

Agenda

Herefordshire schools forum

Date: **Friday 17 March 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 |
| | Dan Brearey | LA Maintained Primary School |
| | 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. APOLOGIES FOR ABSENCE To receive apologies for absence. | |
| 2. NAMED SUBSTITUTES (IF ANY) To receive any details of Members nominated to attend the meeting in place of a Member of the Forum. | |
| 3. DECLARATIONS OF INTEREST To receive any declarations of interest by Members in respect of items on the Agenda. | |
| 4. MINUTES To approve the minutes of the meeting held on 13 January 2023. | 5 - 24 |
| 5. HIGH NEEDS BUDGET 2023/24 To make recommendations to the Cabinet Member for Children and Families for the net £22.5m Dedicated Schools Grant (DSG) high needs budget for 2023/24 and to advise of amendments made to the Schools Budget 2023/24 regarding revised basic education funding for primary and secondary pupils as part of the validation process with DfE. | 25 - 42 |



Minutes of the meeting of Herefordshire schools forum held at online meeting on Friday 13 January 2023 at 9.30 am

Present: Councillor Mrs K Weston (Local Authority Maintained Primary School) (Chairperson)
 Ms A Banner (LA maintained secondary schools) (Vice-chairperson)

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|------------------|---|
| 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 |
| Mr E Gwillim | 16-19 Providers |
| Mrs S Jenkins | Local Authority Maintained Primary School |
| Mr P Jennings | Academies |
| Mr T Knapp | Academies |
| Ms T Kneale | Local Authority Maintained Primary School |
| Mr C Lewandowski | Trade Unions |
| Mrs R Lloyd | Early Years |
| Ms S Taylor | Academy Special Schools |
| Mr A Teale | Diocese of Hereford |

In attendance: Cllr Diana Toynbee, cabinet member, children and families

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

62. APOLOGIES FOR ABSENCE

Apologies were received from Steve Kendrick and Sian Lines.

63. NAMED SUBSTITUTES (IF ANY)

Andrew Teale attended as substitute for Sian Lines.

64. DECLARATIONS OF INTEREST

There were no declarations of interest.

65. MINUTES

It was resolved that:

the minutes of the meeting held on 7 October 2022 be approved as a correct record.

66. SCHOOLS BUDGET 2023/24 (Pages 7 - 16)

The strategic finance manager (SFM) presented the report and outlined the proposed schools budget based on the confirmed Dedicated Schools Grant allocation from the Department for Education (DfE). A copy of the slides used in the presentation are attached to the minutes of the meeting.

The DSG allocation was insufficient to fully fund the national funding formula values, but a School Additional Grant was to be distributed in addition to the main funding formula. The details of this additional grant had not been confirmed at the time of the meeting but it was expected to operate in a similar way to the additional grant issued for 2022/23.

Schools continued to express support for the SEN protection scheme which provides additional funding for schools when they have greater than average numbers of pupils with high needs. The budget proposals included a transfer from the schools block to the high needs block to support the continuation of the SEN protection scheme.

The chair of the Budget Working Group thanked the SFM for his work on the proposals. He highlighted the key points discussed during the working group meeting, that the funding situation was less than ideal and the proposed option C had quickly been identified as the preferred approach. Progressing any of the alternative options would have a negative impact on the SEN protection scheme.

The proposals had also been shared at a school leader's webinar on 10 January. No objections had been raised to the approach recommended by the local authority and budget working group.

Forum members discussed the proposed budget and noted that the number of pupils in specialist settings was growing and that a longer term strategy was in place. The outcome of the local authority's bid for a new SEN free school was still unknown. In the interim the local authority was trying to provide additional capacity in existing schools.

It was resolved 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) as below, and be 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 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 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;

(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.

(Restrictions were applied to voting as follows:

Only representatives of LA maintained schools, academies and early years providers were eligible to vote on recommendations 1 to 5 inclusive and recommendations 7 and 8.

Only representatives of LA maintained schools were eligible to vote on recommendation 6.)

