

Agenda

Herefordshire Schools Forum

Date: **Monday 20 January 2025**

Time: **2.00 pm**

Place: **virtual meeting platform**

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

Chairperson	Alison Banner	LA maintained secondary schools
Vice-Chairperson	Paul Jennings	Academies
	Beverley Blower	PRU - Management Committee
	Dan Brearey	LA Maintained Primary School
	Alex Davies	Academies (primary)
	Paul Deneen	Trade Unions
	Nicki Emmett	Academies
	Richard Foster	Local Authority Maintained Primary School
	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
	Tim Knapp	Academies
	Chris Lewandowski	Trade Unions
	Rose Lloyd	Early Years
	Hayley Manns	Early Years providers
	Gemma Martin	Diocese of Hereford
	Sheila Taylor	Academy Special Schools
	Kathy Weston	Local Authority Maintained Primary School

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 and sign the minutes of the meeting held on 18 October 2024.	5 - 8
5. SCHOOLS BUDGET 2025/26 To approve school forum's recommended budget proposals for school budgets, central school services and early years within the Dedicated Schools Grant (DSG) for 2025/26.	9 - 40
6. DATE OF NEXT MEETING Friday 14 March 2025.	



Minutes of the meeting of Herefordshire Schools Forum held at virtual meeting platform on Friday 18 October 2024 at 9.30 am

Present: Councillor Ms A Banner (LA maintained secondary schools) (Chairperson)

Ms B Blower	PRU - Management Committee
Mr D Brearey	LA Maintained Primary School
Mr P Deneen	Trade Unions
Ms N Gilbert	LA Special Schools
Mrs L Johnson	Secondary Governors
Mr T Knapp	Academies
Mr C Lewandowski	Trade Unions
Ms Lines	Diocese of Hereford

In attendance:

Officers: Senior Finance Business Partner, Service Director, Education, Skills and Learning, Virtual headteacher, Head of Additional Needs, Head of Learning and Achievement, Director of Finance and Admissions and 14 to 19 curriculum manager

Cabinet Member Children and Young People

1. ELECTION OF CHAIRPERSON

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

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

2. ELECTION OF VICE-CHAIRPERSON

Paul Jennings was proposed and unanimously supported by members of the forum.

Resolved: that Paul Jennings be elected vice-chairperson of the Forum for the ensuing year.

3. APOLOGIES FOR ABSENCE

Apologies were received from Nicki Emmett, Richard Foster, Andy Gosling, Edward Gwilliam, Paul Jennings, Hayley Manns, Gemma Martin, Rose Lloyd and Sheila Taylor.

4. NAMED SUBSTITUTES (IF ANY)

The following substitutes were noted:

Sian Lines for Gemma Martin.

Lynn Johnson for Andy Gosling.

5. DECLARATIONS OF INTEREST

There were no declaration of interests.

6. MINUTES

A correction was made to the presentation of forum member Beverley Blower.

Resolved: the minutes of the meeting held on 12 July 2024 be approved as a correct record.

7. NATIONAL SCHOOLS FUNDING FORMULA 2025/26 UPDATE

The Senior Finance Business Partner (SFBP) introduced the item the purpose of which was to provide an update to the forum on national school funding issues, including the recommendations of the budget working group (BWG) on the Herefordshire schools' budget 2025/26.

- The national funding formula (NFF) was yet to be received and communication from the [Education & Skills Funding Agency](#) (ESFA) received on 3 October suggested this would come after the Budget announcement on 30 October 2024, with the dedicated schools grant (DSG) allocations to be published in December 2024.
- As this information was not available it posed potential risk in the budgeting process.
- The forum was asked to consider whether Herefordshire should use the approach to school funding for 2025/26 broadly using the approach used for 2024/25 (as detailed below) and how they thought the best approach was for dealing with consultations with schools.
 - Seek to fund schools at the National Funding Formula values.
 - To fund schools at the maximum permitted Minimum Funding Guarantee (0.5% given in 2024/25)
 - To use the school block transfer process (max 0.5%) towards the SEN Protection Scheme (in line with 2024/25)
 - De-delegations in place as at 2024/25 to remain for 2025/26.
 - To avoid the DSG deficit escalating further – the high needs block strategy is under review in line with DSG Management Plan

In response to forum questions and comments, it was noted;

1. The SFBP would provide clarity with regards to de-delegations with special schools as they are not subject to the national funding formula.
2. It was essential that schools are consulted as part of the democratic process and an online form such as Microsoft teams or survey monkey be used to support response rates were recommended and would be actioned by officers.

Resolved that: a) the Schools Forum reviewed the budget approach for setting the schools 2025/26 budget and agreed that it be in line with the approach taken in 2024/25, as outlined in paragraph 4;

b) the Schools Forum unanimously agreed that consultations with schools as outlined in paragraph 5 should still take place.

Action(s)

The SFBP to provide a response with regards to de-delegations with special schools as they are not subject to the national funding formula.

The SFBP in collaboration with the school effectiveness team to produce web forms for future consultations to aid in improving response rates.

8. HIGH NEEDS FUNDING AND DEDICATED SCHOOLS GRANT (DSG) DEFICIT MANAGEMENT PLAN

The Senior Finance Business Partner (SFBP) introduced the item the purpose of which was to report on the pressures facing the High Needs budget and progress delivering the Deficit Management Plan (ESFA tool). The principal points were noted:

- The forum was informed of the deficit position in 2021/22 and although the deficit was initially modest, it has risen considerably since.
- The High Needs DSG block overspent by £5.1 million 2023/24. This increased the Council's cumulative DSG deficit to £6.1 million at 31 March 2024.
- The main areas that attributed to this were.
 - Out-county schools (overspend of £2.3m)
 - Special school top-ups (overspend of £0.7m)
 - School top-ups (overspend of £0.8m)
- The latest forecast end of year position indicates an overspend of £7.6million which means a cumulative deficit of £13.7 million at 31 March 2025.
- Currently the DSG Deficit is an un-useable reserve on the Council's Balance sheet and enables all local authorities to ring fence DSG Deficits from the overall financial position in the statutory accounts until March 2026. Once the override periods ends, the deficit will have an impact on the council's overall financial position a point that is resonating around all local authorities across the country.
- It was highlighted in the External Auditors annual report 2023/24 the DSG deficit had been a risk to the Council's financial sustainability and recommended close working with schools to manage this expenditure.
- Mitigating plans currently in place such as nurture hubs, Widemarsh explorers and autism hubs would continue.
- Future plans for repurposing buildings and the successful bid to build a new 80 place special free school would aid in the reduction of independent provider provision which has been driving up costs.

The forum was asked to consider further strategies to manage spend and mitigate the growing deficit, how the council can encourage cost saving actions in schools and if schools would find an Internal Audit review/self-assessment helpful.

In response to forum questions and comments, it was noted;

1. The Service Director, Education, Skills and Learning (SDESL) assured the forum that she meets with the department regularly and constantly raises the issues around finance. She noted the lack of transparency and forward planning from the department makes it difficult for the local authority strategically, not knowing when there will be rounds of rebuilding or free school programmes. Strategic partners are sighted on the issues that schools are facing and there has been strong support from Councillor Powell the cabinet member for children and young people. It was highlighted that she would be meeting with the Local MP to ensure they were well informed of the issues.
2. The cabinet member for children and young people informed the forum that both the County Council's network and the Local Government Association have

recently written to the new chancellor (cc:d to local MPs) raising a range of matters to do with pressures on council budgets, but specifically raising the need for sensible levels of financing for special educational needs.

