

Agenda

Herefordshire schools forum

Date: **Friday 13 January 2023**

Time: **9.30 am**

Place: **online meeting**

Notes: Please note the time, date and venue of the meeting.

For any further information please contact:

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Agenda for the Meeting of the Herefordshire schools forum

Membership

Chairman	Kathy Weston	Local Authority Maintained Primary School
Vice-Chairman	Alison Banner	LA maintained secondary schools
	David Bennett	Academies
	Christine Bryan	Academies
	Alex Davies	Academies
	Paul Deneen	Trade Unions
	Nicki Emmett	Academies
	Richard Foster	Academies (primary)
	Nicki Gilbert	LA Special Schools
	Andy Gosling	Secondary Governors
	Georgie Griffin	Primary Governors
	Edward Gwillim	16-19 Providers
	Sue Jenkins	Local Authority Maintained Primary School
	Paul Jennings	Academies
	Steve Kendrick	Local Authority Maintained Primary School (with Nursery)
	Tim Knapp	Academies
	Tracey Kneale	Local Authority Maintained Primary School
	Chris Lewandowski	Trade Unions
	Sian Lines	Diocese of Hereford
	Rose Lloyd	Early Years
	Sheila Taylor	Academy Special Schools

Agenda

		Pages
1.	<p>APOLOGIES FOR ABSENCE</p> <p>To receive apologies for absence.</p>	
2.	<p>NAMED SUBSTITUTES (IF ANY)</p> <p>To receive any details of Members nominated to attend the meeting in place of a Member of the Forum.</p>	
3.	<p>DECLARATIONS OF INTEREST</p> <p>To receive any declarations of interest by Members in respect of items on the Agenda.</p>	
4.	<p>MINUTES</p> <p>To approve the minutes of the meeting held on 7 October 2022.</p>	5 - 16
5.	<p>SCHOOLS BUDGET 2023/24</p> <p>To agree final budget proposals for recommendation to the cabinet member for children and families for school budgets, central school services and early years within the Dedicated Schools Grant (DSG) for 2023/24.</p>	17 - 38
6.	<p>DEDICATED SCHOOLS GRANT - DEFICIT MANAGEMENT PLAN</p> <p>To approve the Dedicated Schools Grant (DSG) management plan subject to any amendments prior to submission to the Department for Education (DfE).</p>	39 - 56
7.	<p>LOCAL MANAGEMENT OF SCHOOLS - SCHEME AMENDMENT</p> <p>The Department for Education has advised that the Consistent Financial Reporting guidance does not permit schools to transfer revenue to capital in advance of spend. In order to accommodate this advice the Local Management of Schools scheme requires amendment to introduce a new category for committed revenue balances and to exclude these balances from the 20% balance clawback scheme for the financial year 2022-23 and future financial years. Local authority maintained school members are asked to approve the changes to the LMS scheme.</p>	57 - 62



Minutes of the meeting of Herefordshire schools forum held at online meeting on Friday 7 October 2022 at 9.30 am

Present: Ms A Banner (Vice-Chairperson in the chair)

Mr D Bennett	Academies
Mr A Davies	Academies
Mr P Deneen	Trade Unions
Ms N Emmett	Academies
Mr R Foster	Academies (primary)
Ms N Gilbert	LA Special Schools
Mrs G Griffin	Primary Governors
Mrs S Jenkins	Local Authority Maintained Primary School
Mr P Jennings	Academies
Mrs L Johnson	Local Authority Maintained Secondary School Governor
Mr T Knapp	Academies
Mrs R Lloyd	Early Years
Ms C Rushton	Trade Unions
Mr A Teale	Diocese of Hereford

Officers: Service Director, Education, Skills and Learning, Strategic Finance Manager and Head of Additional Needs, Childrens Wellbeing

54. ELECTION OF CHAIRPERSON

Kathy Weston was proposed and unanimously supported by members of the forum.

Resolved: that Kathy Weston be elected chairperson of the Forum for the ensuing year.

55. ELECTION OF VICE-CHAIRPERSON

Alison Banner was proposed and unanimously supported by members of the forum.

Resolved: that Alison Banner be elected vice-chairperson of the Forum for the ensuing year.

56. APOLOGIES FOR ABSENCE

Apologies were noted from the following forum members: Andy Gosling, Ed Gwillim, Steve Kendrick, Tracey Kneale, Chris Lewandowski, Sian Lines, Sheila Taylor, Kathy Weston.

57. NAMED SUBSTITUTES (IF ANY)

The following substitutes were noted:

Lynn Johnson for Andy Gosling
Carol Rushton for Chris Lewandowski

Andrew Teale for Sian Lines

58. DECLARATIONS OF INTEREST

Paul Deneen declared an interest in item 7 on the agenda as a representative of trades unions.

59. MINUTES

The strategic finance manager had contacted the f40 group as requested at the previous meeting with regard to the sharing of information gathered on school energy costs. However this had been overtaken by national events and the government's actions to address rising energy prices. Most Herefordshire schools received their energy through West Mercia Energy, who reported that they were fully hedged this year and next year, meaning Herefordshire schools were as protected as they could be through to April 2024.

With this update noted it was resolved that: the minutes of the meeting held on 15 July 2022 be approved as a correct record.

60. LOCAL AND NATIONAL SCHOOLS FUNDING UPDATE (Pages 5 - 12)

The strategic finance manager gave a presentation on the key points to be covered in the annual consultation with schools. A copy of the presentation is attached to the minutes of the meeting.

In discussion of the presentation and proposed budget consultation it was noted that:

- The behaviour support service would provide further information so that schools would understand what they would be getting for the de-delegated sum if approved;
- There was now very little flexibility in the funding formula as it moved closer to a hard national formula;
- A 0.5% minimum funding guarantee was recommended;
- It was proposed to transfer £615k to the high needs block to fund the SEN protection scheme, this was the maximum that could be transferred;
- Schools had consistently reported how they valued the SEN protection scheme but the transfer proposed would not fund continued growth;
- Pressure for EHCPs continued, with referrals up 26% in the financial year;
- The outcome of the consultation would be discussed with the budget working group before coming to the next forum meeting in January 2023.

Further discussion will take place on the high needs budget ahead of setting a budget in March 2023 but there is concern that the expected allocation will not allow a balanced budget to be set. Forum members noted that:

- At the request of the budget working group a projection had been produced which showed how the deficit could grow based on the experiences of other councils;
- Action was being taken to minimise the use of out of county placements but this would take time to come to fruition;
- The base funding block for special schools had not been increased since 2014 and no funding proposals had yet come forward from the national SEND review, the local authority attempted to compensate for this by increasing the higher tariffs as much as possible;
- There was also a lot of demand outside special schools and all pupils with special education needs required better funding;
- Schools were also looking at solutions including options for Alternative Provision.

Options to apply pressure to the national government to address the pressures in high needs were discussed. Efforts have been made previously to engage with local MPs and it was suggested that the forum keep this under review.

The strategic finance manager informed forum members that he had re-applied to the DfE as advised by them to continue the exceptional factor to cover rent costs for Eastnor Primary School. This was a largely technical matter and the outcome would be reported to the forum in due course.

Forum members thanked officers and members of the budget working group for their work on the budget proposals.

It was resolved that:

The initial budget proposals for 2023/24 for schools and high needs, as outlined in the draft consultation paper, be approved for consultation with schools during the autumn term 2022.

61. WORK PROGRAMME 2022/23

The work programme and dates of future meetings were noted. No additional items were proposed for the work programme.

The meeting ended at 10.30 am

Chairperson

DSG 2023-24
School Forum
7 October 2022

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MINUTE ITEM 60

De-delegation proposals 23/24

- New proposals in Spotlight newsletter
- **School Improvement** – replacement of government grant of £230k pa by de-delegation of £12 per pupil
- **Contingencies** - de-delegation at £3 per pupil for three years to build up fund for unexpected and significant costs e.g. Employment Tribunals
- **Behaviour Support Service** at £4 per primary pupil – to be reviewed with BWG in December
- All other de-delegations to have inflationary increase of 1.9% as per DfE's NFF allocations

Schools Block 2023/24

- £122.35m funding for full NFF and an MFG at 0.5%
- Forum has very limited discretion to change NFF
- MFG guarantees a minimum per pupil increase to all schools and can be set between 0.0% and 0.5%
- Any greater increase requires DFE approval
- Choice of MFG at 0% or 0.5%
- MFG at 0.5% costs £378k and to support 6 larger primary schools with high deprivation. Max is £145k
- At 0% the cost is £314k and supports 6 schools with the max at £131k

Schools Block 2023/24

Base Reference Case

- MFG at 0.5% minimum and SEN Protection scheme funded with expected £350k surplus growth plus **£25k underspend** = £375k

Current spend of SEN Protection scheme

- Estimated at £619K 22-23
- Which is the max transfer of 0.5% of Schools Block

Consulted BWG to scale back gains by 16.5% to create surplus £274k to add to maintain SEN scheme at £615k – but will not fund continued growth.

HNB Consultation in Autumn 2022

Additional £1.57m is provisionally allocated;

- £0.5m out-county independent schools
- £0.6m inflation on tariffs A - C (2%) D-F (+5%)
- £0.2m autism places from September 2023
- £0.2m PRU site leads and increase in tariffs
- £0.05m increase in behaviour based tariffs re Brookfield
- £0.03m Early Years high needs tariffs increases re parity with schools

Doesn't look enough to set a balanced budget

Next Steps

- Consultation with schools October to November
- Views re SEN protection v MFG
- Views on delegation options for LA schools
- Review at Dec 2 BWG
- DSG confirmed mid- December
- Finalise budget proposals BWG 6th Jan
- Schools Forum 13 Jan
- Submit to DfE 20 Jan
- High Needs budget to Schools Forum 3 March

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High Needs Deficit Forecast

- Based on extrapolation from 2016-17 of top 5 LAs with biggest deficits – most were tiny in 2016-17
- Ave deficit in 2016-17= £1.2m
- Ave deficit forecast in 2024-25 = £117.3m
- Applying year on year % to Herefordshire we get
- **21-22** £0.3m, **22-23** £0.9m, **23-24** £2.9m
- **24-25** £5.8m, **25-26** £10m, **26-27** £15.7m
- **27-28** £20.3m, **28-29** £25.1m, **29-30** £29.3m
- Herefordshire is 5 years behind Top 5 but same national EHCP pressures apply

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Title of report: Schools Budget 2023/24

Meeting: Schools Forum

Date: 13 January 2023

Report by: Schools Finance Manager

Service Director - Education, Skills and Learning

Classification

Open

Decision type

This is not an executive decision

Wards affected

(All Wards);

Purpose

To agree final budget proposals for recommendation to the cabinet member for children and families for school budgets, central school services and early years within the Dedicated Schools Grant (DSG) for 2023/24. The Budget Working Group (BWG) meets on 6 January 2023 and their proposals will be set out in a supplementary report.

Recommendation(s)

That:

Due to insufficient funding within the Dedicated Schools Grant the National Funding Formula (NFF) factors for 2023/24 be reduced by 1% as included in the recommendations 1. (a) – (n) below and recommended to the Cabinet member for children and families for decision as follows;

- 1. The final school funding values be agreed, subject to a minimum total funding per pupil of £4,405 for primary schools and £5,715 for secondary schools, including the Minimum Funding Guarantee at 0.5% as follows:**

- (a) Basic entitlement per pupil Primary £3,361, basic entitlement per secondary pupil Key Stage 3 £4,738 and basic entitlement per secondary pupil Key Stage 4 £5,340**

(b) Deprivation per free school meal Primary £475.50 Deprivation per free school meal Secondary £475.50

(c) Deprivation per ever-6 free school meal Primary £697.95, Deprivation per ever-6 free school meal Secondary £1,019.70

(d) Socio-economic deprivation Income Deprivation Affecting Children Index (IDACI)

(i) Band A Primary £663.30 Secondary £920.70

(ii) Band B Primary £504.90 Secondary £722.70

(iii) Band C Primary £475.20 Secondary £673.20

(iv) Band D Primary £435.60 Secondary £613.80

(v) Band E Primary £277.20 Secondary £440.55

(vi) Band F Primary £227.70 Secondary £331.65

(vii) Band G Primary £0 Secondary £0

(e) Low prior attainment per pupil Primary £1,143.45, per pupil Secondary £1,732.50

(f) Lump Sum Primary £126,720, Secondary £126,720

(g) Primary sparsity, on NFF taper basis, over 2 miles and less than an average year group size of 21.4 pupils Primary £56,018.50

(h) Secondary sparsity, on NFF taper basis, over 3 miles and less than an average year group size of 120 pupils Secondary £81,081 using the updated DfE actual road distance measure

(i) English as additional language (EAL3) per primary pupil Primary £574.20 English as additional language per secondary pupil Secondary £1,549.35

(j) Mobility Primary £935.55 Mobility Secondary £1,346.40

(l) PFI contract Secondary £336,104

(m) Exceptional premises factor – Eastnor rent Primary £9,556

(n) Business rates: At the indicative cost of £1,292,043 as determined by the Education and Skills Funding Agency and 2021/22 funding in arrears for Marlbrook primary school of £21,964.77

2. Additional growth funding of £187,250 for 2023/24 be approved for recommendation to the Cabinet member for children and families as follows;

(a) Growth funding for basic need expansion at Kingstone High School, £140,437.50 (summer term £56,700, autumn & spring £83,737.50) for the financial year 2023/24 for an additional 30 planned pupils

(b) Growth funding for basic need expansion at Fairfield High School, £46,812.50 (summer term £18,900, autumn & spring £27,912.50) for the financial year 2023/24 for an additional 10 planned pupils

3. Transfer to high needs block to support the SEN protection scheme, £616,000 be approved by Schools Forum and to set the school funding cap at £170 x Number on Roll for 2023/24 allowing £50,000 growth in 2023-24 subject to further consideration of the funding cap at the March meeting of Schools Forum.