Tim Knapp left the meeting at 10:19am

67. DEDICATED SCHOOLS GRANT - DEFICIT MANAGEMENT PLAN (Pages 17 - 18)

The strategic finance manager (SFM) presented the Dedicated Schools Grant deficit management plan. Forum members heard that the deficit was currently small and solely attributed to overspend in recent years in the high needs block. The deficit management plan set out the history of how the deficit had occurred and the actions proposed to reduce spending and recover the deficit. The main theme of the proposals is about providing more in-county provision to avoid as far as possible expensive out county places for pupils with special educational needs.

The plan had been shared with the budget working group who had endorsed the proposals.

The government has extended the statutory accounts override to March 2026 which permits the DSG deficit to be carried forward for a further three years without requiring the council to fund the deficit.

Forum members heard that the local authority had applied what it had learnt from the successful bid to establish Beacon College to its application for a new free school. The bid sought to establish a new school with around 80 place for pupils aged 2-16 with co-morbid learning difficulties and autism. As a free school, the school would be part of a MAT and an open competition would be held to select the provider. If approved, the new school would likely take around 4 years to design, build and open. If the new school was

not approved, additional places could be provided but it would be a more fragmented approach and there was currently insufficient capital funding to deliver the scale of places needed.

Forum members highlighted the importance of education, health and care plan reviews being completed promptly when children transferred school. Staff absence had a significant impact in the previous year but this had been addressed and reviews were now on target for this year. Performance was being monitored closely to make sure the improvements were sustained.

It was resolved that:

the DSG Deficit Management Plan is recommended to the Director of Children Services for submission to the Department for Education.

68. LOCAL MANAGEMENT OF SCHOOLS - SCHEME AMENDMENT (Pages 19 - 20)

The strategic finance manager (SFM) presented a report on proposed amendments to the local management of schools scheme to reflect advice from the Department for Education (DfE) that schools are not permitted to transfer revenue monies to capital in advance of spend. A new category for committed balances would be created and this would be excluded from the 20% clawback criteria. Governing bodies would need to provide evidence from minutes of any transfers to the local authority each year.

No objections to the proposed changes had been received following publication in the Spotlight magazine to schools.

It was resolved that:

Local authority maintained school members approve the amendment to the Local Management of Schools Scheme, as set out in the report.

(Voting on this item was restricted to local authority school members only).

The meeting ended at 10.36 am

Chairperson

Schools Forum
13 January 2023
School Funding 23-24

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Background to School Budget report

- DSG published on 16 December 2022
- Schools Block £123.2m
- 18 fewer pupils and £79k less grant

But compared with autumn consultation

- FSM pupils +564 (+4.3%) +£333k
- EAL pupils +245 (+26%) +£211k
- Minimum Funding Guarantee +£291k
- No capping of NFF winners +£252k
- Less savings on other factors -£181k
- Net cost increase +£906k

No money for full NFF or High Needs transfer

School Budget 2023-24

Three options considered by BWG

- A: trim NFF by 0.26%; No SEN protection
- B: trim NFF by 0.5%; Smaller SEN scheme
 - Quarter to half sized SEN protection scheme funded by £214k transfer to high needs and possible £200k contribution from high needs block dependent on budget availability as determined by Schools Forum in March
- C: trim NFF by 1%; SEN Protection scheme continues in 23-24 much as 22-23.

Option C is the preferred option of HC and BWG

- Forecast spend of SEN Protection in 22-23 is £700k and at least £750k for 23-24

School Additional Grant 2023-24

- Schools will receive £4.15m in addition to the NFF in 2023-24 i.e. +25% on £3.3m in 22-23
- Details not yet confirmed but applying +25% to 22-23 per pupil values would give +£120 primary, +£170 KS3 and +£190 KS4
- By comparison Option C – continuing with the SEN protection scheme would give schools a net increase similar to 22-23
- **i.e. Total 23-24 grant is £4.15m less transfer to high needs £0.616 = £3.53m compared with £3.3m in 22-23 and remains up by +7%.**