3. A written response would be provided with regards to the number of pupils that are included within the out of county schools' placements overspend of £2.3 million.
4. A written response would be provided with regards to the number of pupils that are anticipated to have their needs met by the new free special school being introduced in 2026.
5. The SDESL would expect to see over time a reduction in Independent School places as our own provisions grow.
6. No further cost saving strategies were identified by the forum.
7. The Director of Finance highlighted that an audit review / self-assessment could provide some assurance and be a useful way to identify good practise. it could take the form of whatever would be most helpful, and it is not meant to be a further administrative burden in terms of increasing the requirement to respond to audit.

Resolved

That:

- a) The forum reviewed the High Needs 2023/24 final outturn budget position;
- b) reviewed the High Needs 2024/25 forecast outturn and agreed that regular budget monitoring reports are presented to future school's forums and
- c) reviewed the mitigating actions used in preparing the deficit management plan and managing the DSG deficit.

Action

The SDESL to provide a written response with regards to pupil figures currently included within the out of county school's placements and the anticipated number that are likely to have their needs met by the new free special school.

9. WORK PROGRAMME 2024/25

The Service Director, Education, Skills and Learning (SDESL) informed the committee that there had been no new announcements with regards to the future of the Schools Forum.

10. DATE OF NEXT MEETING

Friday 24 January 2025, 9:30am

The meeting ended at 10:22

Chairperson



Title of report: Schools Budget 2025/26

Meeting: Herefordshire Schools Forum

Meeting date: Monday 20 January 2025

Report by: Senior Finance Business Partner

Classification

Open

Decision type

This is not an executive decision

Wards affected

(All Wards);

Purpose

To approve school forum's recommended budget proposals for school budgets, central school services and early years within the Dedicated Schools Grant (DSG) for 2025/26.

Dedicated Schools Grant funding for the schools block in 2025/26 is £138.2m which is an increase of 2.36% per pupil (excluding growth funding) from 2024/25 (1.94% 2024/25 equivalent). At this stage, the funding for early years blocks are provisional as are subject to final adjustments based on actual termly take up. The school funding values and formula calculations are in accordance with the national school funding formula as set by the government. £0.69m is to be transferred from the schools block to the high needs block for 2025/26 to continue the SEN protection scheme. The high needs block will be discussed briefly in this paper (due to the block transfer between schools and high needs blocks), but will be considered and presented in detail in the March 2025 Schools Forum.

Recommendation(s)

Herefordshire's school funding proposals for 2025/26 to adopt the national funding formula values be recommended to the Cabinet Member for Children and Young People as set out in Appendix 3.

Alternative options

1. In considering these proposals the Council has consulted with all schools and early years providers.

Three options were considered by the Budget Working Group of which Option C has been recommended to Schools Forum regarding the funding of the SEN protection scheme.

Alternatives were also considered in the Early Years block on the % of monthly estimated funding, the 2 year old rate differential (a higher rate for families receiving additional support to promote inclusivity), rurality being included in the 3&4 year old rate, and the deprivation/SENIF being funded across all provisions.

Any alternative options for the high needs block will be considered in the March 2025 schools forum.

Key considerations

2. Following the absence of the National Funding Formula (NFF) in July 2024 due to the national change in government, the Schools Forum in October 2024 approved the use of the 2024/25 budget approach/timetables as a framework for budget 2025/26. In October 2024 the government announced that total core school funding would be increased nationally by £2.3 billion in 2025/26, meaning that this funding would total almost £63.9 billion. This includes funding through the schools NFF, high needs funding, Central schools services block, and pupil premium. Final DfE funding information was received on 18th December 2024. The DSG funding assumptions underlying the proposed budget are set out below.

3. The schools NFF continues to distribute this fairly, based on the needs of schools and their pupil cohorts. The main changes in 2025-26 are:

i. Prior to 2025/26, the 2023-24 mainstream schools additional grant (MSAG) was rolled into the schools NFF ensuring that this additional funding formed an on-going part of schools' core budgets. New to 2025/26, funding provided to mainstream schools through the teachers' pay additional grant (TPAG), the teachers' pension employer contribution grant (TPECG), and the core schools budget grant (CSBG), have been rolled into the schools NFF. Funding provided for special schools and alternative provision (AP) through these grants will be consolidated into a single CSBG. In addition, the guidance mentions that further funding, in respect of the increase in employers' National Insurance contributions, will be provided in 2025/26 by a grant outside the NFF (we will bring further information on this to subsequent Schools Forum meetings when further information is known).

ii. Almost all factor values in the NFF have increased from 2024/25 to 2025/26. The amount of the increase varies between factors. The increases are driven by the roll in of the TPAG, TPECG and CSBG, plus the 'CSBG uplift' which accounts for a full 12 months of teachers' pay award in mainstream schools (part year from September 24 in 2024/25). A general overall increase has also been applied to school- and pupil-led factors, as well as to the split sites factor (see Appendix 3).

iii. Through the minimum per pupil funding levels, the DfE have specified that every primary school will receive at least £4,955 per pupil, and every secondary school at least £6,465 in 2025/26.

iv. The minimum funding guarantee (MFG) will continue to protect schools from sudden drops in their per-pupil funding. New guidance stipulates that the minimum funding guarantee can be between -0.5%-0%. We will apply the maximum allowed at 0% (2024-25 maximum allowed 0.5%).

v. Changes have been made to the operation of the Private Finance Initiative (PFI) for 2025/26: pro-rata funding when a PFI contract is coming to an end in the financial year will be introduced, and the department are also setting conditions that local authorities need to meet to receive above-inflation increases in PFI funding (anything over this will require submission of an

affordability schedule to the Department). The RPI applied to 2025-26, as advised by the DfE, is 2.3%.

SCHOOLS BLOCK STRATEGY 2025/26

4. Funding through the mainstream schools national funding formula (NFF) is increasing by 2.36% per pupil in 2025-26 (1.94% 2024-25). The CSBG, TPAG, TPECG + CSBG uplift (full year roll in of the teachers' pay award) have been rolled into the 24/25 baseline and have also been included as part of the NFF 25/26 budget factors. It is important to note that in 2025/26, 1.28% of the 2.36% increase is for the CSBG uplift which ensures that the 2024 teachers and support staff pay awards continue to be fully funded at national level in 2025 to 2026. **Growth excluding CSBG uplift therefore is only 1.08% (2024/25 equivalent 1.9%).** Compromises will therefore have to be made in the schools block in 25/26 this year in order to fund the schools to high needs block transfer.

Actual DSG schools funding allocation £138,165,364 (2024/25 £129,938,453, rebased for grants £137,359,837)

Block transfer: SEN Protection scheme £690,827 (2024/25 £649,692)

5. Herefordshire's pupil numbers have also dropped year on year by 339 (before any implicit/explicit growth in pupils), which again tightens funding and adds to the compromises required to fund the schools to high needs block transfer.

Final allocations including pupil growth are based on 2025-26 pupil number of 22,187 pupils inc Aylestone school 30 pupil growth (primary 12,877 and secondary 9,310). This is a drop in total of 308 pupils from 2024-25.

6. Herefordshire's approach to schools block funding for 2025/26 will therefore be as follows:

I. Seek to fund schools at the National Funding Formula values. 3 Options will be considered with Options B & C below adjusting the Basic entitlement/pupil NFF factor to aid with affordability (adjustment will remain within the min/max amount specified in the APT).

II. To fund schools at the maximum permitted Minimum Funding Guarantee of 0.0%

III. To use the school block transfer process to fund the SEN Protection Scheme with the maximum allowed transfer of 0.5% (£690,827) which Schools Forum can agree without the Secretary of State's permission.

IV. For 2025/26, growth will be seen in Aylestone where there will be an additional classroom for 30 children for the period September 2025 to March 2026. We have funded this as implicit growth within our planning tool.

V. We will continue to fund the £17k lease for Eastnor Primary school to provide additional classroom space via the ESFA disapplication process.

