMPLICATIONS

- 11.1 At the moment there are no legal implications immediately arising from the sought recommendations. The proposed project is DfE led and the clear merits of the recommended option are set out above. As the project progresses there may be further decisions sought.
- 11.2 For the time being the delegations sought are prudent and appropriately call for a further report by way of update in the fullness of time..

12. HUMAN RESOURCES IMPLICATIONS

There are no direct HR implications immediately arising from the contents of this report. As the project progresses there may be further decisions sought.

13. WARD IMPLICATIONS

Impacts all wards, although the site is within the East Marsh Ward

14. BACKGROUND PAPERS

SENDAP Sufficiency Strategy 2024-2029

Cabinet report September 2022 SEMH free school
[5.-Cabinet-Minutes-21st- Sept-2022.pdf](#)

Officer decision record July 2024
<https://www.nelincs.gov.uk/your-council/decision-making/how-decisions-are-made/>

15. CONTACT OFFICER(S)

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