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SEN Protection Scheme - Reminder

- Hugely supported by schools in previous years
- Funds the extra £6,000 threshold costs for SEN pupils for schools with greater than average (2.7%) of high needs pupils who receive top-ups
- 9 high and 44 primary schools receive funding
 - max primary is £72,900 for 21.6 pupils (6%)
 - max high is £71,200 for 25.9 pupils (4.9%)
- Without the scheme the impact on the most inclusive schools will be significant
- **Now at the maximum 0.5% transfer to high needs that Schools Forum can approve. We will need properly considered changes for 24-25 in any case.**
- **Need to take time to consider carefully**

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Budget Working Group

- Separate report circulated to Forum
- Discussed in detail the three options
- Supported Option C i.e. the full transfer to the high needs block as the continuation of existing practice for the last 5 years
- Considers to abolish the scheme would be counter productive and lead significant increase in the DSG deficit
- Have supported the SEN protection scheme since its inception in 2014
- Update on the nurture group project – pleased and would like to see it extended if funds permit

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Summary of Recommendations today

Rec 1

The recommendation is for Option C i.e.

- 1% reduction to NFF
- 0.5% transfer to the high needs block
- £616,000 to fund the SEN protection scheme same as now
- Supported by Budget Working Group on 6 Jan
- And Schools Leadership Conference on 10 Jan

Rec 2

- Continuation of growth fund for Basic need 30 places for Kingstone High and 10 places for Fairfield Year 4 of 5.

Rec 3

- Transfer of 0.5% i.e. £616k to High needs for continuation of the SEN protection scheme

Recommendations to Schools Forum

Rec 4

- Authorise minor adjustments up to £5k to balance budget

Rec5

- Inflationary increase 1.9% on central services block

Rec 6 – LA school members vote only

- De-delegation proposals for LA schools – small increase apart from new items for £6 per pupil school improvement and £1 for contingencies e.g. ET tribunal costs. Much reduced from consultation proposals

Rec 7

- Early Years – uplift by inflationary increase given by DfE i.e.
- 5.64% increase on 3 and 4 year old NEF
- 1.01% increase on 2 year old NEF
- 5.64% increase on central costs

Recommendations to Schools Forum

Rec 8

- Balanced budget be approved for 23-24 i.e. spend = income
- Unusable DSG reserve of £275,319 deficit be carried forward – this is required by Secretary of state - but auditors have asked for evidence in the past.

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- High needs budget is agenda item for March Forum
- Lots of detail set out in the report
- Supported by BWG
- Any questions – before we proceed to take the recommendations

DSG Deficit Management Plan

- Herefordshire slipped into deficit by £275k in March 22
- Plan requested by DfE
- BWG has discussed and broadly content with the plan
- Schools Forum invited to comment
- Government has extended the statutory accounts override to March 2026 which permits the DSG deficit to be carried forward for a further three years without requiring the council to fund the deficit
- The Deficit plan in the appendix sets out the history of how we got to a deficit and the actions proposed to reduce spending to recover the deficit.
- The proposals are largely about providing more in-county provision to avoid as far as possible expensive out county places

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MINUTE ITEM 67

DSG Deficit Management Plan

The Proposed plan provides for

- Increased training for mainstream schools re autism
- new places in primary and secondary autism hubs – hopefully from September 2023 if at all possible
- More places in Herefordshire special schools – depends on capital funding but not a quick solution
- Capital bid submitted to DfE – awaiting outcome
- Development and extension of Nurture hubs in primary schools
- Implementing DfE SEND Review proposals
- More staff in SEN assessment team
- Long term planning via the SEND capital strategy
- Better links with NHS and social care to meet children's needs and SEND strategy Board to discuss the plan

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Local Management Scheme

- DfE have advised that transfers to capital is not permitted prior to spend
- We need to use a new balance category for committed balances and exclude from the 20% clawback criteria
- The recommended scheme change makes clear that its is only uncommitted balances in excess of the 20% that are subject to clawback
- Governors will be required to minute any transfer to uncommitted balances and let us know each year prior to year end
- Only LA school members of forum can vote

