

# Agenda

## Herefordshire Schools Forum

Date: **Tuesday 20 January 2026**

---

Time: **9.30 am**

---

Place: **virtual meeting platform**

---

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

For any further information please contact:

**Jenny Preece, Democratic Services Officer**

Tel: 01432 261699

Email: [jennypreece@herefordshire.gov.uk](mailto:jennypreece@herefordshire.gov.uk)

---

If you would like help to understand this document, or would like it in another format, please call Jenny Preece, Democratic Services Officer on 01432 261699 or e-mail [jennypreece@herefordshire.gov.uk](mailto:jennypreece@herefordshire.gov.uk) in advance of the meeting.

# Agenda for the meeting of the Herefordshire Schools Forum

## Membership

**Chairperson** Paul Jennings  
**Vice-chairperson** Richard Foster

Kate Andrews  
Alison Banner  
Beverley Blower  
Adam Breakwell  
Alex Davies  
Stewart Debenham  
Paul Deneen  
Nicki Gilbert  
Andy Gosling  
Georgie Griffin  
Kate Joiner  
Tim Knapp  
Chris Lewandowski  
Rose Lloyd  
Hayley Manns  
Gemma Martin  
Clare Perez  
Rachel Ussher

Academies  
Maintained Primary - headteacher

Academies  
LA maintained secondary schools  
PRU - Management Committee  
Maintained Primary - headteacher  
Academies (primary)  
Maintained Primary - headteacher  
Trade Unions  
LA Special Schools  
Secondary Governors  
Primary Governors  
Academy Special School  
Academies  
Trade Unions  
Early Years Providers  
Early Years providers  
Diocese of Hereford  
16-19 Providers  
LA Maintained Primary School (nursery class)

## Agenda

|    |  | Pages   |
|----|--|---------|
| 1. | <b>APOLOGIES FOR ABSENCE</b><br>To receive apologies for absence.  |         |
| 2. | <b>NAMED SUBSTITUTES (IF ANY)</b><br>To receive any details of Members nominated to attend the meeting in place of a Member of the Forum.  |         |
| 3. | <b>DECLARATIONS OF INTEREST</b><br>To receive any declarations of interest by Members in respect of items on the Agenda.   |         |
| 4. | <b>MINUTES</b><br>To approve and sign the minutes of the meeting held on 21 November 2025.   | 5 - 10  |
| 5. | <b>DEFICIT MANAGEMENT PLAN</b><br>To report on the progress of delivering the Deficit Management Plan (DMP).<br><br>(No background papers)   |         |
| 6. | <b>SCHOOLS BUDGET 2026/27</b><br>To approve School Forum's recommended budget proposals for school budgets, central school services and early years within the Dedicated Schools Grant (DSG) for 2026/27.  | 11 - 36 |
| 7. | <b>REVISIONS TO HEREFORDSHIRE'S SCHEME FOR FINANCING SCHOOLS</b><br>For Schools Forum to consider and approve amendments to the Herefordshire's Scheme for Financing Schools (Local Management of Schools (LMS) Scheme), for implementation with immediate effect. | 37 - 46 |
| 8. | <b>DATE OF NEXT MEETING</b><br>Friday 20 March 2026.   |         |





## Minutes of the meeting of Herefordshire Schools Forum held at virtual meeting platform on Friday 21 November 2025 at 9.30 am

**Present:** Ms A Banner (LA maintained secondary schools) (In the Chair)

|                  |  |
|------------------|--|
| Ms B Blower      | PRU - Management Committee                   |
| Mr A Davies      | Academies (primary)                          |
| Mr S Debenham    | Maintained Primary - headteacher             |
| Mr P Deneen      | Trade Unions                                 |
| Mr R Foster      | Local Authority Maintained Primary School    |
| Ms N Gilbert     | LA Special Schools                           |
| Mr P Jennings    | Academies                                    |
| Ms K Joiner      | Academy Special School                       |
| Mr T Knapp       | Academies                                    |
| Mr C Lewandowski | Trade Unions                                 |
| Ms C Perez       | 16-19 Providers                              |
| Ms R Ussher      | LA Maintained Primary School (nursery class) |

**In attendance:**

**Officers:** Finance Business Partner for Education and Schools, Service Director, Education, Skills and Learning, Head of Additional Needs, Head of Strategic Finance (Deputy Section 151 Officer) and Head of Learning and Achievement

### 1. ELECTION OF CHAIRPERSON

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

**Resolved:** that Paul Jennings be elected Chairperson of the Forum for the ensuing year.

### 2. ELECTION OF VICE-CHAIRPERSON

Richard Foster was proposed and unanimously supported by members of the forum.