VI. Split site funding continues for Hampton Dene School at £81,000 for 2025-26.

7. Options given to Budget Work Group/School's Forum for SEN Protection scheme:

SEN Protection scheme expenditure in 2024-25 is currently forecast at £1.3m, with the existing scheme cap of £175 x NOR (i.e. payments to schools are only made above this value). There are three base options for the SEN protection scheme for 2025-26:

Option A:

- Transfer to high needs block of £690,827, i.e. the maximum permitted 0.5%
- Applying a gains cap of 2.45% to the NFF funding allocation
- 100% NFF factors applied

- Creates a funding deficit of £847,951.36. This means that the block transfer of £690,827 is not affordable, and hence block transfer could not happen, meaning closure of the SEN protection scheme.

Option B:

- Transfer to high needs block of £690,827, i.e. the maximum permitted 0.5%
- Applying a gains cap of 2.1% to the NFF funding allocation
- NFF basic entitlement factors reduced to 98.5%.
- Creates a funding deficit of £89,552.60. This means that the block transfer would have to be reduced from £690,827 to £601,274 putting more pressure on the high needs block to fund the SEN protection scheme.

Option C:

- Transfer to high needs block of £690,827, i.e. the maximum permitted 0.5%
- Applying a gains cap of 2.0% to the NFF funding allocation
- NFF basic entitlement factors reduced to 98.5%.
- Full high needs block transfer of £690,827. Maximum benefit for the SEN Protection scheme, most inclusive option. **This option is the Council's preference.**

All schools are protected by the minimum funding/pupil levels set by the DfE for both primary and secondary schools. There is additional protection created by the minimum funding guarantee being set at the maximum of 0% for 2025-26 which means that year on year no school will see a drop in their funding/pupil (first example below). Any school that was benefitting from a 2.45% gains cap in Option A will see their allocation drop in both Options B and C as the gains cap is reduced to 2.1% and 2.0% respectively (second example below).

Some examples below:

Primary with 256 pupils:				
	Allocation as per NFF factors	Minimum Pupil funding (MPF) applied:	Minimum Funding Guarantee (MFG) applied (0% all options):	Final allocation
Option A	£1,359,999	£11,297	£802	£1,372,097
Option B	£1,345,226	£26,069	£802	£1,372,097
Option C	£1,345,636	£25,660	£802	£1,372,097
	<i>Allocation reduces (A vs B&C) due to basic entitlement factor being % reduced</i>			<i>Allocation stays the same due to MPF & MFG protection</i>
Primary & Secondary school, total 324 pupils:				
	Allocation as per NFF factors	Minimum Pupil funding (MPF) applied:	Cap applied:	Final allocation
Option A	£2,126,912	£0	-£68,130	£2,058,783
Option B	£2,104,430	£0	-£51,865	£2,052,565
Option C	£2,104,948	£0	-£54,160	£2,050,789
	<i>Allocation reduces (A vs B&C) due to basic entitlement factor being % reduced</i>		<i>Even with a reduction in NFF basic entitlement factor the yoy % growth/pupil is greater than the cap for this school, hence reduction in allocation required</i>	<i>Final allocation at cap % maximum</i>

De-delegation/ Education Management proposals

8. Increase De-delegation and Education Management Function for locally maintained schools by a small inflation allowance, 2.36%, which is in line with the year on year increase in funding/pupil for the schools block:

- I. Computer licences for the school budgeting software to increase from £431 to £441;
- II. Free school meals eligibility checking, primary to increase from £1.33 per pupil to £1.36 and secondary to increase from £1.01 per pupil to £1.03
- III. Support for underperforming ethnic minority groups and bilingual learners to provide English additional language services for initial assessments, observations and follow-up advisory and monitoring visits funded by de-delegation costs as follows;
 - a. Increase per pupil amount from £1.19 to £1.22
 - b. increase per Ever6 free school meals pupil from £7.06 to £7.23
 - c. change to english additional language 3 year factor from £37.19 per pupil to £37.55
- IV. A small increase to Trade union facilities agreement by £2.70 to £2.76 per primary pupil to reflect expected cost pressures (secondary schools continue to use SLA service)
- V. Education Management – a small increase from £12.74 to £13.04 for local authority maintained schools.
- VI. School Improvement Services from £6.11 per pupil to £6.25 per pupil. To include:
 - a. Headteacher support
 - b. Ofsted/School Improvement support
 - c. General education management advice and support
- VII. Contingencies at £1.04 per pupil (increased from £1.02) to fund unexpected costs such as pupil census errors, unavoidable redundancies from small school closures and costs from Employment Tribunals.
- VIII Behaviour support service at £4.25 per primary pupil (2024/25 £4.15)

HIGH NEEDS BLOCK STRATEGY 2025/26

9. As at 31st March 2024 the cumulative high needs budget deficit for Herefordshire Council was £6.1m. During 2024/25 the High needs budget has been monitored by close collaboration between service and finance departments in the Council, and as at Q2 the full year deficit is forecast to be £7.6m, which would bring forward a cumulative deficit of £13.7m as at 31st March 2025. The pressures in the current forecast are driven by independent school placements due to a shortage of Local Authority special school places.

We are using the DSG Management Plan tool to manage the growing deficit, with many of the strategies employed (both current and future) being brought to the School's Forum in October 2024.

10. The DfE has allocated £28.9m for high needs in 2025/26 (year on year growth 7.6%). We will use the DfE high needs block funding allocation to set a budget for 2025/26 which manages the increasing high needs block deficit. Inevitably, this will require some difficult compromises as the DfE funding allocation is unlikely to be sufficient to meet cost pressures (to be discussed at March 2025 Schools Forum).

11. The SEN protection scheme was expanded to include secondary schools in 2020/21 and was supported by a transfer of £0.6m from the schools block in both 2023/24 and 2024/25. The cost of the scheme continues to grow each year and the scheme is hugely supported by schools. However the cost of the scheme is at the limit that the Schools Forum can approve without reference to the Secretary of State and expenditure is forecast to grow further in 2025/26. Therefore compromises on expenditure will inevitably be necessary. On top of the schools to high needs block transfer, further funds from the high needs block (and hence reductions elsewhere within the block), plus an adjustment to the schools contribution cap (currently £175 x NOR) will need to be added to the SEN protection scheme subject to the detailed budget plan which will be considered by the Schools Forum in March.

12. EARLY YEARS BLOCK

Starting from April 2024, existing childcare support was expanded in phases. By September 2025, working families with children under the age of 5 will be entitled to 30 hours of childcare support. The changes are being introduced gradually to make sure that providers can meet the needs of more families. This means that:

- **Prior to April 2024**, eligible working parents of 3 & 4 year-olds are able to access 15 hours childcare support. Additional support category at 30 hours.
- From **April 2024**, eligible working parents of 2-year-olds are able to access 15 hours childcare support.
- From **September 2024**, 15 hours childcare support has been extended to eligible working parents of children from the age of 9 months to 2 year-olds.
- From **September 2025**, eligible working parents of children under the age of 5 (school age) will be entitled to 30 hours of childcare a week.

Depending on the individual provider, these hours can be used over 38 weeks of the year (during school term time), or up to 52 weeks if you use fewer than your total hours per week. Full details + rates are provided in the early years briefing note in Appendix 2.

Main points for Budget 2025/26:

- Pass through rate increased for 2025/26 to 96% (2024/25: 95%) by the Department for Education. Future years expected at 97%.
- Herefordshire Council central retention for 2025/26 kept at 2.7% in line with Budget 2024/25.
- The roles that the central retention will fund are Early Years Improvement advisors, Early Years Inclusion Officers, Early Years Lead Improvement Advisor, & Early Education Funding Team. The main duties carried out by the teams are: training to Early Years providers, advice, support, visits, sitting on funding panels, attending OFSTED feedback, making payments to Early Years providers.
- SEN inclusion funding (SENIF) kept in line with 2024-25 at £150,000.
- All rates to fund SENIF & deprivation. To be distributed back out to providers (across all rate categories) based on SEN and EYPP pupil numbers respectively.
- Rurality now incorporated into 3&4 year old rate for 2025-26. In previous years deducted from 3&4 year old rate to then be given back to all 3&4 year old providers. (Rurality payment was originally set up to benefit small rural providers, however in recent years not being used for that purpose and distributed out to all providers regardless of location).