4. That prior to submission to the DfE, any minor adjustments to the schools budget up to £5k required to comply with the regulations, be made to the funding allocated to the growth fund to provide a contingency.

5. That Schools Forum approve an inflationary increase for the central support services funding for 2023/24, and advise the Cabinet member for children's and families for information, as follows

- (a) Statutory retained duties £387k**
- (b) Schools Forum administration costs £19.5k**
- (c) School admission costs £135.6k**
- (d) National licences for schools £153k**
- (e) Additional funding for statutory duties for SEN casework team £27k**
- (f) SACRE funding for statutory duties £8,120**
- (g) Transfer to the high needs block £80k**

6. That local authority maintained school members, approve an increase of 1.9% in the de-delegation of funding in 2023/24, and advise the Cabinet member for children's and families for information, as follows

- (a) trade union facilities for primary schools only be approved at £2.65 per pupil**
- (b) trade union facilities for secondary schools only be provided for through a Service Level Agreement at £2.65 per pupil**
- (c) school budgeting software licence at £422.89 per school**
- (d) ethnic minority support at £1.17 per pupil plus £6.93 per Ever-6 Free school meals and £36.68 per English as an Additional Language three years (EAL3)**
- (e) school meals entitlement assessment at £1.31 per primary pupil and £0.99 per secondary pupil (for local authority schools)**
- (f) behaviour support service at £4.08 per pupil to provide £38,300 income**
- (g) school improvement services be newly de-delegated at £6 per pupil**
- (h) contingencies be newly de-delegated at £1 per pupil**
- (i) the statutory education services for non-academy schools be charged at £12.48 per pupil**

7. The early years funding formula for Herefordshire providers from April 2023 be increased by the inflationary increase provided by DfE and approved for recommendation to the Cabinet member for children and families as follows; as follows;

- (a) Two year olds: £5.63 per hour**
- (b) Three and four year olds: £4.48 per hour + a deprivation supplement of £0.38 per hour for Early Years Pupil Premium eligible children + a rurality supplement per provider of £57 per week (pro-rata for providers that deliver less than 100 hours per week) paid for 38 weeks per year**
- (c) Early years central expenditure be increased by 5.4% inflation £393,000 for NEF contract payments, Early years consultants and MASH support for early years settings.**

8. The Schools Budget be approved for recommendation to the Cabinet member for children and families as follows;

(a). A balanced schools budget be approved for 2023/24; and

(b). the unusable reserve for the DSG deficit reserves of £275,319 be carried forward to financial year 2024/25 adjusted by any under or overspend in DSG at year end in March 2023.

Alternative options

1. Schools Forum agreed in October 2017 to the strategy to implement the NFF from 2018/19. However due to national economic pressures the announced DSG funding does not provide sufficient funding to pass through to schools the full National Funding Formula entitlement. In addition to the council's preferred option two alternatives have been developed for consideration by the Budget Working Group (BWG) on 6 January 2023, and their recommendations will be published by the BWG in a supplementary report to Schools Forum for consideration on 13 January.

Key considerations

2. The BWG will advise in a supplementary report on the alternatives to the council's preferred option for the School Budget for 2023/24, as set out in the autumn schools budget consultation and amended as necessary to comply with the funding constraints set by DfE in the 16 December DSG funding announcement. The DSG funding assumptions underlying the proposed budget are set out below.
3. The DSG 2023/24 settlement was announced on 16 December 2022. The recommendations in this report are based on the final DSG settlement of 22,459 pupils as follows;

SCHOOLS BLOCK STRATEGY 2023/24

4. Final DfE allocations for the schools block based on an actual 22,424 pupils (primary 13,218 and secondary 9,241) as follows:

DSG Schools Block grant funding allocation	£123,212,801
National Funding Formula 2023/24	£123,253,500
Growth Fund allocation	£187,250
Total NFF and growth fund	£123,441,000
Overspend 2023/24	£228,000

5. Three options have been developed to set a balanced budget for the Schools Block and these will be considered by the BWG on 6 January and Schools Forum on 13 January 2023 so that agreed recommendations can be made to the Cabinet Member for decision. The options are;
 - i) Option A: Reduce all NFF factors by 0.26% to maximise the allocation to schools within the DSG funding allocated by government. This provides for no transfer to the high needs block and would require the abolition of the SEN protection scheme, which would most likely exacerbate the emerging high needs overspends and significantly increase high needs deficit. This is not recommended by the council.

- ii) Option B: Reduce all NFF factors by 0.5% to provide a transfer to the high needs block of £213,500 which when combined with a possible contribution from the high needs block of £200,000 would require a significant curtailment of the SEN Protection scheme by raising the cap to £200 per pupil and hence only provide a basic minimum SEN protection scheme spending around £400k in 2023/24 supporting inclusive schools with higher than average numbers of high needs pupils. The existing SEN protection scheme is forecast to spend over £700,000 in 2022/23 so this would virtually half the support available. This is not the council's preferred option
- iii) Option C: Reduce all NFF factors by 1% to provide a surplus of £616,000 which is the maximum 0.5% which can be transferred to the high needs block to allow the SEN protection scheme to continue much as in 2022/23. Some support would be required from the high needs budget or alternatively a small increase in the cap could be used to keep expenditure within the available budget. The precise details of the cap and availability of funding from the high needs block will be discussed with the Budget Working Group in early March as the high needs budget proposals are developed for Schools Forum to discuss on 17 March. The high needs block has been given an additional £1m in addition to the expected increase of £1.7m and so it is probable that a relatively small sum can be found to keep the SEN protection scheme much the same as 2022/23. This is the council's preferred option.

HIGH NEEDS BLOCK STRATEGY 2023/24

6. Dedicated Schools Grant (DSG) allocations for 2023/24 have been published by government and provide an increase in Herefordshire's high needs allocation of £2.73m including an additional allocation of £998,000 since the provisional announcement in July 2022 i.e. a gross allocation of £25.682m compared with a final allocation of £22.988m in 2022/23. In year adjustments for FE college placements make comparisons across years difficult.
7. The provisional increase of £1.57m has been initially allocated as set out below. However the additional £1m announced on 16 December has yet to be considered by the BWG.
 - £0.5m out-county independent schools
 - £0.6m inflation on tariffs A - C (2%) D-F (+5%)
 - £0.2m autism places from September 2023
 - £0.2m PRU site leads and increase in tariffs
 - £0.05m increase in behaviour based tariffs re Brookfield
 - £0.03m Early Years high needs tariffs increases re parity with schools.

In addition an urgent budget pressure of £0.12m for an increase in primary intervention places has been identified to respond to increasing numbers of primary exclusions.

8. The SEN protection scheme was expanded to include secondary schools in 2020/21 and was supported by a transfer of £0.5m from the schools block in 2022/23. The cost of the scheme continues to grow each year and the scheme is hugely supported by schools. Current expenditure in 2022/23 is forecast at £699k but expected to grow further in 2023/24 to within a range of £750k-£800k depending on the value set for the scheme cap. Further work is necessary to ensure a robust estimate and Schools Forum will be asked to consider the final cap for 2023-24 on 17 March 2023.
9. The draft budget proposals for 2023/24 set out within the autumn schools budget consultation indicated the National Funding Formula would be affordable with a MFG at 0.5% and capping

and scaling of school gains to provide a surplus of £275k which when taken together with the expected surplus of £350k from the schools growth fund would have supported the maximum transfer of £615,000 to the high needs block. This would have permitted the funding of the SEN protection scheme at the maximum 0.5% transfer value of £615,000 with the agreement of Schools Forum.

10. However the final October pupil census has significantly increased the cost of deprivation and FSM by +£333k due to an extra 564 pupils (+4.3%), EAL/Mobility costs by +£211k due to an extra 245 pupils (+26%), an increase in the Minimum Funding Guarantee by +£291k and it is no longer possible to cap school NFF gains which means expected savings of £252k are no longer available. Overall this results in increased costs of £1,087k, which offset by a much smaller level of savings on other factors of £181k, gives an overall net cost increase of £906k. This makes the original budget proposal to transfer £615k to the high needs block whilst funding schools at the full NFF values impossible to deliver.
11. Additionally schools have been given a supplementary grant allocation of £4.15m for 2023-24 compared with a similar allocation of £3.3m in 2022-23. It is expected that this additional grant will be allocated using NFF factors but final details are not yet available. Given the 2023-24 grant is 25% greater than 2022-23 it is likely to be distributed as approximately £120 per primary pupil, £170 per Key Stage 3 pupil, £190 per Key stage 4 pupil plus £100 per primary FSM pupil, £150 per secondary FSM pupil and an additional £4,500 on the lump sum but further details are awaited.
12. By comparison the recommended 1% reduction in the NFF would reduce per pupil funding by £33 for primary, £48 for Key Stage3 and £54 for Key Stage 4, £5 per pupil in FSM funding and £1,300 in the lump sum. The proposed reduction in NFF factors creates a surplus of £616,000 to transfer to the high needs block effectively reducing the £4,15m additional grant to £3.5m, which is broadly comparable to the £3.3m supplementary grant allocated in 2022-23.
13. Further detailed work will be undertaken on the high needs budget during the spring term. The final high needs budget plan will be agreed with the Budget Working Group and Schools Forum in March 2023. However it seems probable that the DSG deficit will increase during 2023/24.

EARLY YEARS BLOCK

14. The government has announced an inflationary increase in early years funding of 5.64% for three and four year old per hour funding (from £4.61 to £4.87) and a 1.01% increase in two year old per hour funding (from £5.57 to £5.63). As with previous inflationary increases allocated by DfE, it is proposed the funding rate for will increase in line with the inflation for 2023/24.
15. Hence, subject to consultation, the Nursery Education Formula (NEF) for 2023-24 will be;
 - Rurality supplement of £57 per week (pro-rata for less than 100 hours per week)
 - Base hourly rate of £4.48 for 3 and 4 year olds
 - Base hour rate of £5.63 for 2 year olds
 - Deprivation supplement of 38p per hour for all Early Years Pupil Premium eligible childcare
16. Early Years central costs will be increased as follows;
 - a. Nursery Education Funding Team £43,000
 - b. Early Years advisory team £340,000

c. Multi Agency Safeguarding Hub £10,000

CENTRAL SCHOOL SERVICES BLOCK

17. The central block has increased slightly from £785k to £810,321. Small inflationary increases are proposed as follows. In addition to the statutory retained duties formerly funded by Education Services Grant (£387k), funding allocations will be Schools Forum administration costs (£19.5k), school admission costs (£130.6k plus an extra £5k for in-year transfers), national licence costs (£153k), SACRE (£6,120 plus an extra £2k for increased in contract costs for RE technical advice), SEN Casework (£27k) and a transfer to high needs (£80k).

NATIONAL FUNDING FORMULA – HEREFORDSHIRE SCHOOLS BUDGET

18. Herefordshire's school funding proposals for 2023/24 are to adopt the national funding formula values less a 1% reduction which will be used to fund the continuation of the SEN Protection scheme in the high needs block in 2023-24 as follows:

Note: the 1% reduction is already included in the figures below.