**Resolved:** that Richard Foster be elected vice-chairperson of the Forum for the ensuing year.

### 3. APOLOGIES FOR ABSENCE

Apologies were received from Rose Lloyd, Hayley Manns and Gemma Martin.

Officers: Wendy Pickering - Strategic Finance Manager.

Cllr Ivan Powell, Cabinet Member Children and Young People

### 4. NAMED SUBSTITUTES (IF ANY)

There were no named substitutes.

## **5. DECLARATIONS OF INTEREST**

Paul Deneen and Christopher Lewandowski declared an interest as members of the Trade Union.

## **6. MINUTES**

**Resolved that the minutes of the meeting held on 11 July 2025 be approved as a correct record.**

## **7. DEDICATED SCHOOLS GRANT 2025/26 QUARTER 2 OUTTURN**

The Head of Strategic Finance (HSF) introduced the report. The following principal points were noted.

- The forecast deficit on the High Needs Block at the time of budget setting for 2025/26 was £20 million.
- At Q2 a deficit of £17.5 million is predicted. The reason for the variance was due to reduced complex needs costs and fees to independent schools and alternative provision.
- As at 31 March 2026 the forecasted outturn would mean the carried-forward DSG Deficit cumulative balance would be £37.5 million.

In response to member's questions, it was confirmed that the deficit was ring-fenced to the high needs block.

Compliments were given to the service for their hard work and positive impact that was visible from the introduction of resource bases and measures ongoing through the deficit management plan.

## **8. DSG DEFICIT MANAGEMENT PLAN**

The Service Director, Education, Skills, and Learning (SDESL) introduced the item. The following principal points were noted.

- The slowing of the deficit position strongly indicated the deficit management strategies were having an impact. This was evidenced as there were still exponential increases in the number of children in the system.
- There was continued rises in pupils with Education Health Care Plans (EHCP) and capacity reached in Herefordshire special schools.
- Expansion of the resource-based program continued but the numbers of children attending independent placements was still rising.
- The primary need that dominated plans were needs in ASD closely followed by SEMH with no sign of slowing down with significant increases in early years identification and numbers of children with plans.
- The four key actions of the management plan were discussed with the key actions and updates reported.

In response to comments and questions it was noted:

- I. The SDESL explained that she and her team met regularly with the chief executive and that were a number of work streams looking to manage the costs and efficiencies of school transport. The pressures with school's transport had been represented back to central government.
- II. Updates and presentations discussed at the Budget Working Group would be distributed to the Forum ahead of the public meeting.

- III. Reassurance was given of the awareness to the growth coming through into secondary schools and the awareness of government reforms and how potentially that might influence the system.

On behalf of the budget working group Richard Foster explained that they had recognised and complimented the positive work the service was doing, what had been done and the impact that it was having despite the financial challenges.

The forum was appreciative of the SDESL and her team for the opportunities they offered young people, their excellent vision, their support of the most vulnerable, schools and the excellent support of young people in Herefordshire.

**Action: Updates and presentations discussed at the Budget Working Group would be distributed to the Forum.**

## **9. SCHOOLS NATIONAL FUNDING FORMULA 2026/27 UPDATE**

The Head of Strategic Finance (HSF) introduced the report, the following principal points were noted.