13. CENTRAL SCHOOL SERVICES BLOCK (CSSB)

For 2025/26 the CSSB will continue to be made up of 2 elements: ongoing responsibilities and historic commitments (Herefordshire Council has £0 historic commitments within their funding allocation).

Changes for 2025/26 includes the rolling in of funding from centrally employed teachers (CET) elements of the TPECG and CSBG, alongside funding for copyright licences (which was issued separately in 2024 to 2025).

Overall for 2025/26, the central block is increasing from £851,810 (2024-25 rebasing for additional grant: £926,185) to £933,855 in 2025-26. The funding will be allocated as follows, with the main change year on year being the increase in the allocation to the high needs block:

	2024-25	2025-26	
Statutory retained duties	£390,000	£390,000	Funding of Education service mgmt team
Schools Forum administration costs	£20,000	£20,000	Funding of democratic School's Forum services
School admission costs	£169,000	£100,000	Funds admissions service + democratic services FTEs (ie. re. appeals) inclusive of corporate recharges associated with FTEs
National licences for schools	£157,000	£157,000	
Additional funding for statutory duties for SEN casework team	£28,000	£0	Cost to be absorbed in Council budget for 2025-26
SACRE funding for statutory duties	£10,000	£10,000	RE curriculum costs
Transfer to the high needs block	£77,800	£256,855	To aid with high need block deficit
TOTAL	£851,800		
Grant rebasing	£74,385		
	£926,185	£933,855	

Community impact

14. 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.

15. Governing bodies of schools are responsible for decisions to commit expenditure according to meet pupils' individual needs.

Environmental Impact

16. This is a consultation with the Schools Forum on DSG 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 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 it is a legal requirement to implement the government's national funding formula for schools, we do not believe that it will have an impact on our equality duty.

19. The DfE's equality assessment published in September 2017 is that the introduction of the national funding formulae will create a fairer and consistent distribution of funding that is more closely aligned to need and is essential to supporting opportunity for all children, irrespective of their background, ability, need, or where in the country they live. Our funding system will target funds to those pupil groups where the evidence is clear that they need additional support. It does not seek to target funding by reference to particular protected characteristics under the Equality Act 2010, but instead targets funding to those groups which the evidence demonstrates face barriers to their educational achievement. The DfE believe that all pupils will benefit from the clearer and fairer distribution of funding that these reforms will produce.

20. When the TPAG, TPECG and CSBG have been rolled into the schools NFF for 2025/26, FSM6 (any child eligible for free school meals in the last 6 years), for example, has received a large increase year on year in funding. This will have a positive impact on equalities as there is a positive correlation between pupils attracting FSM6 funding and pupils with SEND.

Resource implications

21. The recommendations, if agreed, aim to set Individual School Budgets and the School Block budgets within the available funding of £138.2m whilst continuing to provide support for school inclusion through the SEN Protection scheme. This requires a transfer of £0.69m from the Schools Block to the High Needs Block for 2025-26. The High Needs block will be considered further by the Schools Forum on 14th March 2025, prior to determination by the Cabinet Member for Children and Young People. The Early Years Block and Central School Services Block budgets are set within the DSG allocations announced by the DfE.

22. Herefordshire will retain the current practice of ring fencing the DSG blocks and allocating spend accordingly, with the exceptions being the schools forum approval required for the 0.69m block transfer from schools block to high needs block (SEN Protection), the early years block £150,000 inclusion funding being transferred to high needs block (SENIF), & the central block savings being transferred to high needs block. The DSG grant income is noted within the council's Medium Term Financial Strategy given the increasing deficit position, and given that current legislation about this deficit being ring fenced ending in Mar26. DSG is planned jointly with the Schools Forum.

Legal implications

23. The Schools Forum Regulations 2012 states that the 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.

24. The decision making powers of the Schools Forum are limited, as detailed in the Education and Skills Funding Agency guidance sheet 'School Forum Powers and Responsibilities' published in March 2020.

25. This budget has been set in accordance with the Schools and Early Years Finance (England) Regulations 2023.

Risk management

26. The Budget Working Group (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 Young People directorate jointly with the Schools Forum.

Consultees

27. All maintained schools and academies in Herefordshire have been consulted following the Schools Forum in October 2024. 18 responses were received prior to the 6th December 2024 deadline. The responses were as follows:

Question 1: Do you support the principle that Herefordshire should broadly follow the National Funding Formula values?

(18 replies)

Yes: 18

No: 0

If No – what are your reasons and do you have any suggestions for an alternative approach?

Reasons given: NA

Question 2: Do you support the principle to fund schools at the maximum permitted Minimum Funding Guarantee (0.5% in 2024/25)?

(18 replies)

Yes: 18

No: 0

If No – what are your reasons and do you have any suggestions for an alternative approach?

Reasons given: NA

Question 3: Do you support the principle to transfer 0.5% of Schools Block funding to High needs funding to fund the SEN Protection scheme?

(18 replies)

Yes: 18

No: 0

If No – what are your reasons and do you have any suggestions for an alternative approach?

Reasons given: NA

Question 4: Do you support the principle to continue with the same de delegations and education management as those for 2024/25?

(18 replies)

Yes: 15

No: 3

If No – what are your reasons and do you have any suggestions for an alternative approach?
Reasons given: *Would prefer option as to which dedelegations to opt into from list (as per SLA), + unsure, + EAL services for initial assessments @ £7.06 per Ever6 pupil & School improvement services @£6.11 per pupil should not be included as services not being delivered.*

In previous years the 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. Consultation response rate in 2025/26 has increased by 80% over responses received in 2024-25 as the Council adopted an online SurveyMonkey approach vs the paper approach used in previous years (as requested by Schools Forum in October 2024).

28. The early years Nursery Education Funding (NEF) steering meeting took place on 12th December 2024. The Early Entitlements Funding Providers Forum meeting took place on 18th December 2024. A further consultation was then sent to providers via SurveyMonkey (closing date 6th January 2025). 17 consultation responses were received and highlighted the following:

- 94.1% of providers favoured the 80% estimate on funding proposal
- 52.9% of providers favoured the higher 2 year old families receiving additional support rate to promote inclusivity
- 67% of providers favoured the roll in of rurality into the 3&4 year old rate
- 88.2% of providers favoured the funding of SENIF & deprivation from all rates (as distributed back out to all providers based on SEN and EYPP pupil numbers respectively)

The Budget Working Group were consulted on 10th January 2025 and were provided with all options and agreed to proceed with option C which was the Council's preferred option. They recommended the continued support and highlighted the importance of the SEN Protection scheme. The Budget Working Group recommended all proposals in Appendix 3.