- | | | |
|----|--|---|
| a) | Basic Entitlement per pupil (2022/23 factor values for comparison): | |
| | i. Primary KS1/2 - | £3,361 (£3,217) |
| | ii. Secondary KS3 - | £4,738 (£4,536) |
| | iii. Secondary KS4 - | £5,340 (£5,112) |
| b) | Low prior attainment (low cost, high incidence special education needs) | |
| | i. Primary funding per pupil | £1,143.45 (£1,130) |
| | ii. Secondary funding per pupil | £1,732.50 (£1,710) |
| c) | Free School Meals per pupil | |
| | i. Primary | £475.50 (£470) |
| | ii. Secondary | £475.50 (£470) |
| d) | Deprivation per Ever-6 Free Meal pupil | |
| | i. Primary | £697.95 (£590) |
| | ii. Secondary | £1,019.70 (£865) |
| e) | Socio-economic deprivation Income Deprivation Affecting Children Index (IDACI)
- updated values published by government in September 2019 | |
| | • Band A (2.5% LSOAs) primary | £663.30 (£640) secondary £920.70 (£890) |
| | • Band B (5%) primary | £504.90 (£490) secondary £722.70 (£700) |
| | • Band C (5%) primary | £475.20 (£460) secondary £673.20 (£650) |
| | • Band D (5%) primary | £435.60 (£420) secondary £613.80 (£595) |
| | • Band E (10%) primary | £277.20 (£270) secondary £440.55 (£425) |
| | • Band F (10%) primary | £227.70 (£220) secondary £331.65 (£320) |
| | • Band G (62.5%) primary | £0 secondary £0 |
| f) | English as Additional Language (EAL3) for all eligible pupils within last three years | |
| | i. Primary | £574.20 (£565) |
| | ii. Secondary | £1,549.35 (£1,530) |
| g) | Lump sums – Primary and Secondary | £126,720 (£121,300) |
| g) | Sparsity | |
| | i. Tapered lump sum of £56,018.50 (£55,000) for qualifying primary schools with an average year group size of 21.4 | |

- ii. Tapered lump sum of £81,081 (£80,000) for qualifying secondary schools with an average year group size of 120 pupil
- h) Business Rates – no change, funded at cost with a nil increase in the business rates multiplier. It is expected that the council will participate in the DfE's scheme for business rates payments to be paid centrally by the DfE.
- i) Looked After Children – £0 as funding has been transferred to the pupil premium grant
- j) Mobility – Primary per pupil £935.55 (£925) Secondary per pupil £1,346.40 (£1,330) above a threshold of 6% pupil turnover
- k) Exceptional premises factor – increased by 2.4% inflation to £9,556 (£9,332) to meet rent costs for Eastnor Primary School subject to DfE approval
- l) PFI factor – increased by 5% to £336,104 (£320,703) to meet as far as possible the PFI contract requirements which uses the RPI(X) as at February 2023.
- m) Minimum per pupil funding level – April 2023
 - (i) Secondary £5,715 per pupil (£5,525)
 - (ii) Primary £4,405 per pupil (£4,265)
- (iii) The Minimum funding guarantee (MFG) can be set between 0.0% and 0.5%. Herefordshire will aim to set the MFG at the maximum 0.5% and although it has not been possible to use the capping and scaling provisions to provide a further £616k, other arrangements are recommended to ensure that the SEN Protection scheme is funded at the maximum 0.5% of the schools block i.e. £615k.

19. De-delegation and Education Management proposals for locally maintained schools by a small inflation allowance (1.9%) as follows;

- computer licences for the school budgeting software to increase to £422.89 from £415;
- Free school meals eligibility checking, primary to increase to £1.31 per pupil (from £1.29) and secondary to increase to £0.99 per pupil (from £0.97)
- Support for underperforming ethnic minority groups and bilingual learners to provide EAL services for initial assessments, YR observations and follow-up advisory and monitoring visits funded by de-delegation costs as follows;
 - Increase per pupil amount to £1.17 from £1.15
 - increase per Ever6 FSM pupil to £6.93 from £6.80
 - change to EAL 3 year factor at £36.50 per pupil from £36
- A small increase to Trade union facilities agreement by 5p to £2.65 per primary pupil to reflect expected cost pressures.
- Education Management – a small increase to £12.50 from £12.25 for local authority maintained schools.
- Behaviour support services – to continue with £4.08 per pupil for primary schools (including the 1.09% increase as above)
- School Improvement Services at £6 per pupil to include
 - Headteacher support
 - Ofsted/School Improvement support
 - General education management advice and support

20. Contingencies at £1 per pupil to fund unexpected costs such as pupil census errors, unavoidable redundancies from small school closures and costs from Employment Tribunals for a period of nine years subject to no claims on the fund.

Transfers of funding from Schools Block to High Needs.

21. After fully funding the National Funding Formula for schools, and after allocating growth funding, it is proposed to use the available £0.616m available funding from the schools block as follows:

22. transfer £616,000 from the schools block to support the schools SEN protection scheme within the high needs block. This would provide for the continuation of the scheme albeit with a revised funding cap at £170 x Number on Roll for 2023/24. The SEN protection scheme expenditure is currently forecast to spend £650k significantly over the budget at £517k per year due to a 10% increase in Education, Health and Care Plans since September 2021 and costs are expected to continue to increase in 2022/23. The cap in the SEN protection scheme will need to increase to at least £170 to ensure expenditure remains within the proposed budget. This will be reviewed at the March meeting of Schools Forum when the high needs budget is set.

23. In order for Schools Forum to be fully informed in considering a request from the local authority to transfer funding from the schools block to the high needs block, DfE suggest the evidence presented to the schools forum should include:

- *Details of any previous movements between blocks, what pressures those movements covered, and why those transfers have (together with the increased high needs funding for 2020 to 2021 and future years) not been adequate to counter the new cost pressures;*

A transfer of £324k (0.3%) was agreed for 2018/19, a transfer of £215k (0.2%) was agreed for 2019/20, a transfer of £300k (0.3%) was agreed for 2020/21, a transfer of £300k (0.3%) was agreed for 2021/22 and a transfer of £517k in 2022/23 to support the SEN protection scheme.

- *A full breakdown of the specific budget pressures that have led to the requirement for a transfer. This should include the changes in demand for special provision over the last three years, and how the local authority has met that demand by commissioning places in all sectors.*

Budget pressures on the complex needs budget and out county placement budget are such that a £1m overspend was incurred in 2019/20. The high needs budget is forecast to overspend by £105k in 2021/22 and further provision of £2m has been made to provide for the costs arising from known pupils expected to receive placements in 2022/23. Without a funding transfer to the high needs block in 2023/24, the high needs deficit will continue to increase and the SEN Protection scheme will have to be cut back. Herefordshire special schools are full. The new Beacon College Special Academy has opened with 50 places, aged from 16 to 19, with severe and complex learning difficulties. A further bid for a new free school has been submitted to the DfE for a potential opening in 2025.

- *It's particularly important that any changes in the provision for mainstream school pupils with high needs are highlighted so that those schools can understand both why a transfer of funds from the schools block might be needed, and how future transfers might be avoided.*

The funding transfer is necessary to avoid a high needs block deficit and to continue funding the high needs protection scheme which is judged as essential by primary schools in particular. Without the block transfer reductions would have to be made to the protection scheme, which the council considers would have a negative impact on inclusion and would further increase spend

- *A strategic financial plan setting out how the local authority intends to bring high needs expenditure to levels that can be sustained within anticipated future high needs funding levels.*

A DSG deficit management plan is on School Forum's agenda. The council considers that an appropriate level of funding to meet need is essential from the DfE to ensure a balanced high needs budget in future. A modest transfer will ensure as far as possible that Herefordshire keeps the current deficit as small as possible.

- *The local authority should demonstrate an assessment and understanding of why the high needs costs will be at a level that exceeds the increased levels of high needs funding that all local authorities will receive in 2020 to 2021, and that can be anticipated in subsequent years,*

and that plans are in place to change the pattern of provision where this is necessary, as well as to achieve greater efficiency in other ways.

Herefordshire does not intend to spend at a level that exceeds high needs block funding allocated by DfE. Modest transfers from the schools block will be proposed when surplus funding is available over and above that required to fully implement the NFF in schools.

- *The schools forum can only give approval for a one-off transfer of funding out of the 2023 to 2024 schools block.*

This is clearly understood and with sufficient funding provided in DSG by DfE such transfers of funding from schools block to high needs would not be necessary.

- *The local authority should give details of whether the cost pressure is such that they would anticipate the need to seek schools forum approval for a transfer in subsequent years, if this is permitted, and how they are planning ahead to avoid such transfers in the longer term. Herefordshire does not intend to spend at a level that exceeds high needs block funding allocated by DfE.*

Modest transfers from the schools block will be proposed when surplus funding is available over and above that required to fully implement the NFF in schools.

- *As part of the review and planning process, the extent to which collaborative working is being developed as a means of securing suitable high needs placements at a cost that can be afforded.*

Collaborative working with the National Star College, based in Cheltenham, has secured local places at affordable cost. The National Star College is an independent specialist further education college for people with physical disabilities, acquired brain injuries and associated learning difficulties

- *We expect effective partnership between the local authority, those institutions offering special and alternative provision (including mainstream schools), and parents; and between the local authority and neighbouring authorities.*

Herefordshire works closely with its partner schools to effective high needs provision. The avoidance of a deficit to date is a result of this close working relationship with schools and providers.

- *Any contributions from health and social care budgets towards the cost of specialist places.*

Herefordshire Council has a section 75 agreement with the local CCG that provides for joint funding of pupils with complex needs on in a ratio of 3:3:1 from DSG, Social Care and health. Herefordshire's model is in line with national best practice.

- *How any additional high needs funding would be targeted to good and outstanding primary and secondary schools that provide an excellent education for a larger than average number of pupils with high needs, or to support the inclusion of children with special educational needs in mainstream schools.*

Herefordshire's SEN protection scheme is already seen by the DfE as good practice for supporting the inclusion of children with SEN in mainstream schools although we make no distinction between any school. The Herefordshire tariff matrix provides for the child's needs to be met in either their local mainstream school or a special school without any financial penalty. It is the child's needs that are funded not the establishment.

- *Examples of schools that illustrate how the local authority would support such inclusive practice are also useful.*

Herefordshire is spending £350k pa on introducing preventive initiatives to support a number of schools on a nurture group basis to provide further support for children to attend their local school. Nurture groups are founded on evidence-based practices and offer a short-term, inclusive, focused intervention that works in the long term. Nurture groups are classes of

between six and 12 children or young people in early years, primary or secondary settings supported by the whole staff group and parents. Each group is run by two members of staff. Children attend nurture groups but remain an active part of their main class group, spend appropriate times within the nurture group according to their need and typically return full time to their own class within two to four terms.

- *Details of the impact of the proposed transfer on individual schools' budgets as a result of the reduction in the available funding to be distributed through the local schools funding formula.*

No reduction will be made to the national funding formula for Herefordshire schools as it is the surplus above the NFF entitlement that is intended to be shared between schools and high needs. It is extremely unlikely that funding above the NFF will be retained by schools in the long term.

- *The extent to which schools more generally support the proposal, including details of the outcome of local school consultations, the options or proposals that were subject to consultation, how many schools agreed, disagreed or did not respond.*

Previous consultations with schools have been very supportive of proposals for a modest transfer from the schools block to high needs in order to fund the SEN protection scheme. COVID has significantly reduced the responses from schools for the 2022/23 budget consultation although the few replies received continue to be very supportive of the block transfer to support the SEN protection scheme

Herefordshire will not ask the Secretary of State, for approval to continue with a transfer that the school forum oppose. However Schools Forum will be asked to support the proposals in the consultation paper to reduce expenditure on the SEN protection scheme to ensure that the high needs budget for 2023/24 is a balanced budget in accordance with existing policy of ring fencing the separate DSG blocks.

24. Further more detailed work will be undertaken on the high needs budget during the spring term, and an updated budget plan will be discussed with the Budget Working Group in March 2023. The final high needs budget plan will be agreed with Schools Forum in March 2023.

Community impact

25. The government's national funding formula determines the allocation of funding to schools and the DSG is essential in helping the council achieve its priority to keep children and young people safe and give them a great start in life. The school funding formula must meet the national requirements of the DfE. Within these national guidelines the funding is targeted to support the achievement of improved outcomes for all Herefordshire pupils in accordance with a carefully considered strategy that is subject to annual consultation with schools and governors.
26. Governing bodies of schools are responsible for decisions to commit expenditure according to meet pupils' individual needs. Funding for Looked after Children is no longer included in the national funding formula and is now fully included in the pupil premium plus grant for Looked after Children. The pupil premium plus is £2,300 per qualifying pupil and will be better targeted to provide help to Looked after Children. Schools are asked to report termly how they have spent the Pupil Premium Plus and what the impact is on learning. During 2019/20 pupil premium funded 757 'interventions' (across 238 children) and 47% had the expected impact on progress, 5% had less than expected impact on progress (and payments were stopped), 7% had more than expected impact on progress and 41% of interventions have not yet been measured (i.e. still too early to measure)

Environmental Impact

27. This is a consultation with Schools Forum on school and high needs 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

28. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:
29. 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.
30. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services. As this is a decision to implement the government's national funding formula for schools, we do not believe that it will have an impact on our equality duty.