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MINUTE ITEM 68



Title of report: High Needs Budget 2023/24

Meeting: Herefordshire Schools Forum

Meeting date: 17 March 2023

Report by: Schools Finance Manager

Classification

Open

Decision type

This is not an executive decision

Wards affected

All wards

Purpose

To make recommendations to the Cabinet Member for Childrens and Families for the net £22.5m Dedicated Schools Grant (DSG) high needs budget for 2023/24 and to advise of amendments made to the Schools Budget 2023/24 regarding revised basic education funding for primary and secondary pupils as part of the validation process with DfE.

Recommendation(s)

That:

1. A deficit high needs budget of £0.54m for 2023/24 be recommended to the Cabinet Member for Children's and Families as follows;

a. Complex needs funding

| | |
|---|-------------------|
| i. base funding at the agreed 3/7 th funding share | £2,285,745 |
| ii. an expected overspend of | £400,000 |

| | |
|--|-------------------|
| b. Independent special schools | £3,550,000 |
| c. Special schools | |
| i. Local authority school places | £1,740,000 |
| ii. Additional place funding at £1,000 for 390 places | £390,000 |
| iii. Special school top-up funding plus 3.4% inflation | £3,903,000 |
| iv. tariff matrix amendments re behaviour | £50,000 |
| d. Post-16 top-up funding | £2,100,000 |
| e. Mainstream school top-up funding includes 3.4% inflation | £3,630,000 |
| f. Nurture provision | |
| i. 5 primary and 1 secondary schools full year costs | £372,100 |
| ii. North Herefordshire outreach summer term (5/12 th) | £10,417 |
| iii. North Herefordshire outreach autumn/spring terms subject to review by BWG at | £14,583 |
| iv. secondary pilot at Earl Mortimer College for three years until March 2026 at | £40,000 |
| g. Resource bases at Hampton Dene and Bishops schools | |
| i. 56 places at £6,204 including MFG at 3.4% | £347,425 |
| ii. 56 top-up tariff funding at £8,272 including MFG | £463,230 |
| h. New provision Autism and Language Units from June 2023 including set-up costs | |
| i. 4 bases x 8 places at £6,000 per place | £160,000 |
| ii. 32 top-up funding at £8,000 average per pupil | £213,333 |
| iii. Additional per pupil funding as not in October census 32 pupils at average £4,500 | £120,000 |
| iv. Inflation at 3.4% to comply with MFG | £16,773 |
| i. New Provision – additional 10 places for special schools through offsite accommodation | |
| i. special school 10 places at £11,000 per place | £110,000 |
| ii. special school 10 top-ups at £8,000 per pupil | £80,000 |
| iii. 9 full time and 6 part-time reception/ nursery places commissioned from April 23 | £132,000 |
| iv. 12 top-up funding at £10,500 from September | £73,500 |
| v. Running costs £30k pa from June 23 | £25,000 |
| vi Set-up costs | £5,000 |
| v. to note the detailed cost estimate is £140,000 greater than the initial estimate contributing a further £140,000 to the deficit budget | |
| j. Early years top-up funding | £150,000 |
| k. Pupil Referral Service | |
| i. 60 places including 10 places at Dinedor at £10,000 per place | £600,000 |
| ii. Teachers Pension Grant at £660 per place and £340 MFG per place | £60,000 |
| iii. top-up funding 60 pupils at tariff band D2 | £573,120 |
| iv. less assumed income recovery from schools | £200,000 |
| v. Phasing out TLR allowances, three years from September 2021 | £35,000 |
| vi. Temporary split site allowance whilst on split sites | £38,000 |
| vii. former Pupil Referral Unit support fund deleted as not used | £0 |