- The DfE reported the announcement of the schools and high needs national funding formula (NFF) allocations for 2026/27 would be delayed and not be published until autumn this year.
- A summary policy document to help with planning, had been released which set out the structure of the schools NFF. It was noted there were no structural changes expected, and it was proposed to apply the same principles that was used for 25/26 to build the budget for 2026/27.
- There would be no transfer to the High Needs Block as the SEN protection scheme would cease for 26/27.
- The Schools Budget Support Grant (SBSG) and the National Insurance Contributions (NIC) grant would be rolled into the NFF for 2026/27. The funding would be rolled into the Schools Block in a similar approach to previous grants, by adding cash amounts to the NFF Factors.
- Free school's meals would be extended to all children in households receiving Universal Credit. It was expected that this would be funded via a new grant outside of the NFF.

On behalf of the Budget Working Group, Richard Foster confirmed that the group felt it was a sensible approach given the delayed timescales and recommended the option to the Forum.

In response to comments and questions it was noted:

- I. Birth rates were tracked closely with this academic year for reception predicted to be the lowest year which mirrored the national trend and impacted primary school numbers on roll. Schools in the main have been sustainable in terms of the drop in numbers and census information suggested that numbers were increasing. It was noted that Herefordshire had also seen a rise in, in-year transfers which although unpredictable had provided stability in terms of funding and numbers across schools.
- II. A list of section 106 developer contributions which had contributed to education and schools across the county to be provided to members.
- III. Assurance was given that education colleagues were working very closely with the planning department with regards to the impact of new housing developments within the county.

The Forum expressed their preferences for 106 contributions to be provided in full rather than in parts.

**Resolved: That the Forum agree the draft 2026/27 budget be prepared in line with the approach taken in 2025/26.**

**Action: A list of developments attributed to schools and education from section 106 developer contributions to be provided to members.**

**10. REQUEST TO THE SECRETARY OF STATE TO DISAPPLY THE SCHOOL FINANCE REGULATIONS**

The Head of Strategic Finance (HSF) introduced the item, explained that a request for a disapplication was needed to be submitted to the secretary of state each year for exceptional funding to support the rent payment of additional classroom space at Eastnor School. Approval would be required from the school's forum. If this were not approved, it would put the lease at risk due to insufficient funds available within the existing school budget, as the transfer of additional funds would no longer be permissible. This would negatively impact on quality of educational delivery at the school.

The Chair of the Budget Working Group confirmed the group had previously and would continue to support the disapplication for Eastnor Primary School.

**Resolved that the forum approve the disapplication request in respect of Eastnor Primary School.**

**11. DE-DELEGATIONS AND EDUCATION MANAGEMENT FUNCTION PROPOSAL 2026/27**

The Head of Strategic Finance (HSF) introduced the item, it was explained that for the budget setting each year, Schools Forum are asked to approve the de-delegation of funding for centrally provided support services. The De-Delegated services currently used were highlighted in the report. It was proposed that the same services were used again for 2026/27. It was good practice to consult the Forum ahead of the January meeting where a vote would be required on each service separately and by sector.

**Resolved that the De-Delegated Services as listed in the report be used to form the draft 2026/27 budget.**

(Voting on this item was restricted to local authority-maintained schools only)

**12. SCHEME FOR FINANCING SCHOOLS (LMS SCHEME)**

The Head of Strategic Finance (HSF) introduced the item. The following principal points were noted.

- The scheme for financing schools should be reviewed annually. There were revisions that needed to be made from the DfE with regards to leasing arrangements. The arrangement for insurance cover required updating and tightening up around licence deficits. The scheme also needed refinement and clarification around some of the wording and arrangements.



- There were several schools with allocated committed funds to their reserves for capital projects, which if they were experiencing financial difficulties, they could gain permission from the local authority to be able to redirect those to help balance the budget would be incorporated in to the scheme.
- Work would be undertaken, and a consultation would be put together and circulated with the hope of bringing back to the forum in January.

The Service Director, Education, Skills, and Learning fully endorsed the changes particularly consultation around schools in a deficit position and the redirection of capital reserves. She encouraged members to support and contribute to the consultation.

### **Schools Forum Vacancies**

The Clerk informed the Forum that following the elections, there were still four vacancies for Academy Representatives and invited current members to advertise to fellow colleagues with any interested parties to contact her directly.

### **13. DATE OF NEXT MEETING**

Friday 23 January 2026.