Appendices

Appendix 1 - School Budget Consultation paper Autumn 2024

Appendix 2 – Early Years NEF briefing note & consultation for 2025/26

Appendix 3 – Schedule of recommendations for Schools Budget 2025/26

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

CCG Clinical Commissioning Group

NFF National Funding Formula

CLEAPPS Advisory service for schools to support with science and technology

EHCP Education Health Care Plan

NEF Nursery Education Funding

2YO Two year olds

34YO Three and Four year olds

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
SENIF Special Education Needs Inclusion Fund (Early Years)
TPAG Teachers' pay additional grant
TPECG Teachers' pension employer contribution grant
CBGG Core schools budget grant

Appendix 1

NATIONAL SCHOOL FUNDING FORMULA 2025/26

CONSULTATION FOR HEREFORDSHIRE SCHOOLS

1.0 SUMMARY

- 1.1 This consultation paper sets out the latest position from the Department for Education (DfE) and Herefordshire Council with regard to school funding for 2025/2026. In previous years, the Department for Education has announced provisional financial information for the coming financial year in July. Following the change of Government on 4th July, this announcement has been delayed.
- 1.2 At this time, the DfE have not yet published school funding information for the 2025/26 financial year. Although the announcement is later than in previous years, it is envisaged that the statutory deadline for budget setting at individual school level will remain unchanged, i.e. January 2025.
- 1.3 In this respect, in order to ensure that 2025/26 school budgets can be finalised within the required timescales, the Herefordshire Schools Forum has agreed that the Council undertakes a principles-based schools funding consultation, based on the recommendations of the Schools Forum and the Schools Budget Working Group.
- 1.4 The Schools forum recommended that Herefordshire's approach to school funding for 2025/26 should be broadly in line with the approach used for 2024/25, and that schools should be consulted on this approach.
- 1.5 The recommended approach to school funding for 2025/26 is as follows:
- Seek to fund schools at the National Funding Formula values
 - To fund schools at the maximum permitted Minimum Funding Guarantee (0.5% in 2024/25)
 - To use the school block transfer process (max 0.5%) towards the SEN Protection Scheme (in line with 2024/25)
 - De-delegations in place for 2024/25 to remain for 2025/26
 - Avoid Dedicated Schools Grant (DSG) deficit escalating further
- 1.6 Herefordshire slipped into a cumulative DSG deficit position at the end of 2021/22 financial year. The deficit was 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 was initially modest, it has risen considerably since 2021/22 and the cumulative deficit was £6.1million at the end of the 2023/24 financial year. The deficit is expected to rise again this year. Further work on the high needs budget will be undertaken during the autumn and spring terms with the Budget Working Group.

2.0 SCHOOLS BLOCK STRATEGY 2025/26

- 2.1 The school funding consultation for the 2025/26 financial year is principles-based due to the later DfE publication of the 2025/26 school funding information. In this respect, it is not possible to provide the indicative funding implications at individual school level.
- 2.2 It is anticipated that Final Dedicated Schools Grant allocations will not be available until mid-December and National Funding Formula allocations will be finalised with the BWG and Schools Forum in January 2025.

3.0 HIGH NEEDS BLOCK STRATEGY 2025/26

- 3.1 The government has not yet published allocations for 2025/26, but this block is coming under increased pressure, with the cumulative deficit expected to grow significantly by the end of 2024/25.
- 3.2 The SEN protection scheme was expanded to include secondary schools in 2020/21 and was supported by a transfer of £0.7m from the schools block in 2024/25. The cost of the scheme continues to grow each year and is hugely supported by schools. The transfer of 0.5% is the limit that Schools Forum can approve without reference to the Secretary of State. This transfer only partially funds the scheme, which is expected to cost in excess of £1.3million in 2024/25. Expenditure is forecast to grow further in 2025/26. Compromises on expenditure will inevitably be necessary.
- 3.3 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 early 2025. The final high needs budget plan will be agreed with the Budget Working Group and Schools Forum in March 2025.

4.0 EARLY YEARS BLOCK

- 4.1 No information has been published by DfE for the early years block for 2025/26. Any inflationary increase for early years settings will be dependent on the final DSG settlement when published, hopefully in December 2024.

5.0 CENTRAL SCHOOL SERVICES BLOCK

- 5.1 No information has been published by DfE for the Central Service block for 2025/26. However, it is proposed that this allocation will be spent on the same areas as previous years, with small inflationary increases within the limits of the allocation. In addition to the statutory retained duties formerly funded by Education Services Grant, funding allocations will be Schools Forum administration costs, school admission costs, national licence costs SACRE, SEN Casework, and a transfer to high needs.

6.0 NATIONAL FUNDING FORMULA – HEREFORDSHIRE PROPOSALS

6.1 Herefordshire's school funding proposals for 2025/26 are principles based due to the later DfE publication of the 2025/26 school funding information. Given Herefordshire's proposed approach is to broadly to follow the National Funding formula values, schools are requested to provide an "in principle" view in relation to:

a) National Funding Formula Values

Herefordshire's recommended approach is to broadly follow the National Funding Formula Values.

Question:

Do you support the principle that Herefordshire should broadly follow the National Funding Formula values?

Yes/No

If No – what are your reasons and do you have any suggestions for an alternative approach?

b) The Level of Minimum Funding Guarantee (MFG)

This is one of the mechanisms that determine the change in per pupil funding levels experienced from year to year. The level of the MFG ensures a guaranteed level of change in per pupil funding levels at individual school level when compared to the previous financial year. In this respect, a higher MFG supports those schools where the NFF provides a lower percentage increase in funding per pupil than the guaranteed minimum when compared to funding levels in the previous financial year. In recent years, the DfE have set the percentage parameters in which local authorities are required to set the MFG level for the 2024/25 financial year this was between 0% and 0.5%.

Question:

Do you support the principle to fund schools at the maximum permitted Minimum Funding Guarantee (0.5% in 2024/25)?

Yes/No

If No – what are your reasons and do you have any suggestions for an alternative approach?

c) The Funding Transfer from the Schools Block DSG to the High Needs Budget

The transfer of 0.5% from Schools block funding to High Needs funding has been used to fund the SEN Protection scheme, which has been very well received, by schools. It is recommended that the practice continues in 2025/26.

This proposal provides for continued growth in top-up payments to schools and is consistent with previous decisions by Schools Forum to agree to the maximum transfer to high needs without seeking approval of the Secretary of State. The funding allocated from the high needs budget will be determined by Schools Forum at the March 2025 meeting.

Question:

Do you support the principle to transfer 0.5% of Schools Block funding to High needs funding to fund the SEN Protection scheme?

Yes/No

If No – what are your reasons and do you have any suggestions for an alternative approach?

d) The De Delegations

Schools forum proposed that de-delegations in place for 2024/25 would remain for 2025/26. De-delegations that were approved for 2024/25 were as follows:

- computer licences for the school budgeting software £431
- Free school meals eligibility checking £1.33 primary and secondary £1.01
- 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;
 - Per pupil amount = £1.19
 - Ever6 FSM pupil = £7.06
 - EAL 3 year factor = £36.68
- A small increase to Trade union facilities £2.70 per primary pupil to reflect expected cost pressures.
- Education Management – £12.74 for local authority maintained schools.
- School Improvement Services at £6.11 per pupil to include
 - Headteacher support
 - Ofsted/School Improvement support
 - General education management advice and support
- Contingencies at £1.02 per pupil to fund unexpected costs such as pupil census errors, unavoidable redundancies from small school closures and costs from Employment Tribunals

There are NO new dedelegation proposals this year.

Question:

Do you support the principle to continue with the same de delegations and education management as those for 2024/25?

Yes/No

If No – what are your reasons and do you have any suggestions for an alternative approach?

7.0 TIMESCALES

7.1 The budget process and expected timeline is:

- Consultation commences w/c 11th November 2024 and closes 12 noon Friday 6th December 2024.
- Draft National Funding Formula allocations will be issued to Local Authorities November 2024. Authority Planning Tool issued to Local Authorities mid December 2024.
- Schools Forum meets in January 2025 to consider the recommended funding values to be submitted to the Education Funding Agency by 22nd January 2025.
- Final budgets issued to locally maintained schools by 28th February 2025
- Education Funding Agency to issue budgets to academies for academic year 2025/26.

8.0 CONSULTATION RESPONSES BY 6th December 2024

8.1 There is an online consultation, which can be accessed via Survey Monkey on 11th November 2024 and must be returned by 12 noon on Friday 6th December 2024 in order that the Budget Working Group can consider your views on 10th January 2025 and Schools Forum can make recommendations at their meeting on 20th January 2025.