| | |
|--|-----------------|
| v. H3 Home, Hospital and Hub top-up 50 half time places at £5,500 including TPG at £330 and MFG at £170 at total cost | £275,000 |
| vi. 25 tariffs at tariff C4 £6,168 plus 3.4% inflation | £159,443 |
| vii. the remaining 25 half time places recharged to schools as the school receives full funding for the pupil whilst on the school roll | |
| I. SEN protection scheme for primary and secondary schools with a cap on a school's contribution set at £175 x NOR (at Oct 2022) | £616,000 |
| m. High needs contingency/contribution to reserves | £109,038 |
| n. SEN support services including 3.4% inflation MFG uplift as marked * | |
| i. Additional Needs Management* | £217,000 |
| ii. Complex Learning Communications* | £118,803 |
| iii. Equalities team – inclusion* | £281,100 |
| iv. Hearing Impaired Team* | £434,000 |
| v. Managed moves | £5,000 |
| vi. Business support | £59,000 |
| vii. DSG Services* | £134,100 |
| viii. Behaviour Support Service – match schools de-delegation | £37,500 |
| o. Charges and income | |
| i. Local authority recoupment | -£100,000 |
| ii. Transfer from schools block | -£616,000 |
| iii. Transfer from Central services block | -£80,000 |
| p. the revised per pupil values for the schools budget for 2023/24, as set out in paragraph 11, be recommended to the cabinet member. | |

Alternative options

1. The Budget Working Group (BWG) has been consulted on the proposed budget plan and recommends the deficit budget to Schools Forum. No alternatives have been considered as it is a requirement of the Childrens Act (2014) that children's needs must be met regardless of funding availability. The proposed budget is considered to minimise the increase in the cumulative high needs deficit due to the service demand pressures exceeding the funding allocated by government whilst investing in measures designed to reduce longer term pressures and in line with the agreed deficit management plan.. Additionally the DfE has specified a Minimum Funding Guarantee (MFG) of 3.4% to apply to special schools for both tariff and place funding which further erodes any value in the development of alternative options. Any amendments would need to have regard to available funding, relevant regulations and the council's statutory duties in supporting children and young people with high needs. None have been identified. It should be noted that the Budget Working Group supported the proposals as set out in this report at their meeting on 3 March 2023.

Key considerations

2. The report sets out the forecast overspend of £0.7m on high needs in 2022/23 due to significant overspends regarding Complex Needs Funding (£0.4m), Post-16 top-ups (£0.3m), mainstream school top-ups (£0.3m) and SEN Protection (£0.2m) offset by savings elsewhere in the budget. As a consequence the DSG deficit is expected to rise from a £0.25m deficit to at least a £1m deficit. The Department for Education (DfE) has allocated a net £22.5m within the Dedicated Schools Grant (DSG) after deductions at source for special academy and Further Education College places which is a £3.6m increase compared with the initial 2022/23 high needs allocation from DfE.