The meeting ended at 10.41 am

**Chairperson**





# Title of report: Schools Budget 2026/27

**Meeting: Herefordshire Schools Forum**

**Meeting date: Tuesday 20 January 2026**

**Report by: Head of Strategic Finance (Deputy S151)**

## 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 2026/27.

Dedicated Schools Grant funding for the Schools Block in 2026/27 is £144.0m which is an increase of 2.47% per pupil from 2025/26 (2.36% 2025/26 equivalent). At this stage, the funding for Early Years Block is provisional and are subject to final adjustments based on actual termly take up. The school funding values and formula calculations are in accordance with the National Funding Formula (NFF) as set by the Government. The High Needs Block (HNB) will be discussed briefly in this paper and is accompanied by another report on the Schools Forum agenda for 20 January 2026 meeting but will be considered and presented in detail in the March 2026 Schools Forum.

## Recommendation(s)

**That Herefordshire's school funding proposals for 2026/27 adopt the National Funding Formula (NFF) values and be recommended to the Cabinet Member for Children and Young People as set out in the report and as summarised in Appendix A.**

## Alternative options

1. Herefordshire Council has fully implemented the National Funding Formula (NFF) methodology, so alternative options are limited. Given the growing national issue of High Needs Block (HNB) deficits, the NFF allows for the top slice of the funding blocks to redirect to the HNB. The Schools Block top slice for SEN Protection Scheme has ceased for 2026/27 as reported at the

Schools Forum meeting on 11 July 2025, following recommendation from Budget Working Group (BWG) on the 27 June 2025.

2. In considering the proposals set out in the report, the Council has consulted with Budget Working Group (BWG), schools and early years providers.

### **Key considerations**

3. The provisional DSG funding settlement for 2026/27 was announced on 17 December 2025. This report summarises the DfE settlement for Herefordshire, identifying any issues or actions for Schools Forum. The DSG can only be used for the purposes of the Schools Budget as defined in the School and Early Years Finance Regulations. The Schools Budget consists of delegated budgets allocated to individual schools, Pupil Referral Units (PRUs) and Early Years Provision in Private, Voluntary and Independent (PVI) providers, a budget for other provision for pupils which local authorities fund centrally, which now includes the bulk of high needs provision, including post-school provision up to age 25, together with centrally retained expenditure in respect of special educational needs and early years services.
4. The distribution of the DSG to local authorities is allocated in four funding blocks:
  - Schools Block
  - Central School Services Block
  - Early Years Block, and
  - High Needs Block.
5. Following the delay in publication of the 2026/27 National Funding Formula (NFF) operational guidance, Schools Forum at the meeting in November 2025 approved the use of the 2025/26 budget approach/timetables as a framework for budget 2026/27.

### **Schools Block**

6. Total funding for mainstream schools through the schools NFF will total £50.9 billion in 2026/27. This includes funding that was allocated in 2025/26 through the Schools Budget Support Grant (SBSG) and National Insurance Contributions (NICs) Grant, which has been “rolled in” to the schools NFF in 2026/27 to help simplify the funding system.
7. The rolling in of these grants into the schools’ notional NFF allocations will affect the core budgets that maintained schools will receive from April 2026, and that academies will receive from September 2026. Because of this, academies will receive further grant payments for the period April 2026 to August 2026.
8. For 2026/27, there are no changes to the structure of the schools NFF, with the same factors used in the formula as in 2025/26.
9. The pupils counted for the purpose of calculating the DSG Schools Block allocation are those recorded in the School Census in maintained schools and academies going through recoupment in National Curriculum Year Groups R-11 aged 4 or above including those pupils in SEN (Special Education Needs) units or Resourced Provision within such institutions. Any pupils recorded as Year R but who are less than 4 years old are not counted, because funding for these pupils is provided under the Early Years Block.