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 please contact either Clare Bellis-Powley, Senior Finance Business Partner (clare.bellis-powley@herefordshire.gov.uk)

Briefing note: Herefordshire Council on Early Years Funding Arrangements for 2025-26 – Appendix 2

Local Authorities must determine their funding formula before the beginning of the 2025/26 financial year. As part of the process Herefordshire Council consulted with their Early Years Steering Committee on 12th December 2024, and Early Years Provider Forum on 18th December 2024. Central retention and a rates overview will be agreed with School’s Forum on 20th January 2025.

The purpose of the consultation meetings was to obtain provider views, comments and where applicable, preferred options from key partners and stakeholders regarding arrangements of the Early Years Block Funding for 2025-26 on:

- Early Years Inclusion Funding
- Early Years Central Spend
- Early Years Funding Pass Through

Timeline for the consultation and implementation of proposals to the Early Years Block

Date	Action
12 th December 2024	Meeting with Early Years Steering Committee
18 th December 2024	Early Years Provider’s Forum 13:00-14:00. SurveyMonkey sent out with key proposals
6 th January 2025	SurveyMonkey consultation closed
20 th January 2025	Schools Forum approvals

Background information

“A high-quality Early Years education is vitally important. Children attend Early Years provision at a crucial developmental point in their lives. The education and care that they receive affects not only future educational attainment but also their future health and happiness.” ([Best start in life part 1: setting the scene - GOV.UK](#))

Currently, all children with eligible working parents in England are entitled to 15 hours of funded nursery education per week, 38 weeks a year, for children aged 9 months to 4 years old (school age). Parents may choose to take this up with a childminder, in a maintained nursery class, a governor run nursery, or in a private, voluntary, or independent sector (PVI) Early Years setting. This is funded by the Dedicated Schools Grant (DSG) Early Years block.

In the spring 2023 budget announcement, the Chancellor set out ambitious childcare reforms to increase availability, reduce costs and increase the number of parents accessing early education.

The budget announced a range of measures to support education and help parents with childcare using a phased implementation including;

- From **April 2024**, allowing eligible working parents of two-year-olds will be able to access 15 hours of funded childcare.

- From **September 2024**, allowing eligible working parents of children aged 9 months up to 2 years old to access 15 hours of funded childcare.
- From **September 2025**, allowing eligible working parents of children aged 9 months up to school age to access 30 hours funded childcare per week

This staggered approach should give childcare providers time to prepare for the changes, ensuring there are enough providers ready to meet demand.

Wraparound Childcare: The government will invest further to enable schools and local providers to set up wraparound childcare provision so that parents of reception-age children can access childcare in their local area from 8am – 6pm. This could include provision of activities that fall outside of school hours, via things like breakfast clubs and after-school clubs.

Market Reforms: Including more choice for childminders and changes to EYFS requirements to improve flexibility for providers and support the workforce. This includes changes in staff child ratios, qualifications, introducing childminder grants and increasing flexibility on how and where childminders operate. [Early years foundation stage \(EYFS\) statutory framework - GOV.UK](#)

Dedicated Schools Grant (DSG)

At the Autumn Budget 2024, the government committed to the funding for the expansion of the 30 hours entitlement and said £1.8 billion would be provided in 2025/26. The further funding pledged will be allocated through the dedicated schools grant (DSG) and will provide funding for all existing Early Years funding streams:

- Entitlement for under 2-year-olds
- Entitlement for disadvantaged 2-year-olds (renamed 'FRAS' – families receiving additional support)
- Entitlement for 2-year-old children of eligible working parents
- Universal entitlement for 3 and 4-year-olds
- Additional entitlement for 3 and 4-year-old children of eligible working parents
- Early Years Pupil Premium (EYPP)
- Disability Access Fund (DAF)

National Funding Formula Guidance

- Guidance for NEF funding was issued by the Department on 10th December 2024. Herefordshire Council received £24.1M in total.
- Main change: an increased minimum pass-through requirement for local authorities in 2025/26 – the pass-through rate will increase from 95% to 96%. It's anticipated that in subsequent years this could increase even further to 97%.
- For 2YO (working parent entitlement) and Under 2YO, the national funding formula PTE number has been adjusted to take into consideration the 30 hours extension from Sep25.
- An expectation that local authorities will announce their funding rates to childcare providers by 28 February 2025. This will become a requirement for 2026/27.

A summary of the funding received for 2025/26 vs 2024/25 is shown below:

Emillion	24/25 NEF	25/26 NEF	YoY increase	Commentary
Under 2s	2.14	7.40	245%	Under 2's 15 hours entitlement only began Sep24, hence 25/26 will see FY effect of this, plus 30 hour entitlement extension from Sep25
2 Year Old Funding - FRAS	1.22	1.27	3.5%	24/25 at 15 hours which will continue for 25/26 (only <u>working parents entitlement</u> is being increased to 30 hours)
2 Year Old Funding - Working Parents	3.04	4.88	61%	15 hour entitlement started in Apr24 but didn't run at full capacity straight away; 25/26 will see FY effect. 30 hour entitlement extension from Sep25
3 & 4 Year Old Funding - Universal	6.53	6.81	4.4%	15 hours
3 & 4 Year Old Funding - Extended	3.22	3.36	4.4%	30 hours
EYPP	0.15	0.23	47%	24/25 EYPP rate = £0.68/hour, and 25/26 rate = £1/hour (yoy 47% increase in rates)
DAF	0.11	0.12	3%	24/25 DAF rate = £910/pupil, and 25/26 rate = £938/pupil (yoy 3% increase in rates)
TOTAL	16.42	24.07		

Nursery Education Funding (NEF) methodology & modelling used 2025-26

- For Budget 2024/25 central retention at 2.7% has funded Early Years/SEND/EEF (Early Education Funding) advisory staff, & in-country provider training. **Budget 2025/26 will be kept at 2.7% which is below the 2025/26 4% cap.**
- SEN Inclusion Funding (SENI) for budget 2024/25 was £150,000 (distributed to providers, allocated from the 3&4 year old rate). **This will remain at £150,000 for 2025/26, but will be modelled across all categories for 2025/26.**
- Deprivation has been paid at £0.42/hour based on EYPP for Budget 2024/25. At the time of modelling the 2024/25 budget this was just on EYPP for 3&4 year olds. **This will be modelled across all categories for 2025/26 due to the expansion of EYPP.**
- Rurality is currently paid to the 3&4 year old category at £0.63/hour, capped at 100 hours/week/provider for 38 weeks (£2,394/year/provider – all 3&4 year old providers). The fund was originally set up for rural providers, but in recent years has been allocated across all 3&4 year old providers. **For budget 2025/26 rurality will be built into the 3/4YO rates.**
- Herefordshire benefitted from a one off grant in 2024/25 of £55k (£40k 2024/25, £15k 2025/26 to provide support for increase in provision). This will be used by Herefordshire Council to manage the increase in provision.