3. The initial high needs budget for 2023/24 inevitably requires a deficit budget of £0.4m before the inclusion of potential 2023/24 in-year overspends from the ever increasing cost pressures. Advice from the DfE indicates that the deficit will continue to grow in the short term. Future reduction of the deficit will depend on appropriate increases in DfE funding and progress on increasing in-county provision in order to reduce the need for more expensive out-county placements. The Budget Working Group will monitor the financial position closely throughout the year. Much will depend on the successful implementation of the DfE SEND policy however it is difficult to see how increased cost pressures arising from increased demand for school top-ups at 15%pa and inflation, currently running in excess of 10%pa can be fully funded from DfE's considerably more modest 3% annual budget increase for the high needs block funding .
4. This report proposes a practical high needs budget for 2023/24 to ensure that the deficit is minimised and funding is spent as effectively as possible whilst recognising the absolute duty to ensure that pupils needs are met as required by Section 42 of the Children and Families Act 2014. The views of Schools Forum are sought on the proposed budget plan prior to seeking cabinet member approval. The high needs budget for 2023/24 will be set at a net £22.5m after the transfer of £0.616m from the schools block and £0.08m from Central School Services.
5. The schools consultation paper set out the known high needs cost pressures for the high needs block for 2023/24 and was based on an increase of £2m in the net high needs. However much has changed since the consultation paper was drafted in the summer of 2022 and the high needs 2023/24 budget has required extensive remodelling to cover the increasing demand for high needs services and the increasing level of overspend.
6. Costs continue to increase for the SEN protection scheme and Schools Forum agreed an increased transfer from the Schools Block of £616,000. Expenditure in 2022/23 is forecast at £776k. Modelling for 2023/24 indicates that with a cap on the individual school's contribution of 175 x number on roll then expenditure in 2023/24 is likely to be contained with budget.
7. The SEN protection scheme acts as an "insurance" scheme to ensure that those schools with higher than average numbers of high needs pupils are fairly funded for their threshold costs. The SEN notional budget is part of each school's delegated budget and is paid from the Schools Block of the DSG. High Needs Matrix. Costs of the SEN Protection scheme continue to rise and will be above the level of the 1% transfer from the Schools Block that Schools Forum can approve in 2024/25. Future options will be developed with the BWG during this year and will include
 - a. setting the cap to keep the cost of the scheme within the 1% transfer value,
 - b. seeking support from schools for a transfer greater than 1% in order to apply to the Secretary of State for approval
 - c. amending the operation of the scheme to target support on those schools with the greatest need
 - d. consideration of whether planning for an overspend is sensible in order to keep more pupils in mainstream schools compared with the increased risks of greater costs from more out-county places.
8. The Budget Working Group (BWG) received a presentation on the 3 March 2023 summarising the current budget position, the proposed high needs budget for 2023/24. The presentation is set out in Appendix 1.
9. In discussion of the proposed budget, the BWG noted that;
 - A deficit budget was not unexpected as it has been clear for a number of years that in common with most other local authorities Herefordshire would inevitably incur a deficit

- The BWG supported the responsible budget approach designed to minimise the growth of the deficit and the expected additional cost to the council when the DfE’s statutory accounts override is removed in March 2026.

Schools Budget 2023/24 update

10. In addition as part of the validation checks undertaken with the DfE an underspend on the MFG was identified due to the impact of Bredenbury transferring from the local authority schools section to the academy schools section – which reordered academy schools and moved budgets around resulting in an overstatement of the Minimum Funding Guarantee within the DfE’s funding model.
11. When corrected the revised schools budget was improved so overall it is a 0.75% deduction from the full NFF rather than the agreed 1%. The per pupil values were increased as follows;
 - a. Primary per pupil value increased from £3,361 to £3,376
 - b. Secondary Key Stage 3 per pupil value increased from £4,738 to £4,760
 - c. Secondary Key Stage 4 per pupil value increased from £5,340 to £5,366
12. Fourteen schools on the MFG or the Minimum per Pupil level Funding are not affected.

Community impact

13. The recommendations will provide a high needs budget for 2023/24 that continues to meet the needs of pupils within the DSG funding allocated to the council.
14. These services contribute to delivery of the following ambitions in the adopted County Plan for 2020-2024:

Community

 - a. Ensure all children are healthy, safe and inspired to achieve;
 - b. Protect and improve the lives of vulnerable people.
15. These services also support the pledges set out in the Children and Young Peoples Plan 2019-2024 in:
 - c. Keeping children and young people safe;
 - d. Improving children and young people’s health and wellbeing;
 - e. Helping ALL children and young people succeed.

Environmental Impact

16. 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

17. 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.