10. The Schools Block allocation is derived from the October 2025 School Census pupil count.
11. For 2026/27 the Schools Block Units of Funding for primary and secondary sectors which determine the Schools Block element of the DSG are £5,953.32 and £7,211.85 respectively.
12. Herefordshire is mirroring the National Funding Formula and will guarantee a maximum level of Minimum Funding Guarantee (MFG) of 0.0%, which will be confirmed to schools on approval of the Authority Proforma Tool (APT) by the DfE.
13. Where a mainstream school has a number of funded places in a SEN unit or resourced provision, then funding will be allocated as follows:
  - Funding for pupils recorded on October 2025 School Census as registered at a school and taking a place at that school will be funded through the schools delegated budget, and additional funding of approximately £6,000 per pupil will be made available from the High Needs Block.
  - Funding for pupils not recorded on October 2025 School Census as registered at the school and taking up a place will be funded at £10,000 per place from the High Needs Block.
14. The Schools Block funding covers:
  - Mainstream Schools delegated budgets (but excludes High Needs top up funding which will be funded from the High Needs Block).
  - Items that may be removed from maintained schools' budget shares are De-delegated services, as approved by Schools Forum at the meeting on 21 November 2025.
15. Funding through the mainstream schools NFF is increasing by 2.47% per pupil in 2026/27 (2.36% 2025/26).
16. Herefordshire's pupil numbers have dropped year on year by 274 (before any implicit/explicit growth in pupils), which means an overall reduction in funding.
17. Herefordshire's approach to Schools Block funding for 2026/27 will therefore be as follows:
  - To fund schools at the maximum permitted Minimum Funding Guarantee of 0.0%
  - We will continue to fund the £17k lease for Eastnor Primary school to provide additional classroom space which has been approved via the DfE disapplication process.
  - Split site funding continues for Hampton Dene School at £82,700 for 2026/27, as set out in the Authority Proforma Tool (APT) at Appendix B.
  - No growth funding included in the APT for 2026/27
18. The Basic Entitlement Factor Values have been adjusted in order to balance the APT. The Entitlement Factors for Primary, KS3 & KS4 have been reduced by 0.6%. This modelling option is in line with 2025/26. After the adjustment to 2026/27 figures, this still gives an increase on the Basic Entitlement of £3% overall

**De-delegated Services/Education Management Function**

19. At the Schools Forum meeting on 21 November 2025, it was agreed to continue to fund the De-delegated Services and Education Management Function for 2026/27, increasing in line with Schools Block inflation and the latest pupil numbers.
20. Following the completion of the Schools Block budget, an inflationary uplift of 2.47% has been applied along with the latest pupil numbers, and are as follows:

|  |  | 2026/27   |                 |                      |
|--|--|-----------|-----------------|----------------------|
| De-delegations   | APT calculation basis                            | Rate<br>£ | Pupil<br>Number | Total<br>Amount<br>£ |
| Access budgeting software - computer license   | Total number of schools                          | 452.07    | 51.00           | 23,055.64            |
|  |  |           |                 |                      |
| Free school meals eligibility checking   | Primary pupil number                             | 1.40      | 7,147.00        | 9,970.23             |
|  | Secondary pupil number                           | 1.06      | 3,334.00        | 3,531.97             |
| <b>Total FSM eligibility checking</b>  |  |           |                 | <b>13,502.19</b>     |
| English additional language service - Support for underperforming ethnic minority groups and bilingual learners to provide EAL services for initial assessments, observations and advisory/monitoring visits | Combined primary & secondary pupil number        | 1.25      | 10,481.00       | 13,082.15            |
|  | Ever6 free school meals pupil number             | 7.41      | 2,057.00        | 15,232.41            |
|  | English additional language pupil number         | 38.47     | 693.81          | 26,693.13            |
| <b>Total English additional language service</b>   |  |           |                 | <b>55,007.70</b>     |
| Trade union facilities agreement   | Primary pupil number (secondary use SLA service) | 2.83      | 7,147.00        | <b>20,240.31</b>     |
| School improvement service   | Combined primary & secondary pupil number        | 6.41      | 10,481.00       | <b>67,169.73</b>     |
| Contingencies  | Combined primary & secondary pupil number        | 1.07      | 10,481.00       | <b>11,213.27</b>     |
| Behaviour support service  | Primary pupil number                             | 4.35      | 7,147.00        | <b>31,110.11</b>     |
|  |  |           |                 |                      |
| <b>Total De-delegations</b>  |  |           |                 | <b>221,298.95</b>    |

| Education Management Functions              | APT calculation basis                     | Rate<br>£ |           | Total<br>Amount<br>£ |
|---|---|-----------|-----------|----------------------|
| Education Management Functions              | Combined primary & secondary pupil number | 13.36     | 10,481.00 | 140,056.54           |
| <b>Total Education Management Functions</b> |   |           |           | <b>140,056.54</b>    |