Resource implications

31. The recommendations, if agreed, aim to set Individual School Budgets and the School Block budgets within the available funding of £123,212,801 whilst continuing to provide support for school inclusion through the SEN Protection scheme. This requires a transfer of £0.616m from the Schools Block to the High Needs Block for 2023-24. Additional DSG high needs funding of £2.7m has been allocated by DfE for 2023/24 in recognition by government of the cost pressures within the high needs block and this will be considered further by Schools Forum on 17th March 2023.prior to determination by the Cabinet Member. The Early Years Block and Central School Services Block budgets are set within the DSG allocations announced by DfE.
32. Herefordshire will retain the current practice of ring fencing the DSG blocks and allocating spend accordingly, the only exception being to ask Schools Forum to approve a £0.616m block transfer to ensure the SEN protection scheme remains fit for purpose. The DSG grant income is noted within the council's Medium Term Financial Strategy but is not included in the council's forward financial planning. DSG is planned jointly with Schools Forum

Legal implications

33. The Schools Forum Regulations 2012 provides that School Forums generally have a consultative role. However, there are situations in which they have decision-making powers, as detailed in Regulation 10. The Regulations state that the council must consult the Schools Forum annually in connection with amendments to the school funding formula, for which voting is restricted by the exclusion of non- school members except for Private, Voluntary, Independent representatives.

Voting on de-delegation and the education functions for maintained schools is restricted to maintained school members only.

34. The decision making powers of Schools Forum are limited, as detailed in the Education and Skills Funding Agency guidance sheet 'School Forum Powers and Responsibilities' published in September 2017

Risk management

35. The BWG reviews proposals in detail prior to making recommendations to the Schools Forum. This two stage process helps to ensure greater scrutiny of budget proposals and mitigate against any risks that may be identified. Any identified risks will be monitored and managed by the Children and Families directorate jointly with Schools Forum.

Consultees

36. All maintained schools and academies in Herefordshire have been consulted on the final budget proposals for 2023/24. 11 responses were received prior to the 11 November 2022 deadline. This is a poor response rate of 12% from the 93 mainstream schools, including academies, and the four special schools. Previously School Forum has taken a low response rate to mean that schools are broadly in favour of the national funding formula and de-delegation proposals given the support of the Budget Working Group.
37. The Budget Working Group has been consulted at their meeting on 2 December 2022 and revised proposals for School Improvement, reduced from £12 per pupil to £6 per pupil, and contingencies, reduced from £3 per pupil to £1 per pupil but over an extended number of years.

Appendices

Appendix 1 - School Budget Consultation paper Autumn 2022

Background papers

DfE announcement of Dedicated Schools Grant on 16 December 2022

DfE provided APT schools budget modeller for 2023-24

DfE – national funding formula for schools and high needs 2023-24 published July 2022

Report Reviewers Used for appraising this report:

Governance	Sarah Buffrey	Date 09/12/2022
Finance	Louise Devlin	Date 29/12/2022
Legal	Click or tap here to enter text.	Date Click or tap to enter a date.
Communications	Luenne Featherstone	Date 03/01/2023
Equality Duty	Carol Trachonitis	Date 12/12/2022
Procurement	Lee Robertson	Date 29/12/2022
Risk		Date

Approved by

Darryl Freeman

Date 03/01/2023

Please include a glossary of terms, abbreviations and acronyms used in this report.

BWG Budget Working Group (of Schools Forum)

CAMHS Children and Adolescent Mental Health Service

DSG Dedicated Schools Grant

DfE Department for Education

EHCP Education Health Care Plan

ESFA Education and Skills Funding Agency

MASH Multi Agency Safeguarding Hub

MFG Minimum Funding Guarantee – a funding mechanism by DfE to provide a funding protection mechanism to smooth budget losses over a number of years

PRU Pupil Referral Unit

H3 Home and Hospital Teaching Team (Hub, Home, Hospital)

SEN Special Education Needs

SEND Special Education Needs and Disability

NATIONAL SCHOOL FUNDING FORMULA 2023/24

CONSULTATION FOR HEREFORDSHIRE SCHOOLS

1.0 SUMMARY

1.1 This consultation paper sets out the expected financial position for Herefordshire school budgets for 2023/24 and proposes to continue to implement the national funding values as set by government. There are many unknowns e.g. inflation, energy prices and pay awards which will make setting a balanced budget difficult for schools this year.

1.2 The government funding announcement announced on 19 July 2022 sets out the key items nationally are as follows;

- Confirms the provisional funding allocations for 2023-24 through the schools, high needs and central school services national funding formulae (NFF). Overall, core schools funding (including funding for mainstream schools and high needs) is increasing by £1.5bn in 2023-24 compared to the previous year, on top of the £4bn increase in 2022-23.
- High needs funding is increasing by a further £570m, or 6.3%, in 2023-24 – following the £2.6 billion increase over the last three years. This brings the total high needs budget to over £9.7bn. All local authorities will receive at least a 5% increase per head of their 2-18 population, compared to their 2022-23 allocations, with some authorities seeing gains of up to 7%.
- The Government remains committed to ensuring a financially sustainable system where resources are effectively targeted to need. The consultation on the SEND and Alternative Provision Green Paper closed on 22 July, and the Government will confirm the next steps in implementing the reform programme later this year.
- Funding for mainstream schools through the schools NFF is increasing by 1.9% per pupil compared to 2022-23. Taken together with the funding increases seen in 2022-23, this means that funding through the schools NFF will be 7.9% higher per pupil in 2023-24, compared to 2021-22.
- The NFF will distribute this funding based on schools' and pupils' needs and characteristics. The main features in 2023-24 are:
 - The core factors in the schools NFF (such as basic per-pupil funding, and the lump sum that all schools attract) will increase by 2.4%.
 - Funding for disadvantaged pupils will see greater increases – with funding for two deprivation factors in the NFF increasing by a greater amount than other factors. These two factors (relating to pupils who have been eligible for free school meals at any point over the last six years, and the IDACI factor which relates to relative deprivation between local areas) will increase by 4.3% compared to their 2022-23 values.

- The funding floor will ensure that every school attracts at least 0.5% more pupil-led funding per pupil compared to its 2022-23 NFF allocation.
- The minimum per pupil funding levels (MPPLs) will increase by 0.5% compared to 2022-23. This will mean that, next year, every primary school will receive at least £4,405 per pupil, and every secondary school at least £5,715.
- The 2022-23 schools supplementary grant has been rolled into the schools NFF. Adding the grant funding to the NFF ensures that this additional funding forms part of schools' core budgets and will continue to be provided.
- The DfE's Schools Operational Guide for 2023-24 requires Local authorities to set an MFG between +0% and +0.5% per pupil. Any local authorities wanting to set an MFG outside of these parameters must apply for exceptional permission from the DfE.

1.3 Herefordshire's approach to school funding for 2023/24 will be as follows;

- Look to fund schools at the National Funding Formula values
- To fund schools at the maximum permitted Minimum Funding Guarantee of 0.5% and to use the school block transfer process to fund the SEN Protection Scheme at the maximum value of £615k (i.e. 0.5% block transfer)
- This will be achieved by consulting schools on using the expected surplus growth funding of £350k and using capping and scaling of school gains to fund the SEN Protection scheme at the maximum value of £615k.
- Within the high needs block, fund increases in independent schools, add an inflation rise to top-up tariffs particularly for special schools, secure PRU funding and provide for more autism places.
- Seek to set a balanced budget for high needs to avoid the DSG deficit escalating.

1.4 Compared to most local authorities nationally Herefordshire has a very small high needs deficit at £0.275m and has been provisionally allocated an increase of approx £1.57m, equivalent to an increase of +6.8% in high needs funding for 2023/24. The initial aim is to set a balanced budget and to use this extra funding for additional high needs cost pressures of £0.5m in independent school placements, inflationary increase for top-up tariffs and increases in special school places. Further work on the high needs budget will be undertaken during the autumn term with the Budget Working Group.

1.5 National growth funding, is expected to be less in future and has been reserved to support basic need growth in the Golden Valley, i.e. £0.2m to fund basic need secondary school growth in the Golden Valley planning area (10 places at Fairfield and 30 places at Kingstone as originally agreed in 2021/22);

2.0 SCHOOLS BLOCK STRATEGY 2023/24

2.1 Estimated allocations for the schools block based on an estimated 22,424 pupils (primary 13,204 and secondary 9,220) as follows:

Estimated DSG schools funding allocation	£122,360,000
National Funding Formula 2023/24	£122,086,000

Available for allocation to SEN Protection scheme:	£274,000
Additional Growth Funding estimated	£550,000
to: secondary growth funding for Golden Valley	£200,000
to: SEN Protection scheme	£350,000

2.2 Final Dedicated Schools Grant allocations will not be available until mid-December and National Funding Formula allocations will be finalised with the BWG and School Forum in January 2023.

3.0 HIGH NEEDS BLOCK STRATEGY 2023/24

3.1 Provisional Dedicated Schools Grant (DSG) allocations for 2023/24 have been published by government and indicate an increase in Herefordshire's high needs allocation of £1.57m i.e. a gross allocation of £24.559m compared with a final allocation of £22.988m in 2022/23. In year adjustments for FE college placements make comparisons across years difficult.

3.2 The additional £1.57m is provisionally allocated as follows;

- £0.5m out-county independent schools
- £0.6m inflation on tariffs A - C (2%) D-F (+5%)
- £0.2m autism places from September 2023
- £0.2m PRU site leads and increase in tariffs
- £0.05m increase in behaviour based tariffs re Brookfield
- £0.03m Early Years high needs tariffs increases re parity with schools.

3.3 The SEN protection scheme was expanded to include secondary schools in 2020/21 and was supported by a transfer of £0.5m from the schools block in 2022/23. The cost of the scheme continues to grow each year and the scheme is hugely supported by schools. Current expenditure in 2022/23 is forecast at £619k but expected to grow further in 2023/24.

3.4 The Initial budget for 2023/24 suggests the National Funding Formula is affordable with a MFG at 0.5% and capping and scaling of school gains will provide a surplus of £275k which when taken together with the expected surplus of £350k from the schools growth fund will support the maximum transfer of £615k to the high needs block. This will permit the funding of the SEN protection scheme at the maximum 0.5% transfer value of £615k subject to Schools Forum approval in January.

3.5 Further detailed work will be undertaken on the high needs budget during the autumn term, and an initial budget plan will be shared with the Budget Working Group in December 2022. The final high needs budget plan will be agreed with the Budget Working Group and Schools Forum in March 2023.

4.0 EARLY YEARS BLOCK

4.1 No information has been published by DfE for the early years block for 2023/24. Any inflationary increase for early years settings will be dependent on the final DSG settlement when published in December 2022.

5.0 CENTRAL SCHOOL SERVICES BLOCK

5.1 The central block is expected to increase slightly from £785k to £802k. Small inflationary increases are proposed as follows. In addition to the statutory retained duties formerly funded by Education Services Grant (£387k), funding allocations will be Schools Forum administration costs (£19.4k), school admission costs (£130.6k plus an extra £5k for in-year transfers), national licence costs (£153k), SACRE (£6k), SEN Casework (£26k) and a transfer to high needs (£75k).