18. The Equality Act 2010 established a positive obligation on local authorities to promote equality and to reduce discrimination in relations to any of the nine "protected characteristics" (age; disability; gender reassignment; pregnancy and maternity; marriage and civil partnership; race; religion or belief; sex; and sexual orientation). In particular, the council must have 'due regard' to the public sector equality duty when taking any decisions on service changes, for example the provision of nurture provision to meet pupil needs

Resource implications

19. The recommended high needs budget for 2023/24 is a deficit budget of £0.4m which will increase the forecast £1m DSG deficit at March 2023 by a further 40% and this is prior to any in-year overspends.
20. The DfE have extended the statutory accounts override until March 2026 and at this point Herefordshire Council will become responsible for funding the deficit. A high level deficit forecast indicated a deficit of £10m by March 2026 and £30m by 2030 was likely based on the experience of other local authorities from 2016-2022. It is expected that the planned actions identified by Herefordshire will reduce this growth in the deficit although more work on demand forecasting is being undertaken in order to determine the full impact of the agreed measures.
21. High needs budgets for future years will depend on the DSG funding allocated by the DfE.

Legal implications

22. This is a key decision which can be taken by the Cabinet Member under the provisions set out in section 3.3.15 (i) of section 3 of the council's constitution. Schools Forum is consulted in an advisory capacity.
23. The council must consult the schools forum annually regarding a number of schools budget functions including the following:-
- Amendments to the school funding formula
 - Arrangements for the education of pupils with SEN, in particular the places to be commissioned by the council and schools and the arrangements for top-up funding

- Arrangements for the use of PRUs and places to be commissioned by the council and schools and arrangements for paying the top-up funding
 - Administrative arrangements for the allocation of central government grants paid to schools via the council. It is also good practice for the council to inform schools forum of proposals for central spend on the high needs block provision.
24. The council has statutory duties to deliver provision for children and young people with high needs which includes special educational needs and disabilities from early years to age 25.
 25. The DSG is a ring fenced grant from the DfE, the majority of which is used to fund individual school budgets in maintained schools, academies and free schools. This includes the provision for pupils with high needs in both special and maintained schools
 26. Changes to the high needs funding provision could leave the council open to legal challenge, through ombudsman complaint, appeal to the Special Education Needs and Disability Tribunal, or Judicial Review if children, young people or their families feel that specialist provision is not being met. The risk of Judicial Review is reduced due to the increase in tariffs.
 27. Section 42 Children and Families Act 2014 provides that where a council maintains an EHC plan for a child or young person, the council must secure the specified education provision. Therefore the council must comply with this statutory duty.

Risk management

28. The BWG reviews all proposals in detail prior to making recommendations to the Schools Forum. This two stage process helps 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 Childrens and Families directorate jointly with Schools Forum. Specifically financial risk will be managed throughout the year with the BWG.
29. The government has changed the conditions of grant for the Dedicated Schools Grant so that the council would be required to seek permission from the Secretary of State should it wish to fund a DSG deficit from the council's general funds. Effectively this change in regulations transfers responsibility for DSG deficits to the Department for Education (DfE) and absolves the council of any contribution until the statutory accounts override expires in March 2026.
30. The investment in nurture provision is a longer term preventative measure which attempts to mitigate demand for higher cost provision and keep the high needs costs within the available budget. The use of such preventative measures will be undertaken with the support of the BWG as funding permits.

Consultees

31. All schools have been consulted on the proposals as part of the autumn schools budget consultation and the responses were reported to Schools Forum in January 2023. However the high needs budget presented to schools forum varies significantly from that envisaged in the consultation with schools. The SEN protection scheme continues to be strongly supported by 4 schools. A presentation of the budget proposals was given the Herefordshire school leaders webinar on 10 January and no amendments were suggested.
32. The Budget Working Group were consulted on 3 March 2023 and their comments are included in paragraph 9 above.

Appendices

Appendix 1 High Needs Budget presentation to Budget Working Group 3 March 2023

Background papers

None identified.