### Central School Services Block (CSSB)

21. For 2026/27 the Central School Services Block (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). Final allocations of CSSB funding for 2026/27 have been calculated based on the latest pupil data, for inclusion in Herefordshire's DSG allocations.
22. Overall, for 2026/27, the CSSB is increasing from £933,855 in 2025/26 to £963,465 in 2026/27. The funding is to be allocated as follows:

|                                    | <b>2025/26</b> | <b>2026/27</b> |   |
|------------------------------------|----------------|----------------|---|
|                                    | <b>£</b>       | <b>£</b>       |   |
| Statutory retained duties          | 390,000        | 390,000        | Education Service Management  |
| Schools Forum administration costs | 20,000         | 19,000         | Democratic Services supporting the Forum  |
| School Admissions                  | 100,000        | 71,288         | Admissions Service & Democratic Services (i.e. appeals process)                     |
| National licences for schools      | 157,000        | 192,736        | Awaiting final confirmation from DfE so estimated at 25/26 charge plus 4% inflation |
| SACRE funding for statutory duties | 10,000         | 4,000          | Religious education curriculum costs  |
| Transfer to the High Needs Block   | 256,855        | 286,441        |   |
| <b>TOTAL</b>                       | <b>933,855</b> | <b>963,465</b> |   |

23. A full review of De-delegated Services, Education Management Functions and the CSSB ongoing commitments will commence during the spring term with a report scheduled for presentation at the Schools Forum meeting in June 2026. This will form part of the consultation process in readiness for setting the 2027/28 DSG budgets.

### Early Years Block

24. Starting from April 2024, existing childcare support was expanded in phases. From September 2025, working families with children under the age of 5 are now entitled to 30 hours of childcare support. The changes have been introduced gradually to make sure that providers can meet the needs of more families. This means that the Early Years Entitlements for 2026/27 are as follows:
- Under 2s: 30 hours for eligible working parents of children from 9 months up to 2 years (increased hours introduced in September 25).

- 2 Year Old Families Receiving Additional Support (FRAS): 15 hours for families with 2 year olds receiving additional forms of support (formerly known as the 2YO disadvantaged entitlement).
  - 2 Year Old Working Parents: 30 hours for eligible working parents of 2 year olds (increased hours introduced September 25).
  - 3 & 4 Year Olds: the universal 15 hours for all 3 & 4 year olds and the additional 15 hours for working parents of 3 & 4 year olds.
25. 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 and rates are provided in the early years briefing note in Appendix C.
26. The total Early Years Block funding for Herefordshire has increased by £3.4m, from £24.1m to £27.5m. This is due to inflation and the additional funding for the 30 hour entitlement. The funding will be allocated as follows:

| Funding                                    | Hourly rate paid to providers | 2026/27 Budget    |
|--|-------------------------------|-------------------|
| Under 2                                    | 10.12                         | 8,475,948         |
| 2 Year old FRAS                            | 7.51                          | 1,036,024         |
| 2 Year Old Entitlement for working parents | 7.51                          | 5,995,511         |
| Universal                                  | 5.74                          | 6,744,799         |
| Extended                                   | 5.74                          | 3,369,650         |
| Pupil Premium                              | 1.15                          | 310,615           |
| DAF  | 975.00                        | 136,500           |
| Centrally Retained                         |                               | 729,672           |
| SENIF                                      |                               | 151,339           |
| Deprivation                                |                               | 194,797           |
| Contingency                                |                               | 327,139           |
| <b>Total</b>                               |                               | <b>27,471,995</b> |
| Allocation 2026/27                         |                               | 27,471,995        |
| Check to Allocation                        |                               | 0                 |