Funding rates for 2025-26

The table below outlines the 2025/26 hourly rates with 2024/25 given as a comparison:

24/25	Funded rates	Central retention at 2.7%	Rate net of central retention	Retention rate	SEN Inclusion fund	Deprivation	Rurality	24/25 rate given to providers
Under 2s	£9.77	(£0.26)	£9.51	2.7%	0.00	0.00	0.00	£9.51
2 Year Old Funding - FRAS	£7.54	(£0.20)	£7.34	2.7%	0.00	0.00	0.00	£7.34
2 Year Old Funding - Working Parents	£7.04	(£0.19)	£6.85	2.7%	0.00	0.00	0.00	£6.85
3 & 4 Year Old Funding - Universal	£5.47	(£0.14)	£5.33	2.5%	(£0.08)	(£0.09)	(£0.17)	£5.00
3 & 4 Year Old Funding - Extended	£5.47	(£0.14)	£5.33	2.5%	(£0.08)	(£0.09)	(£0.17)	£5.00
25/26		Central retention at 2.7%				Just deprivation:		
Under 2s	£10.07	(£0.27)	£9.80	2.7%	(£0.06)	(£0.03)	0.00	£9.71
2 Year Old Funding - FRAS	£7.80	(£0.21)	£7.59	2.7%	(£0.05)	(£0.07)	0.00	£7.47
2 Year Old Funding - Working Parents	£7.28	(£0.20)	£7.09	2.7%	(£0.05)	(£0.06)	0.00	£6.98
3 & 4 Year Old Funding - Universal	£5.71	(£0.15)	£5.56	2.7%	(£0.04)	(£0.05)	0.00	£5.47
3 & 4 Year Old Funding - Extended	£5.71	(£0.15)	£5.56	2.7%	(£0.04)	(£0.05)	0.00	£5.47
YoY growth								
Under 2s	3%		3%					2%
2 Year Old Funding - FRAS	3%		3%					2%
2 Year Old Funding - Working Parents	3%		3%					2%
3 & 4 Year Old Funding - Universal	4%		4%					9%
3 & 4 Year Old Funding - Extended	4%		4%					9%

Option 1

For Budget 2025/26 Herefordshire Council have maintained the differential in rates between 2 year old FRAS and 2 year old working parents. This is to promote inclusion. The 2 year old FRAS and 2 year old working parent rates year on year have been risen by 3.5% which is the rate increase from £7.19/hour (2024/25) to £7.44/hour (2025/26) given by the department for 2 years olds.

It was discussed at the Early Years steering committee if the same rate of £7.44/hour should be used for both 2 year old FRAS and Working parent families in 2025/26 which would give the following outcome:

24/25	Funded rates	Central retention at 2.7%	Rate net of central retention	Retention rate	SEN Inclusion fund	Deprivation	Rurality	24/25 rate given to providers
Under 2s	£9.77	(£0.26)	£9.51	2.7%	0.00	0.00	0.00	£9.51
2 Year Old Funding - FRAS	£7.54	(£0.20)	£7.34	2.7%	0.00	0.00	0.00	£7.34
2 Year Old Funding - Working Parents	£7.04	(£0.19)	£6.85	2.7%	0.00	0.00	0.00	£6.85
3 & 4 Year Old Funding - Universal	£5.47	(£0.14)	£5.33	2.5%	(£0.08)	(£0.09)	(£0.17)	£5.00
3 & 4 Year Old Funding - Extended	£5.47	(£0.14)	£5.33	2.5%	(£0.08)	(£0.09)	(£0.17)	£5.00
25/26		Central retention at 2.7%				Just deprivation:		
Under 2s	£10.07	(£0.27)	£9.80	2.7%	(£0.06)	(£0.09)	0.00	£9.65
2 Year Old Funding - FRAS	£7.44	(£0.20)	£7.24	2.7%	(£0.05)	(£0.07)	0.00	£7.13
2 Year Old Funding - Working Parents	£7.44	(£0.20)	£7.24	2.7%	(£0.05)	(£0.07)	0.00	£7.13
3 & 4 Year Old Funding - Universal	£5.71	(£0.15)	£5.56	2.7%	(£0.04)	(£0.05)	0.00	£5.47
3 & 4 Year Old Funding - Extended	£5.71	(£0.15)	£5.56	2.7%	(£0.04)	(£0.05)	0.00	£5.47
YoY growth								
Under 2s	3%		3%					1%
2 Year Old Funding - FRAS	-1%		-1%					-3%
2 Year Old Funding - Working Parents	6%		6%					4%
3 & 4 Year Old Funding - Universal	4%		4%					9%
3 & 4 Year Old Funding - Extended	4%		4%					9%

Option 2

It was considered by the Early Years Steering Committee that the final rate change in Option 2 was minimal, and hence to keep with the original rate differential favouring inclusion (Option 1).

SENIF and deprivation are now funded from all rates as all sectors will benefit from the reallocation; the SENIF will be redistributed back out to all sectors based on SEN number, and deprivation will be redistributed back out to all sectors based on EYPP number.

Benchmarking for Budget 2025/26

The following rates have been given by the Department for Education (DfE) for 2025/26. The rates are shown gross i.e. before any central retention:

Funding rates given by Dfe/hr

	Herefordshire	Shropshire	Gloucestershire	Worcestershire
Under 2s	£10.07	£10.23	£10.75	£10.45
2 Year Old Funding - Working Parents/FRAS	£7.44	£7.55	£7.94	£7.71
3 & 4 Year Old Funding - Universal/Extended	£5.71	£5.71	£5.71	£5.71
EYPP	£1.00	£1.00	£1.00	£1.00
DAF	£938.00	£938.00	£938.00	£938.00

Under 2s	National rates	Herefordshire	Shropshire	Gloucestershire	Worcestershire
Area cost adjustment (ACA)		1.0123	1.0377	1.0809	1.0407
Base rate (adjusted for ACA)	£9.19	£9.31	£9.54	£9.94	£9.57
FSM		£0.34	£0.34	£0.36	£0.36
IDACI (Band A (most deprived) to F)		£0.22	£0.22	£0.28	£0.33
EAL		£0.10	£0.05	£0.09	£0.08
DLA		£0.11	£0.10	£0.09	£0.11
Total		£10.07	£10.23	£10.75	£10.45

2 Year Old Funding - Working Parents/FRAS	National rates	Herefordshire	Shropshire	Gloucestershire	Worcestershire
Area cost adjustment (ACA)		1.0126	1.0366	1.0809	1.0404
Base rate (adjusted for ACA)	£6.82	£6.91	£7.07	£7.37	£7.10
FSM		£0.24	£0.24	£0.25	£0.25
IDACI (Band A (most deprived) to F)		£0.15	£0.15	£0.19	£0.22
EAL		£0.07	£0.03	£0.06	£0.06
DLA		£0.08	£0.07	£0.07	£0.08
Total		£7.44	£7.55	£7.94	£7.71

Larger fluctuations in rates between local authorities can be seen for the under 2s and 2 year old working parent/FRAS sectors. A breakdown of the rates for these 2 sectors are shown below the benchmarking table to show why the differences arise:

- Main variation between funding rates given by Dfe is driven by the base rate due to the ACA (area cost adj) applied to national rate
- IDACI (Income Deprivation Affecting Children Index) band A-C PTE's higher in Gloucestershire & Worcestershire (Bands A-C attract higher funding due to higher deprivation)

Central retention 2.7% - what will it be used for?

- For Budget 2025/26 centrally retained services is capped at 4% (in subsequent years this will be 3%). Herefordshire Council will be using 2.7% (in line with Budget 2024/25).
- As the total funding has increased year on year, the increase in funding will be used to fund additional roles needed, including all associated costs for these members of staff, for the increase in EY provision.
- The roles that the central retention will fund are Early Years Improvement advisors, Early Years Inclusion Officers, Early Years Lead Improvement Advisor, & Early Education Funding Team. The main duties carried out by the teams are: training to Early Years providers, advice, support, visits, sitting on funding panels, attending OFSTED feedback, make payments to Early Years providers.

SurveyMonkey Consultation results

17 consultation responses were received and highlighted the following:

- 94.1% of providers favoured the 80% estimate on funding proposal
- 52.9% of providers favoured the higher 2 year old families receiving additional support rate to promote inclusivity
- 67% of providers favoured the roll in of rurality into the 3&4 year old rate
- 88.2% of providers favoured the funding of SENIF & deprivation from all rates (as distributed back out to all providers based on SEN and EYPP pupil numbers respectively)

Schools Forum

Schools Forum's budget working group to review NEF on 10th January 2024. Schools Forum will meet on 20th January 2025 to agree the 2.7% central retention funding & Local Authority funding rates for 2025-26. You will have two Early Years representatives attending. If agreed the proposed NEF rates will commence from the beginning of the summer term 2025.