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 08/03/2023 |
| Finance | Wendy Pickering | Date 09/03/2023 |
| Legal | Pooja Nahar | Date 07/03/2023 |
| Communications | Luenne Featherstone | Date 06/03/2023 |
| Equality Duty | Click or tap here to enter text. | Date Click or tap to enter a date. |
| Procurement | Lee Robertson | Date 10/03/2023 |
| Risk | Click or tap here to enter text. | Date Click or tap to enter a date. |
| Approved by | Darryl Freeman | Date 14/03/2023 |

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

NOR Number on Roll, typically at a school
PRU Pupil Referral Unit
SEN Special Education Needs
SEND Special Education Needs and Disability
TPG Teachers Pension Grant

DSG 2023-24
Budget Working Group
3 March 2023

Update on Schools Budget 2023-24

- As part of the validation checks an underspend on the MFG was identified due to the impact of Bredenbury transferring from the local authority schools section to the academy schools section – which reordered academy schools and moved budgets around to overstate the MFG
- Once corrected the revised schools budget was improved so overall it is a 0.75% deduction from the full NFF rather than the agreed 1%.
- 14 schools on the MFG or the Minimum per Pupil level Funding are not affected.

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High Needs Forecast 2022-23

- **Overspend of around £0.7m**

- Complex Needs £0.35m
- Post-16 top-ups £0.3m
- Mainstream top-ups £0.3m
- SEN Protection scheme £0.2m
- Out-county schools £0.15m
- Recoupment £0.1m
- Unused contingency -£0.3m
- Special school top-ups -£0.1m
- Various others -£0.3m

High Needs Demand 2023-24

- High Needs pressure increasing everywhere
- New special places +10
- New nursery places +15 half time
- Mainstream pupils with top-up funding
 - March 2022 524 FTE
 - Feb 2023 599 FTE
 - % increase +14.4%

minimum percentage as not yet up-to-date with all assessments

- Complex Needs, Out-county places and Post-16 all increasing

High Needs Budget 2023-24

Initial High needs block 23-24 £22,524k

Initial High needs block 22-23 £18,890k

Budget increase £3,634k

Add Schools Block increase £99k

Add CSSB transfer increase £5k

Total Budget increase £3,738k

Special schools MFG is 3.4% so have planned the high needs budget using this as inflation rate and added known growth/overspends

New proposals page 1

- 1. Autism resource bases** **£510k**
4 units 32 places at £14K from June i.e. 10/12th
Plus AWPU f32 x £4.5kx 10/12th
- 2. New Widemarsh Centre** **£94k**
15 half time places at £5.5K+ £5,170 x7/12th
- 3. Brookfield 10 places** **£190k**
at £11k +£8k 12/12th
- 4. Post-16 places** **£500k**
Increase in demand for places
- 5. Mainstream School top-ups** **£770k**
Overspend of £240k + 5% growth £530k
- 6. Special school top-ups** **£77k**
Overspend and backlog – growth shown above

New proposals Page 2

- 7. **Special, PRU, H3 places MFG** £148k
- 8. **SEN support services** £51k
3.4% inflation increase
- 9. **SEN Protection scheme** £99k growth
set at value of schools block transfer and requires a cap of £175 x NOR allowing for 15% growth to give a spend of £616k. Needs a revamp for 2024-25
- 10. **Inter-authority recoupment** +£100k
To reflect overspend in 22-23 – now a net exporter of pupils
- 11. **Unit places & Top ups** +£26k
Inflation at 3.4%
- 12 **Nurture Group inflation** +£20k
- 13 **Modify tariff matrix re behaviour** +£50k

New proposals Page 3

| | |
|--|-------------------|
| 14. Earl Mortimer Nurture Group | +£40k |
| Build into base budget | |
| 15 Reduce risk on PRU | +£40k |
| Reduce charging income target | |
| 16 Fees on Independent special school | +£630k |
| 17 Fully fund 10 places at PRU/Dinedor | +£160k |
| 18 . Unused Budget | +£109k |
| ⁴⁰ 19 Other Changes in base budget and Teachers Pension Grant | +£128k |
| 20. Unfunded | |
| CNF – the 22-23 £379K overspend is expected to carry through to 23-24 as a minimum | +£400k min |
| 21. Decision required on EMC and Orleton Nurture provision in budget at | £65k |

Recommendation to Schools Forum

- BWG needs to make a recommendation on the schools budget to Schools Forum