6.0 NATIONAL FUNDING FORMULA – HEREFORDSHIRE PROPOSALS

6.1 Herefordshire's school funding proposals for 2023/24 are to adopt the national funding formula values in full as follows:

- a) Basic Entitlement per pupil (2022/23 factor values for comparison):
 - i. Primary KS1/2 - £3394 (£3,217)
 - ii. Secondary KS3 - £4,785 (£4,536)
 - iii. Secondary KS4 - £5,393 (£5,112)

- b) Low prior attainment (low cost, high incidence special education needs)
 - i. Primary funding per pupil £1,155 (£1,130)
 - ii. Secondary funding per pupil £1,750 (£1,710)

- c) Free School Meals per pupil
 - i. Primary £480 (£470)
 - ii. Secondary £480 (£470)

- d) Deprivation per Ever-6 Free Meal pupil
 - i. Primary £705 (£590)
 - ii. Secondary £1,030 (£865)

- e) Socio-economic deprivation Income Deprivation Affecting Children Index (IDACI) - updated values published by government in September 2019
 - Band A (2.5% LSOAs) primary £670 (£640) secondary £890 (£890)
 - Band B (5%) primary £510 (£490) secondary £930 (£700)
 - Band C (5%) primary £480 (£460) secondary £730 (£650)
 - Band D (5%) primary £440 (£420) secondary £680 (£595)
 - Band E (10%) primary £280 (£270) secondary £620 (£425)
 - Band F (10%) primary £230 (£220) secondary £335 (£320)
 - Band G (62.5%) primary £0 secondary £0

- f) English as Additional Language (EAL3) for all eligible pupils within last three years
- i. Primary £580 (£565)
 - ii. Secondary £1,565 (£1,530)
- g) Lump sums – Primary and Secondary £128,000 (£121,300)
- g) Sparsity
- i. Tapered lump sum of £56,300 (£55,000) for qualifying primary schools with an average year group size of 21.4
 - ii. Tapered lump sum of £81,900 (£80,000) for qualifying secondary schools with an average year group size of 120 pupil
- h) Business Rates – no change, funded at cost with a presumed 3% RPI increase. It is expected that the council will participate in the DfE's scheme for business rates payments to be paid centrally by the DfE in Whitehall.
- i) Looked After Children – £0 as funding has been transferred to the pupil premium grant
- j) Mobility – Primary per pupil £945 (£925) Secondary per pupil £1,360 (£1,330) above a threshold of 6% pupil turnover
- k) Exceptional premises factor – increased by 2.4% inflation to £9,556 (£9,332) to meet rent costs for Eastnor Primary School subject to DfE approval
- l) PFI factor – increased by 5% to £336,808 (£320,703 to comply with PFI contract which uses the RPI(X) as at February 2023. Forecast RPIX at OECD CPI forecast + 1%.
- m) Minimum per pupil funding level – April 2023
- (i) Secondary £5,715 per pupil (£5,525)
 - (ii) Primary £4,4405 per pupil (£4,265)
- (iii) The Minimum funding guarantee (MFG) can be set between 0.0% and 0.5%. Herefordshire will aim to set the MFG at the maximum 0.5% and using the capping and scaling provisions seek to provide a further £275k to ensure that the SEN Protection scheme is funded at the maximum 0.5% of the schools block i.e. £615k. (Option B in the response form)

6.2 De-delegation and Education Management proposals for locally maintained schools by a small inflation allowance (1.9%) as follows;

- computer licences for the school budgeting software to increase to £420 from £415;
- Free school meals eligibility checking, primary to increase to £1.31 per pupil (from £1.29) and secondary to increase to £0.99 per pupil (from £0.97)
- Support for underperforming ethnic minority groups and bilingual learners to provide EAL services for initial assessments, YR observations and follow-up advisory and monitoring visits funded by de-delegation costs as follows;

- Increase per pupil amount to £1.17 from £1.15
 - increase per Ever6 FSM pupil to £6.93 from £6.80
 - change to EAL 3 year factor at £36.50 per pupil from £36
- A small increase to Trade union facilities agreement by 5p to £2.65 per primary pupil to reflect expected cost pressures.
- Education Management – a small increase to £12.50 from £12.25 for local authority maintained schools.
- Behaviour support services – to continue with £4 per pupil for primary schools subject to review by the BWG in December 2022.
- School Improvement Services at £12 per pupil to include
 - Headteacher support
 - Ofsted/School Improvement support
 - General education management advice and support
- Contingencies at £3 per pupil to fund unexpected costs such as pupil census errors, unavoidable redundancies from small school closures and costs from Employment Tribunals.

7.0 TIMESCALES

7.1 The budget process and expected timeline is:

- Consultation commences w/c 14th October after Schools Forum and closes 12 noon Friday 11th November 2022.
- Draft National Funding Formula allocations will be issued to schools based on forecast pupil numbers and a MFG at 0.5% with capping and scaling to provide sufficient funding for the SEN Protection scheme of £615k i.e. the maximum schools block transfer to high needs.
- Schools Forum meets on 13th January 2023 to consider the recommended funding values to be submitted to the Education Funding Agency by 20 January 2023.
- Final budgets issued to locally maintained schools by 28th February 2023
- Education Funding Agency to issue budgets to academies for academic year 2023/24.

8.0 CONSULTATION RESPONSES BY 11th November 2022

8.1 A separate consultation form is attached and must be returned to School.funding@herefordshire.gov.uk by 12 noon on 11th November 2022 in order that your views can be considered by the Budget Working Group on 2nd December 2022 and Schools Forum at their meeting on 13th January 2023.

8.2 Please respond to this consultation as all views are important and do contribute towards the budget decision which aims to achieve the best possible schools budget for Herefordshire within the funding allocated by government.

9.0 FURTHER INFORMATION

- 9.1 If you have any questions regarding the detailed content of this consultation paper or the draft allocation for your school (distributed separately), please contact either Malcolm Green, Schools Finance Manager (malcolm.green@herefordshire.gov.uk) or any member of the Budget Working Group as follows;

Primary

Mr S Kendrick, Ashfield Park
Mrs K Weston, Our Lady's
Mr R Foster, Lugwardine
Mr M Maund, Almeley

Secondary

Mr P Jennings, Lady Hawkins (Chairman)
Mr D Bennett, Kingstone
Mrs C Bryan, John Kyrle
Mrs N Emmett, Fairfield
Mr S Robertson, Aylestone

- 9.2 Others contributing to the development of these budget proposals included Mrs S Williams, Barrs Court representing special schools and Mrs R Lloyd, representing early years.



Title of report: Dedicated Schools Grant - Deficit Management Plan

Meeting: Herefordshire schools forum

Meeting date: Friday 13 January 2023

Report by: Strategic Finance Manager

Classification

Open

Decision type

This is not an executive decision

Wards affected

(All Wards);

Purpose

To approve the Dedicated Schools Grant (DSG) management plan subject to any amendments prior to submission to the Department for Education (DfE).

Recommendation(s)

That:

- a) **That the DSG Deficit Management Plan is recommended to the Director of Children Services for submission to the Department for Education**

Alternative options

1. The alternative is that the deficit management plan is not approved and not submitted to the DfE; this is not recommended as the DfE will place Herefordshire on the formal deficit recovery plan action list which is significantly more onerous than informing the DfE of our plan through an informal management plan.

Key considerations

2. Like most English local authorities Herefordshire has now slipped into a cumulative Dedicated Schools Grant deficit position at the end of 2021-22 financial year. The deficit is £0.27m and solely attributed to overspend in recent years in the high needs block due to the legal requirement in the Children's Act to meet pupil need irrespective of available financial resources. Although the deficit is currently very modest at £0.27m, extrapolation using trend analysis from those five local

Further information on the subject of this report is available from
Malcolm Green, email: malcolm.green@herefordshire.gov.ukl

authorities with the largest DSG deficits and who had similar small deficits in 2016 forecasts that Herefordshire's DSG deficit could potentially rise to £30m by 2029-30.

3. Local authorities will become responsible for covering the deficit if the government (DfE/Department for Levelling Up, Housing and Communities (DLUHC)) does not continue to renew the temporary statutory override to ring-fence DSG deficits from councils' wider financial position in their statutory accounts. On 16 December 2022, this ring-fence was extended for a further temporary period of three years until March 2026, at which point authorities will need to demonstrate their ability to cover DSG deficits from their available reserves. This will have significant consequences for Herefordshire as funding will be required to be diverted from mainstream council services such as Children's, Adults and Highways to meet the cost of the DSG deficit.
4. Discussions with the DfE LA stakeholder engagement team and Herefordshire corporate finance colleagues agreed that a DSG deficit management plan would be prepared and considered by Schools Forum. In addition, the plan outline has been shared with our external auditors Grant Thornton in early July so that they can see we have the necessary steps in hand.
5. A recent survey by the Society of County Treasurers in 2021-22 shows that only three authorities out of 51 have a DSG still in surplus and that Herefordshire is the smallest deficit of those 48 Local authorities in deficit. Compared to our statistical family neighbours we are the 2nd best out of 11. Nationally the biggest absolute deficit is Kent at -£104m and as a proportion of the DSG high needs block Dorset's deficit is -135%; Herefordshire by comparison is -1%.
6. A key assumption in the preparation of this DSG management plan is that the DfE increases in high needs grant are sufficient to meet cost pressures. The council's view is that the DfE has a critical responsibility to fund the high needs block adequately and that Herefordshire Council has an equal responsibility to spend the allocated DSG high needs grant funding efficiently. To date DfE have increased the high needs block funding by 2019/20 +4.7%, 2020/21 +14.9%, 2021/22 +11.2% and 2022/23 5.5%.

Community impact

7. While there is no impact from the approval of the deficit management plan, failure to mitigate the overspend could result in the council having to cover the DSG deficit from its available reserves. This diverting of resources could impact the council's ability to deliver on the ambitions set in the County Plan.
8. Actions set out in the deficit management plan have considered the specific ambition to ensure all children are healthy, safe and inspired to achieve. The Children's Services Improvement Plan establishes a SEND Strategy Board to provide strategic oversight and direction for improvement. The SEND Strategy Board will be asked to review the DSG Deficit Management Plan at an early meeting in the new year.

Environmental Impact

9. There is no environmental impact.

Equality duty

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. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services. It is a statutory requirement for the council to meet pupils' needs irrespective of budget availability in line with the Children's Act 2014 and the Equality Act 2010.

Resource implications

12. The DSG deficit is projected to reach £30m by 2029-30 without action. A key assumption in the DSG management plan is that the DfE increases in high needs grant are sufficient to meet cost pressures. The council's view is that the DfE has a critical responsibility to fund the high needs block adequately and that Herefordshire Council has an equal responsibility to spend the allocated DSG high needs grant funding efficiently. The revenue actions in the deficit management plan are funded from DSG and Schools Forum will be consulted regularly through the normal budget setting process. Capital funding is the responsibility of the council.
13. The statutory accounts override has been extended by the government until March 2026. If a deficit remains at this point and there is no further extension, the council will be required to fund the DSG deficit from reserves. The council has sufficient reserves to cover the immediate deficit.

Legal implications

14. Local authorities will become responsible for covering the deficit in financial year 2026-27 if the government (DfE/DLUHC) does not again renew the temporary statutory override to ring-fence DSG deficits from councils' wider financial position in their statutory account. As it stands, this ring-fence has been renewed on 16 December 2022 for three years and is now due to end after the accounts for the financial year 2025/26, at which point authorities will need to demonstrate their ability to cover DSG deficits from their available reserves. This will have significant consequences for Herefordshire as funding will be required to be diverted from mainstream council services such as Children's, Adults and Highways to meet the cost of the DSG deficit.
15. There are no direct legal implications at this stage and the legal obligations on Herefordshire Council are covered within the narrative in the body of the report.

Risk management

16. There are significant risks that the council is not able to make additional places available to reduce the number of out county places necessary to meet increases in autism needs. The DfE may not approve the bid for a new free special school. There is a further risk that DfE grant funding will not fully meet high needs cost pressures although we will reduce this risk by lobbying through f40 and local MPs to seek improvements in grant funding.
17. Risks will be regularly monitored through Schools Forum and the Budget Working Group.

Consultees

18. The Budget Working Group has been consulted and approved the deficit management plan for submission to School Forum. The Chief Finance Officer supports the plan. The Corporate Director for Children and Families has been consulted.

Appendices

The Deficit Management Plan is attached as an appendix.

Background papers

Report to Children and Young Peoples Scrutiny Committee 26 July 2022 re SEND – autism provision and nurture hubs

Statistical analysis from DfE Pupil census data 2015-2021

Society of County Treasurers financial summary of DSG deficit information.

Report Reviewers Used for appraising this report:

Please note this section must be completed before the report can be published

Governance	Sarah Buffrey	Date 08/12/2022
Finance	Louise Devlin	Date 07/12/2022
Legal	Francis Fernandes by email	Date 05/12/2022
Communications	Luenne featherstone	Date 05/12/2022
Equality Duty	Carol Trachonitis	Date 12/12/2022
Procurement	Carrie Deeley by email	Date 02/12/2022
Risk	Chris Jones by email	Date 02/12/2022

Approved by Darryl Freeman Date 03/01/2023

Please include a glossary of terms, abbreviations and acronyms used in this report.