Schools Forum 20th January 2025 – Summary of Recommendations - Appendix 3

1. Herefordshire's school funding proposals for 2025/26 to adopt the national funding formula values (as per **Option C**) be recommended to the Cabinet Member for Children and Young People as listed below:

- a) subject to a gains cap of 2.00% to ensure affordability, the statutory minimum total funding per pupil for primary and secondary schools, and including the Minimum Funding Guarantee at 0.0% (maximum allowed for 2025/26)
- b) NFF values used for 2025/26 (in bold) are as follows (with TPAG, TPECG and CBGG rolled into the second column):

	2024 to 2025 NFF values	Additions to baselines from grants	CSBG uplift (full year cost of the 2024 teachers' pay award)	2025 to 2026 NFF values
Basic per pupil funding				
<u>Basic entitlement</u>				
Primary basic entitlement	£3,562	£213	£51	£3,847 at 100% (£3,791 at 98.5% Option C)
Key stage 3 basic entitlement	£5,022	£300	£71	£5,422 at 100% (£5,342 at 98.5% Option C)
Key stage 4 basic entitlement	£5,661	£339	£80	£6,113 at 100% (£6,023 at 98.5% Option C)

<u>Additional needs funding</u>	2024 to 2025 NFF values	Additions to baselines from grants	CSBG uplift (full year cost of the 2024 teachers' pay award)	2025 to 2026 NFF values
Deprivation				
Primary free school meals (FSM)	£490	£0	£0	£495
Secondary FSM	£490	£0	£0	£495
Primary free school meals Ever 6 (FSM6)	£820	£188	£45	£1,060
Secondary FSM6	£1,200	£277	£68	£1,555
Primary income deprivation affecting children index (IDACI) A	£680	£0	£0	£685
Primary IDACI B	£515	£0	£0	£520
Primary IDACI C	£485	£0	£0	£490
Primary IDACI D	£445	£0	£0	£445
Primary IDACI E	£285	£0	£0	£285

	2024 to 2025 NFF values	Additions to baselines from grants	CSBG uplift (full year cost of the 2024 teachers' pay award)	2025 to 2026 NFF values
Primary IDACI F	£235	£0	£0	£235
Secondary IDACI A	£945	£0	£0	£950
Secondary IDACI B	£740	£0	£0	£745
Secondary IDACI C	£690	£0	£0	£695
Secondary IDACI D	£630	£0	£0	£635
Secondary IDACI E	£450	£0	£0	£450
Secondary IDACI F	£340	£0	£0	£340
Low prior attainment (LPA)				
Primary LPA	£1,170	£0	£0	£1,175
Secondary LPA	£1,775	£0	£0	£1,785

	2024 to 2025 NFF values	Additions to baselines from grants	CSBG uplift (full year cost of the 2024 teachers' pay award)	2025 to 2026 NFF values
English as an additional language (EAL				
Primary EAL	£590	£0	£0	£595
Secondary EAL	£1,585	£0	£0	£1,595
Mobility				
Primary mobility	£960	£0	£0	£965
Secondary mobility	£1,380	£0	£0	£1,385
<u>School-led Funding</u>				
Lump sum				
Primary & Secondary lump sum	£134,400	£8,006	£1,915	£145,100
Sparsity				

	2024 to 2025 NFF values	Additions to baselines from grants	CSBG uplift (full year cost of the 2024 teachers' pay award)	2025 to 2026 NFF values
Primary sparsity (average year groups size of 21.4)	£57,100	£0	£0	£57,400
Secondary sparsity (average year group size of 120 pupil)	£83,000	£0	£0	£83,400
Premises				
Split sites (autism resource base at Hampton Dene Primary School complies with the DfE's new national split site factor criteria.)	£80,600	£0	£0	£81,000

Further information/approvals needed by School's Forum:

c) Business Rates – funded at estimated cost of £1,305,765.38

d) The council will continue to participate in the DfE's scheme for business rates payments to be paid centrally by the DfE in Whitehall.

e) Exceptional premises factor – an additional allowance for the lease of additional space to £17,000 to meet rent costs for Eastnor Primary School subject to DfE approval. A disapplication approval is required from the ESFA for this item following approval by schools forum.

f) PFI factor – increased to £363,156.82 to comply with PFI contract which uses the RPI(X) at 2.3% (annual increase specified by the DfE)

2. Additional growth funding of 30 KS3 (yr7) pupils at Aylestone School (September 2025 onwards). Growth has been represented as implicit growth and hence included as part of the funding formula in line with all other pupils in the Oct24 census. (Explicit growth = outside of the funding formula). This is in line with clarification from the ESFA on how to treat this pupil growth. The growth has been recommended and approved by the Council services.

3. Transfer to high needs block to support the SEN protection scheme, £690,827, to be approved by the Schools Forum.

4. That the Cabinet Member for Children and Young People be advised for information, that Schools Forum approved central support services funding for 2025/26, and advise the Cabinet member for Children and Young People for information, as follows:

- (a) Statutory retained duties £390,000
- (b) Schools Forum administration costs £20,000
- (c) School admission costs £100,000
- (d) National licences for schools £157,000
- (e) Additional funding for statutory duties for SEN casework team £0 (to be absorbed into Council budgets for 2025/26)
- (f) SACRE funding for statutory duties £10,000
- (g) Transfer to the high needs block £256,855

Any FTEs within these numbers will attract a salary cost + a share of corporate recharges (the cost of running the Council) which are apportioned by the Council across all cost centres by FTE number.

5. That, subject to the views of the Budget Working group, the Cabinet Member for Children and Young People be advised for information, that local authority maintained school members, approve an increase of 2.36% in the de-delegation of funding & Education Management Function for 2025/26, and advise the Cabinet member for Children and Young People for information, as follows:

- (a) Trade union facilities for primary schools only be approved at £2.76 per pupil (2024/25 £2.70)
- (b) Trade union facilities for secondary schools only be provided for through a Service Level Agreement at £2.76 per pupil
- (c) School budgeting software licence at £441 per school (2024/25 £431/school)
- (d) Ethnic minority support at £1.22 per pupil plus £7.23 per Ever-6 Free school meals and £37.55 per English as an Additional Language three years (EAL3) (2024/25 £1.19, £7.06 and £37.19 respectively)
- (e) School meals entitlement assessment at £1.36 per primary pupil and £1.03 per secondary pupil (for local authority schools) (2024/25 £1.33 & £1.01 respectively)
- (f) Behaviour support service at £4.25 per primary pupil (2024/25 £4.15)
- (g) School improvement services at £6.25 per pupil (2024/25 £6.11)
- (h) Contingencies at £1.04 per pupil (2024/25 £1.02)
- (i) The statutory education services for non-academy schools be charged at £13.04 per pupil (2024/25 £12.74)

6. The early years funding formula for Herefordshire providers from April 2025 be increased as follows:

- (a) Two year olds – Families Receiving Additional Support: £7.47/hr (£7.34/hr 2024/25)
- (b) Two year olds – working families: £6.98/hr (£6.85/hr 2024/25)
- (c) Under two year olds - £9.71/hr (£9.51/hr 2024/25)
- (d) Three and four year olds: £5.47/hr with rurality now built into rate (£5/hr 2024/25)
- (e) Central retention at 2.7% (in line with 2024/25)
- (f) SEN inclusion fund (SENIF) £150,000 (in line with 2024/25) – to be funded across all rates and paid back out to providers based on SEN number.
- (g) Deprivation funding taken from all rates, and then paid back out to providers based on EYPP number. (Under 2s £0.76/EYPP pupil, 2 year old £0.53/EYPP pupil, 3&4 year old £0.44/EYPP pupil, in line with DfE 2025/26 Early Years output tables)

