

Title of report: National Schools Funding Formula 2025/26 Update

Meeting: Herefordshire Schools Forum

Meeting date: 18 October 2024

Report by: Senior Finance Business Partner

Classification

Open

Decision type

This is not an executive decision

Wards affected

(All Wards)

Purpose

To provide an update to the forum on national school funding issues, including the recommendations of the budget working group (BWG) on the Herefordshire schools' budget 2025/26.

Recommendation(s)

That:

- a) **Schools Forum to review the budget approach for setting the schools 2025/26 budget to be in line with the approach taken in 2024/25, as outlined in paragraph 4;**

- b) **Schools Forum to provide a view on consultation with schools, as outlined in paragraph 5.**

Alternative options

1. Alternative options will be fully considered by the Budget Working Group prior to formulating final budget recommendations for consideration by Schools Forum in January 2025. At this stage only a preliminary view has been sought in order to determine how the budget proposals can be developed further. The high needs budget will require further detailed work following the expected DfE funding announcement in December 2024 and recommendations will be agreed by Schools Forum in March 2025 prior to a formal decision by the Cabinet member for Children's and Families.

Key considerations

2. In previous years, the Department for Education has announced provisional financial information for the coming financial year in July. Following the change of Government on 4 July, this announcement has been delayed. The Chancellor's budget statement set for 30 October 2024 will outline the Government's financial position and departmental spending levels. It is not anticipated that any national funding formula updates or Dedicated Schools grant allocations for 2025/26 will be announced before the budget.
3. Although the announcement is later than in previous years, it is envisaged that the statutory deadline for budget setting at individual school level will still remain, i.e. January 2025. In the absence of any funding announcement, the Budget Working Group (BWG) at its meeting on 4 October 2024 considered the principle that **Herefordshire's approach to school funding for 2025/26 should be broadly in line with the approach used for 2024/25.**

Result of BWG consideration: *the BWG approved the approach of having the 24/25 budget framework in place for 25/26. The BWG commented that the approach used in previous years was well received and effective so it would be prudent to use the same for 25/26.*

4. The approach will follow the following principles therefore:
 - Seek to fund schools at the National Funding Formula values.
 - To fund schools at the maximum permitted Minimum Funding Guarantee (0.5% given in 2024/25)
 - To use the school block transfer process (max 0.5%) towards the SEN Protection Scheme (in line with 2024/25)
 - De-delegations in place as at 2024/25 to remain for 2025/26 (proposed annual increase cannot be given at this stage due to funding announcement delays. *(The BWG asked for a list of de-delegations approved in Jan24 for the 24/25 budget that would be rolled forward for 25/26. This was provided by finance and sent out with the minutes).*)
 - Avoid DSG deficit escalating further – the high needs block strategy is under review in line with DSG Management Plan
5. A key feature of the budget setting process is the annual financial consultation with schools. This takes place each year for the Forum to consider the outcomes early as budget planning develops. The absence of a funding announcement makes consultation difficult. The Budget Working group considered this at their meeting on 4 October 2024.

Result of BWG consideration: *some members of the BWG considered that the consultation process shouldn't take place given the poor response from schools in previous years. Others mentioned that it could take place but in an easier format. In previous years it's been a form that has had to be printed out and filled in, whereas a Microsoft online form was recommended. The service agreed to look into this.*
6. Using 24/25, the indicative timescale for setting the schools budgets is as follows:
 - Consultation with schools Oct/Nov24 (if online form/easier format can be produced).
 - Publication of 2025-26 individual school budgets may follow last year's timeline, with provisional budgets issued in early January 2025 and final budgets in March 2025.

- The expectation is that the January provisional budgets will reflect the schools funding settlement for 2025-26 and October 2024 verified census data (subject to this being provided by the DfE no later than mid-December).
- Final budget decisions will then need to be taken by Schools Forum which will in turn produce final allocations for release to schools in March.

Community impact

7. Increasingly schools funding is directed by government and the council can only allocate funding given by government. School governing bodies retain the responsibility to spend the school budget on meeting pupil needs. Schools, colleges and post-16 providers and potentially parents will need to be consulted on any changes to the high needs services.

Environmental Impact

8. This is a consultation with Schools Forum on school funding and will have no direct environmental impacts. School governing bodies and trustees are responsible for deciding on expenditure and they will be encouraged to minimise waste and resource use in line with the Council's Environmental Policy

Equality duty

9. The Public Sector Equality Duty requires the Council to consider how it can positively contribute to the advancement of equality and good relations and demonstrate that it is paying 'due regard' in our decision making in the design of policies and in the delivery of services.
10. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows: A public authority must, in the exercise of its functions, have due regard to the need to – (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act; (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
11. In relation to school finance, it is the responsibility of individual governing bodies to commit expenditure according to individual pupil need. Changes in high needs provision will require consultation with users, and further advice from legal services will be sought should this be necessary. However, the decisions of the school forum should have regard to this duty and the potential implications of any decisions made.

Resource implications

12. The school's budget is fully funded by Dedicated Schools Grant (DSG). On 3rd October the ESFA published a statement acknowledging the delay in the National Funding Formula (due to change in national government) and mentioned that this information for 25/26 will be made available following the central government budget announcement on 30th October. The ESFA also mentioned that a modelling Authority Planning Tool would not be made available this year, but a final version of the Authority Planning Tool (at school level) would be sent alongside the DSG allocations.

Risk management

13. As there is no funding announcement, the full risk analysis has not yet been undertaken.

Consultees

14. No consultation has yet been undertaken with schools, early years providers or service users. The BWG was consulted on 4 October 2024 regarding consultation with schools and Schools Forum will be informed of all comments at the meeting. The BWG will consider the budget proposals further after the budget consultation with schools has been completed (if this happens/online form is made available) and the DfE have announced final DSG allocations in December 2024.

Appendices

Appendix 1 Budget Working Group presentation 4 October 2024

Background papers

None identified.

Report Reviewers Used for appraising this report:

Governance	Jen Preece	Date 10/10/2024
Finance	N/A Click or tap to enter a date.	
Communications	Luenne Featherstone	Date 09/10/2024
Equality Duty	Harriet Yellin	Date 10/10/2024
Procurement	N/A Click or tap to enter a date.	
Risk	N/A	

Approved by	Liz Farr & Rachael Sanders
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