BWG Budget Working Group (of Schools Forum)

CAMHS Children and Adolescent Mental Health Service

DLUHC Department of Levelling Up, Housing and Communities

DSG Dedicated Schools Grant

DfE Department for Education

EHCP Education Health Care Plan

ESFA Education and Skills Funding Agency

MASH Multi Agency Safeguarding Hub

MFG Minimum Funding Guarantee – a funding mechanism by DfE to provide a funding protection mechanism to smooth budget losses over a number of years

PRU Pupil Referral Unit H3 Home and Hospital Teaching Team (Hub, Home, Hospital)

SEN Special Education Needs

SEND Special Education Needs and Disability

DSG Deficit Management Plan

Background

1. Like most English local authorities Herefordshire has now slipped into a cumulative Dedicated Schools Grant deficit position at the need of 2021-22 financial year. The deficit is £0.27m and solely attributed to overspend in recent years in the high needs block due to the legal requirement in the Children's Act to meet pupil need irrespective of available financial resources. Although the deficit is currently very modest at £0.27m, extrapolation using trend analysis from those five the local authorities with the largest DSG deficits and who had similar small deficits in 2016 forecasts that Herefordshire's DSG deficit could potentially rise to £30m by 2029-30.
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5. A key assumptions in the preparation of this DSG management plan is that the DfE increases in high needs grant and sufficiency to meet cost pressures. The council's view is that the DfE has a critical responsibility to fund the high needs block adequately and that Herefordshire Council has an equally responsibility to spend the allocated DSG high needs grant funding efficiently. To date DfE have increased the high needs block funding by 2019/20 +4.7%, 2020/21 +14.9%, 2021/22 +11.2% and 2022-23 5.5%

History since 2016

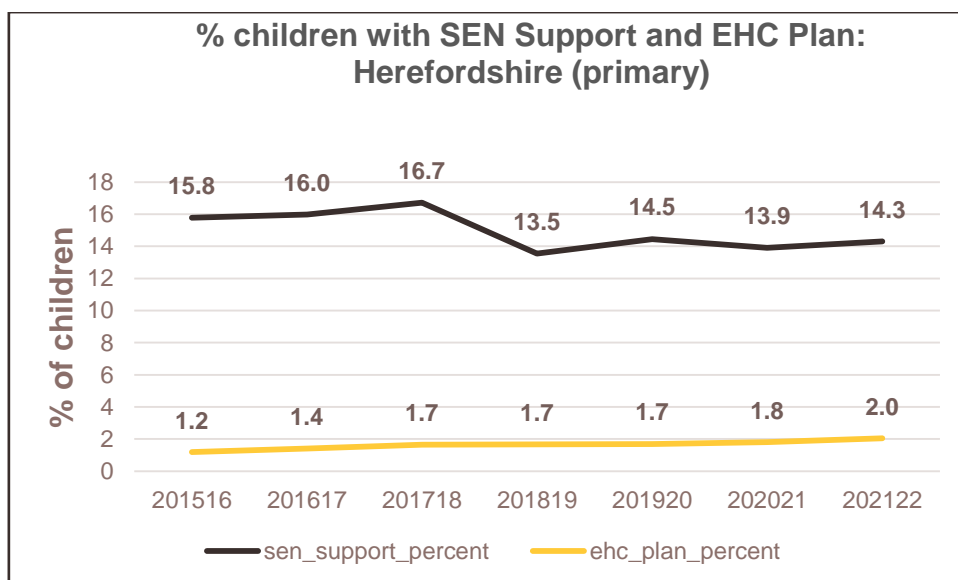
6. Trends since 2015-16 indicate on all measures that pupil demand for high needs help and support have on average doubled e.g. the percentage of primary children with EHC plans has increased from 1.2% to 2.0% and the percentage of secondary children with EHC plans increased from 1.2% to 2.5%.
7. Numbers in special schools with EHC plans have increased from 305 pupils in 2015-16 to 374 pupils in 2021-22, an increase of 22.6% over six years. Herefordshire special schools are now

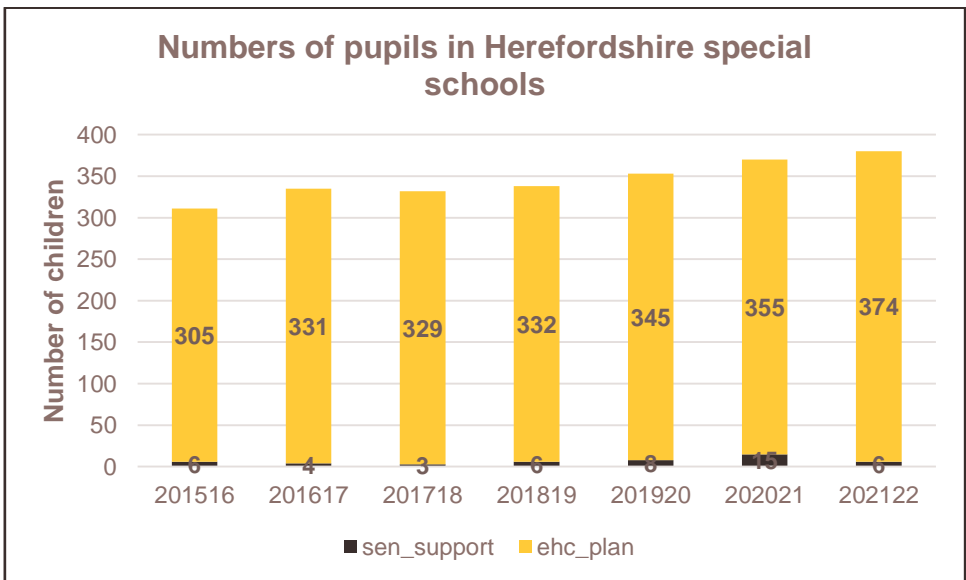
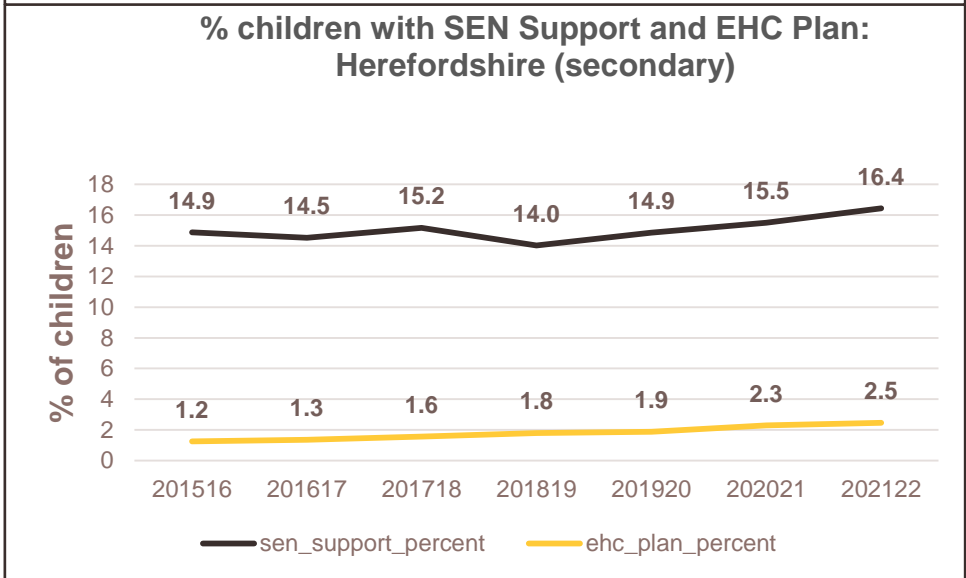
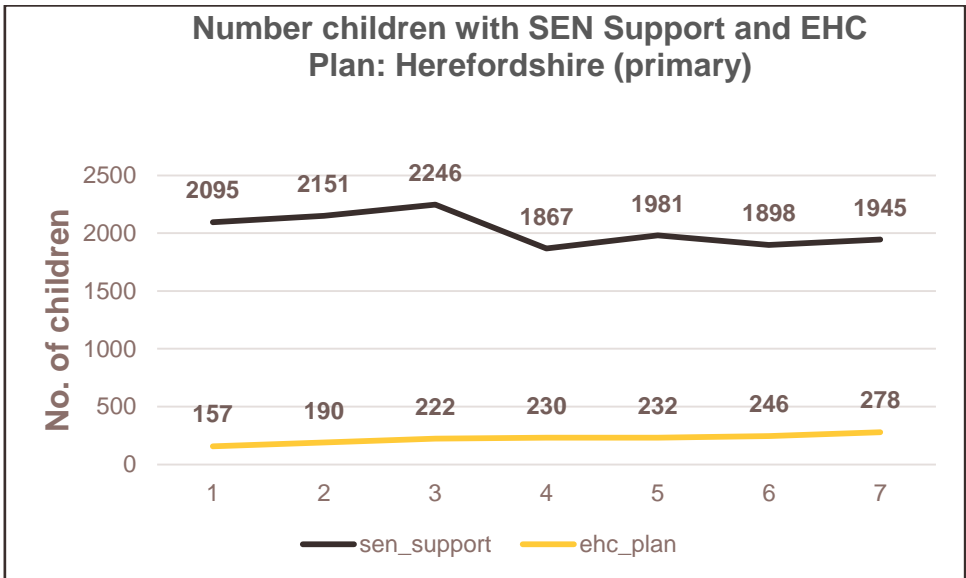
largely full and in order to meet pupils are increasingly having to be placed in out county independent special schools.

8. Expenditure on out county independent special schools has grown significantly in the last three years. The number of pupils is estimated by assuming an average cost of £50k per pupil in 2015-16 and inflating by 2.5% pa. It can be seen that as special schools have reached capacity intake from 2020-21 pupil numbers placed out county have doubled from 13 pupils to 40 pupils. In approximate relative costs a pupil at a Herefordshire special school costs up to £28k whilst a pupil placed out-county is double this cost at around £60k. Hence the increase in 27 pupils since 2018-19 costs at least an additional 27 pupil x £30k = £0.8m which has to be found from within the same high needs budget. Details are set out in the table below;

Financial Year	Expenditure £m	Number of pupils (estimated)
2021-22	£2.43m	42
2020-21	£1.68m	29
2019-20	£1.11m	20
2018-19	£0.7m	13
2017-18	£0.59m	11
2016-17	£0.33m	6
2015-16	£0.3m	6

9. The following graphs show the increase in children with EHC plans from 2015-16 to 2021-22





Shortfall in government grant

10. Herefordshire's DSG high needs block funding allocation for 2015-16 was £13.6m and the Consumer Prices index was 100. The CPI index as at April 2022 was 120 hence one measure of inflation over this 7 year period is 20%. Revaluing the 2015-16 DSG allocation of £13.6m in 2015-16 for inflation gives an equivalent grant of £16.32m at 2022 prices (i.e. uplifting by 20% inflation). The DSG high needs allocation for 2022-23 is £22.99m which is an increase of 41% on the inflation adjusted 2015-16 grant. However given that pupil numbers with EHC plans has doubled in the 7 year period the shortfall in the DSG allocation by government can be seen as a significant contributory factor in the emerging Herefordshire overspend on high needs.

Actions taken since 2014

11. School Forum's Budget Working Group agreed in 2014 when the DfE first split the Dedicated Schools Grant into the schools block, high needs block and early years block that each block would be ring-fenced and cross subsidies would not be permitted. This introduced an annual financial discipline particularly for the high needs block that each year a balanced budget had to be set. Savings were required every year in order to achieve a balanced budget for example,
 - 2016-17 – actions to reduce a forecast £0.9m overspend on high needs including phase out the Kielder centre at Bishops school to save £250k in threshold costs, SEN support services £50k, charge SEN protection scheme to Schools Block £276k, PRU income increased by charging schools £150k, delegation on specialist medical, Visual impaired and hearing impaired costs to schools – protected by SEN protected scheme.
 - 2017-18 – actions to reduce costs by £1.1m following abolition of Education Services Grant by DfE. Some LAs continued to charge DSG for same services. External review of special school tariffs concluded as fair by comparison with statistical family LAs.
 - 2018-19 – change tariff matrix to 5 point range to save £300k, SEN support services savings £65k, control costs of SEN protection scheme by raising cap on school contributions from £120 x NOR to £130 x NOR – and subsequent increases to 158 x NOR.
 - 2019-20 – reduce PRU places from 80 to 50 to save £300k in place costs and £200k in tariff costs. Introduce 15 discretionary places which schools fund if they choose to place pupils. Further SEN Support services savings of £110k.
 - 2020-21 – transfer £60k from Central Support Services Block to support high needs block
 - 2021-22 – new Beacon College funded as part of Barrs Court academy trust. Improvements to tariff matrix. Merger of H3 hospital school with PRU and restructure to avoid large overspend.
 - 2022-23 – proposals for in-county autism hub to help manage/reduce cost of out county placements.
12. Lessons from DfE "safety net" work with other LAs (not sure if this is available yet)

Proposals for future action

A. Present and Proposed Provision for Autism

13. Autism Spectrum Condition, as the name suggests, represents a wide range of presentations and hence a wide range of responses in terms of provision. Work on segmenting the autism cohort has been taking place as part of the SEND Capital Investment Strategy agreed at Council Cabinet in April 2021 and this work to identify where there are gaps in provision is continuing including updating sufficiency work. We are working closely with the local branch of the National Autistic Society to develop the ideas around provision. We are grateful for the high level of interest shown.

1. Mainstream Schools

14. The vast majority of children with autism will attend their local school and their needs can be met with 'reasonable adjustment' by the school. Most of these children will not need an Education Health and Care Plan (EHCP).

15. As part of the Herefordshire all-age autism strategy (date), a commitment was made to train all practitioners across all agencies in autism awareness. In order to tackle this in the education workforce, in 2019, Herefordshire Council commissioned the Complex Communication Team from Birmingham City Council to deliver the Autism Education Trust (AET) training with a view to this being rolled out to all of Herefordshire's schools. This involved school leaders attending the L3 leadership training before each school is offered whole school training. This training provides strategies for school staff to meet the needs of children in their schools. It is also the training that the all-party parliamentary committee on autism recommended that all schools should engage in.

16. To date, 38 schools have been trained or have a date for their training. As the next academic year is the last of the 3-year programme, we will be making a big push to have the vast majority of our schools engage. To date, a further 25 have signed up for next year's cycle. Following the training, schools are encouraged to develop an action plan by using a self-evaluation provided. Similar training is also being sought for EY practitioners (some have already attended AET sessions) and college staff.

2. Mainstream autism bases (MAB) for autism in mainstream schools

17. For children with autism who need additional support but are over a period of time able to attend mainstream classes, MABs are able to provide individual support and scaffolding to encourage inclusion to the greatest degree possible. MABs are specialist provision and require an EHCP.

18. We have 2 bases for autism at Hampton Dene Primary (KS1 and KS2 classes of 10 pupils each) and The Bishop of Hereford Bluecoat School (one class of 8 pupils KS3 and KS4). Both schools have a 'good' Ofsted judgement. Although the Hampton Dene classes were newly-built and expanded in 2012/3, both the MABs at both schools are now full. We are proposing a feasibility study with Hampton Dene to extend the number of pupils they take. As part of the new sufficiency work, we will be looking at recent trends in demand. It is also likely we will need to develop further MAB provision in other mainstream schools.

19. The Local Authority also commissions Hampton Dene Primary School to provide autism outreach to other schools for pupils with a diagnosis of autism. This supports other mainstream schools to develop strategies to address the needs of autistic pupils within their school population.

3. Autism Hub for secondary

20. Through our previous detailed sufficiency work, it has been identified that there are a cohort of secondary-age children with anxiety who would be unable to access a mainstream secondary school but do not have cognitive learning difficulties.
21. We are seeking to create a separate hub that is managed by an existing school in Herefordshire. The aim would be to create a low-stress environment with highly trained staff qualified in the teaching of autistic pupils. This should allow pupils to follow a largely mainstream curriculum without their anxiety interrupting their learning. Our analysis of the population suggests that there are between 15 and 20 pupils falling into the following categories:-
- Pupils initially picked up by the Home and Hospital Service. Once the service has re-engaged the pupils, the part-time tuition is not able to provide a full broad curriculum;
 - Pupils where parents have decided to home educate to avoid the anxiety created by secondary school; or,
 - Pupils where we have made an independent school placement to provide the type of environment described at high cost and distance.
22. We are working with HC property services to identify a suitable premises in a location that is fairly central to the county to reduce travel time for pupils and transport costs. Based on these numbers, we would be initially aiming to provide a KS3 and KS4 class. We will be seeking expressions of interest to run this autism hub. Timescales will be determined by the time taken to identify a building and the degree to which it needs refurbishment. We will be seeking agreement to spend some of the High Needs Capital Grant allocation on this and a number of other capital projects link to the SEND Capital Investment Strategy.

4. Special Schools

23. All of our special schools continue to serve many pupils who have autism and a severe learning difficulty (or in the case of Brookfield, those with a primary need of SEMH who also have autism). All of our special schools are judged good or outstanding except Brookfield which is improving from its current requiring improvement judgement. It is anticipated that these children will continue to be a part of the special school population.
24. High levels of demand for special school places has meant that there is very little space available in schools. The knock-on impact for pupils with the highest level of dysregulation resulting from their autism is that it has made it increasingly difficult to provide the space that meets need and in some cases, it has been necessary to find an alternative independent school placement.
25. A capital bid for funding for a new free special school has been submitted to the DfE. This will be aimed at meeting the needs of special school children with autism and severe learning difficulties. It is anticipated that a decision will be notified before April 2023.

5. Use of Independent Schools

26. For some pupils with extremely severe needs or where we have insufficient local provision we have been required to purchase 38-week day places, often at much higher cost at nearby Independent and Non-maintained Special Schools (INSS) specialising in autism. These are usually just outside of Herefordshire's borders in neighbouring counties.

27. The number of placements and spend for this type of setting has increased considerably. This has risen from around £400k in total five years ago to £2.9m. There have been 73 children attending INSS over the past 4 years (not all for the full 4 years). Of these, 18 had ASD. There is also often a significant cost to the Council to transport children to these settings, which is placing additional pressure on the Council transport budget.
28. The hub proposal described above is aimed at reducing our use of INSS.
29. There are also a smaller number of children (between 5 and 10) with very high level needs that include severe learning difficulty, severe autism and very challenging behaviours where we have had to accommodate them following family breakdown. These are funded as part of a multi-agency jointly funded budget and placed in residential settings, ideally not more than 50 miles from Herefordshire to allow the family to visit.

B. The Development of Nurture Group Hubs for Children with Attachment Difficulties

30. We are seeking to try to identify early and address the needs of children early through 12 months of intensive attachment-based support. It also aims to reduce the flow of children at later ages with entrenched patterns of behaviour into specialist provision for SEMH needs. Schools Forum have agreed to allocate £200k annually for an initial 2-year period from the High Needs block to pilot the development of a network of nurture hubs across the county. Bids to host a nurture hub were sought from schools and the following schools were successful for a September 2021 start:

Leominster Primary
 Broadlands Primary, Hereford
 Ashfield Park, Ross
 Lee and Gorsley Goffs combined

31. This has now been extended to include Lord Scudamore in Hereford from September 2022.
32. We are also piloting a secondary nurture model with Earl Mortimer College
33. Entry to the primary nurture hubs is agreed by the Team Leader for the Behaviour Support Team, who is the nurture hub co-ordinator and the nurture hub school. The Behaviour Support Team are funded to carry out observations and provide advice to EY and KS1 settings (in addition to their traded work). Settings and schools are not charged for this work. This enables the team to have a working knowledge of which children will need the high level of support and removes any disincentive in terms of cost to the setting.
34. There are 7 places per hub. The benefit to the host school is that they get additional resource to address the needs of some of their own children but they must take at least 2 children each year from other neighbouring schools. In this initial year, schools have received support and training to set the provision up and have been steadily building up to full capacity.
35. At the end of the 12 months of support, which is a strict time limit, for those children placed from other schools, a discussion needs to take place between the family, original school, NH school and NH co-ordinator regarding whether the child returns to the original school or stays with the NH school.

36. An EHC Plan is not required to access the nurture hubs. However, for children where it is relevant, the time in the NH is an excellent opportunity to assess their needs thoroughly and request an EHC assessment where appropriate.

37. The NH project will be evaluated after 4 terms of operation and recommendations on the continuation will be made by the budget working group of the Schools Forum

C. Focus more on the service and how prepared it is for changes coming from Central Government. Challenges going forward with upcoming guidance

38. The SEND Green Paper 'Right Support, Right Place, Right Time' was published in March 2022. Initial consideration of the paper has resulted in the following observations

- The Review identifies the problem that we have been highlighting locally for some time – nationally (and locally) we are spending a lot yet, often with poor user satisfaction, despite the efforts of very committed staff across all agencies.
- It is positive that it is clear that an inclusive system is what is needed... but the recommendations still create tensions in support of anti-inclusive practice. Maintaining the EHCP system which is seen as the 'golden ticket' creates a perverse incentive.
- Implementing many of the recommendations, if, following national consultation, remain in the subsequent white paper, would not present a challenge to Herefordshire other than the resource and lead time to deliver them. Many of these are already wholly or partially in place e.g. SEN referral panel is not dissimilar to the proposed model, we have already changed the PRU funding model to what is being suggested, we are operating a funding matrix; changing to a national model would not be too much of a challenge, we already have a good relationship with health partners. There are many more examples.
- Great store is placed on a set of national standards to give national consistency in a wide variety of areas within the SEND system. This clarity helpful but such standards are open to interpretation and local precedent might be difficult to overcome. There would be a need to engage with national training sessions on the interpretation of the standards.
- The Green Paper identifies 'incentivising' inclusive practice. We are not certain that the solutions proposed are radical enough e.g., high needs funding has limited change proposed. The question is whether this the same system with more bolted on. Does it need a more radical overhaul to examine what the 'levers' of change need to be in order to deliver the inclusive education system and wider SEND system? Herefordshire is in a good position to engage with any changes in the way High Needs funding is delivered having been a part of the DfE's investigative work on a possible national High Needs funding formula.

39. The SEND Strategy Group has discussed the review and will be submitting a collective response from the local area. We would urge all interested parties to also submit a response.

D. Challenges facing the SEND System in Herefordshire

40. Fundamentally, the main issues across the SEND system are ones of dramatically increasing demand and the inability to recruit staff in Herefordshire. To a large extent, these are national difficulties, although Herefordshire's geographical position and small population makes the recruitment of specialist staff more difficult. The national 'care crisis' has also had an impact on the ability to deliver certain services. It is also evident that the pandemic has had a significant impact on the lives of children, young people and their families. This is expressed in a greater number of children exhibiting need and some children exhibiting much more severe need. It has

also had an impact on the resilience of families of children with SEND. It is very difficult to disentangle the short-term impact of the pandemic or to determine the enduring level of need created by COVID as discrete from an already rising demand curve that was observed prior to COVID. The following are illustrations of these pressures:-

1. SEN Assessment Service and Education, Health and Care Plans (EHC Plans)

41. The service has experienced a 26% increase in the number of referrals for EHC Plans between April 2021 and March 2022. This is in addition to an increase from 623 EHC Plans to 1050 since the SEN Reforms were introduced in 2014.
42. The team has been able to maintain the headline figure of issuing 85% for issuing new plans to time (Commented on by the DfE as a high level of performance nationally) last year. However performance in this and other areas has declined rapidly to a point where the team is overwhelmed by work. In particular, this year we have not met the phase transfer deadlines for Y6, Y11 and Y14 for many children causing anxiety for families about the future plans for their children and young people along with a lack of time to update families. It is also taking unacceptably long periods of time to update the EHC Plan following Annual Reviews. This has resulted in dramatically reduced levels of client satisfaction and confidence in the team and the Council. Complaints has risen to record levels. This is in turn having a detrimental impact on staff well-being resulting in 2 members of staff (from a workforce of 6) having periods away from work in the past 12 months. It is important to understand that there is a cumulative impact of the increasing numbers of EHC Plans. Unlike many social care plans, very few EHC Plans are ceased before the YP is 16 with many continuing to 19 years or even up to 25 years. Each plan written has to be reviewed annually by the educational setting and the SEN Team has to decide on amendments to the plan. At each phase transfer, there are many more plans to update for the next stage of education.

Mitigation:

- a) Work with the Director of Children and Young People to include a higher level of staffing in the medium-term financial planning.
- b) Additional temporary staff to be recruited to try to clear the backlog.
- c) Piloting a more rapid way of collecting amendments to EHC Plans following annual review
- d) Plans for an improved database system with a public-facing portal allowing easier communication– yet to commence.

2. Demand for Specialist Educational Places

43. Coupled with the rising demand for EHC Plans has been the increasing demand for specialist educational places. The spring census in 2022 showed that we had 380 children placed in Herefordshire's special schools with a further 55 children placed in specialist resourced provision in mainstream. Herefordshire's special school population has grown by 18% in the period 2016-21 (nationally 19%). We have few remaining places in our specialist provision and as described in the autism section (Section A5) above we are having to commission increasing numbers of independent and non-maintained places. This is resulting in more children having to travel outside of the county for their education and placing a budgetary pressure on the High Needs budget.

Mitigation:

- a) Planning for long-term re-development of the specialist SEND estate in line with the SEND Capital Investment Strategy agreed by Council Cabinet in April 2021.
- b) Short to medium-term planning for additional space in our existing buildings using the High Needs Capital Grant.
- c) Further sufficiency work to continue to predict likely demand.
- d) Application to the DfE Free School Programme for new build to increase capacity and improve outcomes for children with SEND.

3. Waiting times for appointments at Children's Health Clinics

44. These include Therapy Services (speech and language therapy (SALT), Occupational Therapy (OT) and Physiotherapy, initial and follow-up paediatric appointments at the Child Development Centre (CDC), Multi-disciplinary assessments for autism and CAMHS.
45. Waiting times for paediatric appointments with the community paediatricians are now as long as 89 weeks for non-urgent appointments.
46. The standard measure of waiting lists for therapy services is for new assessments for children to be seen within 18 weeks.
47. During the lockdown periods of the pandemic, it was not possible to run physical clinics but this allowed the services to work differently. Speech and Language Therapy (SALT) ran very successful tele therapy assessment and treatment sessions using Zoom. They have been able to maintain lower waiting times following the return to normal referral rates. Physiotherapy continued to visit children in their own homes, supporting parents and schools as much as possible. Occupational therapy staff used the time away from schools to create workshop education videos for topics such as sensory interventions and hand writing. As a result of the experience during COVID, the SALT Team have continued to use virtual consultations in some situations which does reduce the waiting lists. This is less suitable for OT work which mostly needs to be face to face.
48. National COVID recovery funding was deployed by the CCG to provide additional resource to reduce the backlog and was deployed in Occupational therapy to reduce the backlog waiting list to 12 months. This reduction is continuing with an additional therapist being funded throughout 2022. Speech therapy has had an additional therapist funded and this is being used to support complex needs children in special schools where we have a large caseload requiring ongoing interventions alongside teaching staff.
49. Progress has been maintained with the waiting lists for SALT and Physiotherapy now reducing towards the 18 week timescale. Waiting times for OT appointments remain high at around 12 months. Over many years it has proved difficult to recruit OTs and this remains the case. We continue to work on recruitment and grow your own staff development.
50. The Bladder and Bowel service have had a paediatric specialist in post for 12 months, funded by the CCG. This is showing great results and reducing continence issues for our children and young people.
51. Demand for multi-disciplinary assessment for autism has increased. The paediatric team at the CDC have introduced new ways of working in order to increase the number of children being

assessed. This is aimed at reducing the waiting list and addressing the increasing demand. Both Health and Education have temporarily increased the staffing to address this. This might not be sustainable within existing budgets over the long term. For pre-school children, the aim is to diagnose early to allow children with the most severe needs to attend a developmental group with high levels of input in advance of attending school. A consequence of the backlog in assessments is that some children are being diagnosed later with less opportunity to work in the specialist groups. This might also reduce the opportunity for parents to engage with 'Early Bird' a package normally offered alongside the children's groups to support parents of children with a diagnosis and also risks children having less time to support transition into school.

Mitigation:

- a) Interim additional funding from the CCG and High Needs Block for staff to reduce the waiting lists.
- b) CCG commissioned a 'balanced approach' review for the therapy services. This should distribute work more successfully across the system and address some of the joint commissioning issues
- c) CCG review of the autism and ASD pathways.

4. Children with Disabilities Social Care Team including Short Breaks and Placements for Children with a disability.

52. The Children with Disabilities (CWD) Team has also experienced increasing demand over the past 12 months with a 30% increase in demand for work needing to be carried out by a social worker and similar increases for other work the team carries out. Some of this demand has been as a result of families not having support during lockdown which has exacerbated the ability of some families to cope. This additional demand has resulted in a waiting list of cases needing to be assessed for short break arising for the first time. Currently, 11 families have waited more than 1 month (reduced from over 20 two months ago), the longest wait is 10 months with an average of 4 months. Although immediate safeguarding risks should be referred through the MASH, delay in providing the short break adds pressure to families, potentially increasing risk. The lack of capacity has also had a significant impact on team performance.
53. Over recent years, it has often been difficult to find foster placements for children with disabilities who need to be accommodated by the Council. However, usually within 6 to 8 weeks, a placement can be found. Since the end of the pandemic, there have been several instances where both emergency and long-term placements have not been available for periods of 4-6 months. This has had a further impact on the capacity of the team in terms of safety planning and associated court work, again reducing time for other work.
54. The commissioned short break (respite) offer was severely reduced following COVID with several providers pulling out or reducing their service for families. Two of our overnight respite providers did not re-open after the pandemic and our main day-time provider decided that continuing operation in Herefordshire was not viable. This left many families without a package to meet their assessed needs. Cases that were audited during this period were deemed inadequate because of this rather than the social work practice. A considerable amount of progress has been made recently by the commissioning team in securing an overnight provider and a day-time activity provider. Reviews of these new providers have been positive from families using them. However, a small number of families remain without an offer that meets their assessed need.

Mitigation:

- a) Work with the Director of Children and Young People and Service Directors to include a higher level of staffing funded through the transformation fund including the addition of further management capacity. Additional posts have been advertised but have not attracted any suitable candidates over a 6 month period.
- b) A formal project to improve the sustainability of the short break offer along as well as to offer more choice to families.
- c) Triaging of cases on the waiting list to assess and mitigate risk. Cases are then allocated for assessment on the basis of risk and time waited.
- d) An increase in direct payment rates from July to match wage inflation. Families take direct payments in lieu of a commissioned short break and are able to make their own arrangements.
- e) Improved support for families using direct payments to make that more sustainable.

E. Potential Risks of OFSTED/CQC Local Area Inspection on SEND

55. The following areas are identified by the SEND Strategy Group as being relative strengths of the system in Herefordshire:-

- Good relationships and engagement between local statutory partners
- Much improved strategic engagement and co-production with parents and carers
- Multi-agency arrangements for Early Years SEND are successful.
- Outcomes for children identified as needing SEN Support are good
- Our specialist SEND educational schools and settings are judged good or better with the exception of one school judged as requiring improvement. This school is continuing to improve.
- The CAMHS Service is meeting its expected performance and expanding the range of services it offers, e.g. the Mental Health in Schools Teams.

56. The following areas are identified as areas for development where current work is improving:-

- Good progress is being made in co-producing the published 'Local Offer' of information and support. Work on promoting this to parents and carers is the next stage.
- Arrangements for Children's Continuing Care are improving with a protocol in place for the first time.
- The CCG commissioned a 'balanced approach' review for the therapy services. This should distribute work more successfully across the system and address some of the joint commissioning issues. Some good examples of joint commissioning e.g. Section 75 agreement are already in place.
- The quality and breadth of EHCPs: A quality assurance framework for has been introduced and is developing. Several external audits of the quality and breadth of plans have been undertaken.
- The training offer to schools and early years settings with regard to SEND has improved, L3 SENCO award for EY, Autism Education Trust training for all schools, a range of training from the educational psychologists
- An improved continuum of provision for children with social, emotional and mental health needs.
- A clear capital Investment strategy is in place (April 2021) for specialist SEND settings with work progressing on a wide range of projects.
- Advice into the EHC system from care and health has improved.
- Improving knowledge within the Children with Disabilities Team in relation to deprivation of liberty and mental capacity.
- Improved and detailed protocols and procedures for Preparing for Adulthood (PfA).

57. In addition to the areas highlighted in section D above, the following other areas are in need of significant development:-

- Fuller engagement in the SEND agenda by senior leaders needs to be evident.
- Outcomes for children with EHC Plans, particularly at KS4 are weak.
- An evidenced explanation for the differences in the patterns of identification of need in Herefordshire compared to nationally
- Poor public health outcomes for disabled children including obesity and dentistry

Title of report: Local Management of Schools - Scheme amendment

Meeting: Herefordshire schools forum

Meeting date: Friday 13 January 2023

Report by: Strategic Finance Manager

Classification

Open

Decision type

Non-key

Wards affected

(All Wards);

Purpose

The Department for Education has advised that the Consistent Financial Reporting guidance does not permit schools to transfer revenue to capital in advance of spend. In order to accommodate this advice the Local Management of Schools scheme requires amendment to introduce a new category for committed revenue balances and to exclude these balances from the 20% balance clawback scheme for the financial year 2022-23 and future financial years. Local authority maintained school members are asked to approve the changes to the LMS scheme.

Recommendation(s)

That: Local authority maintained school members approve the amendment to the Local Management of Scheme as follows;

- (i) **Delete old text as follows;**

“4.2 Controls on surplus balances

Surplus balances held by schools as permitted under this scheme are subject to the following restrictions with effect from 1 April 2015: “

(ii) Insert new text as follows;

“4.2 Controls on surplus balances

Surplus uncommitted balances (CFR reference B02) held by schools as permitted under this scheme are subject to the following restrictions with effect from 1 April 2022”

Alternative options

1. Schools Forum has the option of not approving the scheme amendment in which case the 20% balance clawback provision will apply to all revenue balances including committed and uncommitted.

Key considerations

2. The text below was included in the September 2022 Spotlight schools newsletter consulting on the proposed changes to the LMS scheme.
3. Changes to Herefordshire’s scheme of delegation to schools are necessary following recent advice from the DfE regarding Consistent Financial Reporting (CFR) that “revenue contributions to capital must be recorded in the year in which the expenditure takes place. Schools wanting to put money aside for future capital projects are not allowed to do a revenue to capital transfer before the work has been undertaken.”
4. It has been our longstanding practice that schools wishing to invest in capital improvements could transfer revenue funding to their capital account in order to save up for their new capital works. In future, following approval from School Forum, we will be using the CFR structure to separate school revenue balances into two categories as follows;
5. Committed Revenue Balances CFR B01 – will be used to record earmarked revenue funds that governors confirm are being held for future capital investments. Governing Bodies will be required to notify the LMS team of the future capital scheme and the amount to be held as a committed balance prior to year end.
6. Uncommitted Revenue Balances CFR B02 – all other revenue funding at year end will be will allocated to uncommitted revenue balances.
7. Operational practice will be that both committed and uncommitted balances will be brought back each year into the schools revenue cost code. However the balance clawback percentage will only apply to the Uncommitted Balances (BO2). This will ensure compliance with the new DfE CFR guidance. If you wish to take advantage of the new BO1 Committed balances code please ensure that a suitable governors minute is sent to LMS & Finance prior to the end of the financial year.
8. The 20% balance clawback scheme will only apply to schools uncommitted revenue balances i.e. CFR B02 and this will be made clear with the following proposed amendment to the LMS scheme;

(i) Delete old text as follows;

“4.2 Controls on surplus balances

Surplus balances held by schools as permitted under this scheme are subject to the following restrictions with effect from 1 April 2015: “

- (ii) Insert new text as follows;

“4.2 Controls on surplus balances

Surplus uncommitted balances (CFR reference B02) held by schools as permitted under this scheme are subject to the following restrictions with effect from 1 April 2022”

9. No Comments were received from the consultation item in the September 12th 2022 edition of the Spotlight schools newsletter.

Community impact

10. In accordance with our code of corporate governance, Herefordshire Council is accountable for how it uses the resources under its stewardship, including accountability for outputs and outcomes achieved. In addition the council has an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. The council is committed to ensuring openness and transparency and the recommendations of this report demonstrate the reasons for a policy change being made.

Environmental Impact

11. There is no environmental impact arising from these statutory changes

Equality duty

12. 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.

13. As this is a statutory change required by DfE advice and guidance, we do not believe that it will have an impact on our equality duty.

Resource implications

14. There are no resource implications arising from the proposed change to the statutory LMS Scheme.

Legal implications

15. The recommended amendments to the Scheme are in accordance with updates to the Department for Education Guidance to reflect changes in the Schools and Early Years Finance (England) Regulations 2021. Department for Education Schemes for financing schools Statutory Guidance for local authorities March 2018 states that councils are required to publish schemes for financing schools setting out the financial relationship between them and the schools they maintain. In making any changes to their schemes, councils must consult all schools in their area and receive the approval of members of their schools forum representing maintained schools. Councils must take this guidance into account when revising their schemes, in consultation with the schools forum.

Risk management

16. The council will fully comply with the amendments to the scheme.

Consultees

17. All locally maintained schools have been consulted via the Spotlight newsletter during the autumn term 2022 and no comments received. A copy of the amended scheme will be distributed to all locally maintained schools after Schools Forum later in January 2023. The council's Chief Finance Officer has been consulted and is content with the proposed changes to the scheme of delegation to schools.

Appendices

None.

Background papers

Herefordshire Council's Scheme for financing maintained schools published November 2021

Report Reviewers Used for appraising this report:

Please note this section must be completed before the report can be published		
Governance	Sarah Buffrey, Democratic Services Officer	Date 20/12/2022
Finance	Louise Devlin	Date 21/12/2022
Legal	Francis Fernandes	Date by email 19/12/2022
Communications	Click or tap here to enter text.	Date Click or tap to enter a date.
Equality Duty	Harriet Yellin	Date 20/12/2022

Procurement	Lee Robertson	Date 20/12/2022
Risk	Click or tap here to enter text.	Date Click or tap to enter a date.
Approved by	Darryl Freeman	Date 03/01/2023

Please include a glossary of terms, abbreviations and acronyms used in this report.

- BWG Budget Working Group (of Schools Forum)
- CAMHS Children and Adolescent Mental Health Service
- CFR Consistent Financial Reporting (required by the DfE)
- DSG Dedicated Schools Grant
- DfE Department for Education
- EHCP Education Health Care Plan
- ESFA Education and Skills Funding Agency
- LMS Local Management of Schools
- MASH Multi Agency Safeguarding Hub
- MFG Minimum Funding Guarantee – a funding mechanism by DfE to provide a funding protection mechanism to smooth budget losses over a number of years
- PRU Pupil Referral Unit H3 Home and Hospital Teaching Team (Hub, Home, Hospital)
- SEN Special Education Needs
- SEND Special Education Needs and Disability