27. The main points to note for the 2026/27 Early Years budget are as follows, with a more detailed breakdown included in Appendix C:
- Pass through rate increased for 2026/27 to 97% (2025/26: 96%) by the DfE.
  - Herefordshire Council central retention for 2026/27 kept at 2.7% in line with 2025/26 budget.
  - The roles that the central retention will fund are:
    - Early Years Improvement advisors
    - Early Years Area SENCOs
    - Early Years Lead Improvement Advisor
    - Early Education Funding Auditing Officer
    - Early Education Funding Team
  - The high-level summary of the duties carried out by the team are as follows:
    - Supporting all Herefordshire early years providers (PVI, schools, childminders) to deliver high-quality, inclusive early learning. Our offer includes universal updates/resources, targeted post-inspection support and market management to meet childcare sufficiency across the county.



- Helping children with SEND to access and thrive in early education through the Graduated Approach, setting based advice, Portage home visiting, and specialist communication/ASC support—working closely with the All Age SEN (EHC) team, health partners, and the Early Years Advisors.
  - Make payments/adjustments/headcount/census for Early Years.
- SEN inclusion funding (SENIF) kept in line with 2025/26 at £150,000.
- All rates incorporated to fund SENIF & deprivation. These supplements will be distributed back out to providers (across all rate categories) based on SEN and EYPP pupil numbers respectively.
- Ruralities were incorporated into 3 & 4 year old rate for 2025/26 and will continue to be funded this way for 2026/27.
- Introduction of a termly funding system which will include completion of termly headcounts (completed annually in previous years for 3 & 4 year olds).
- Funding previously provided through the NICs and Teachers Pay (TP) grant has been rolled into the hourly rates for each category.
- An increase of 15% to the Early Years Pupil Premium (EYPP) rates and increase of 3.9% to Disability Access Fund (DAF).
- Funding received into the Local Authority for Under 2, 2 Year Olds and 3 & 4 Year Olds inflated between 4% and 5% (includes NIC and Teachers Pay (TP) grants).

### High Needs Block

28. The High Needs Block (HNB) supports provision for pupils and students with special educational needs and disabilities (SEND), from their early years to age 25, and alternative provision (AP) for pupils who cannot receive their education in schools.
29. The High Needs Block NFF, used to calculate allocations of the HNB of the DSG from the 2018/19 financial year to the 2025/26 financial year, is not being used for the calculations of high needs funding allocations for the 2026/27 financial year. Instead of using the NFF, allocations for 2026/27 are based on the 2025/26 DSG allocations and includes any adjustments for grants (CSBG, SBSG and NIC Grants)
30. In summary, the 2026/27 HNB allocations will be the total of:
  - Funding received through the 2025/26 HNB of the DSG, excluding the import and export adjustments and place funding deductions.
  - Annualised 2025/26 CSBG funding for independent special schools, specialist post-16 institutions, independent learning providers and hospital education provision.
  - Annualised 2025/26 CSBG funding for state funded special and AP schools.
  - 2026/27 equivalent NICs grant and SBSG funding for places in special units and resource provision in mainstream schools.
  - Import and export adjustments for 2026/27 (the initial calculation has the 2025/26 import and export adjustment which is updated later in 2026).
  - Place funding deductions for 2026/27 (the initial calculation is based on 2025/26 academic year place numbers, which are updated later in 2026).

31. The provisional Herefordshire HNB allocation is noted in the table below, and a further report to set the 206/27 HNB budget will be presented at the March 2026 meeting.

### **Dedicated Schools Grant (DSG) 2026/27 and financial impact for Herefordshire**

32. The table below summarises the provisional DSG settlement for 2026/27. The following DfE adjustments are still required before the final DSG allocation can be determined:

- Early Years Block will be amended as follows:
  - Autumn of 2026 to reflect the Summer Term Early Years and Schools Census data.
  - Spring 2027 for the updated Autumn Term Early Years and Schools Census Autumn data.
  - July 2027 will be the final Early Years Block update to reflect the Spring term Early Years and School Census data.
- Pupil numbers are estimated based on the December 2025 allocation and will be finalised on receipt of the pupil numbers tool.

### **Herefordshire's provisional Dedicated Schools Grant 2026/27 at December 2025**

|                                     | <b>Pupil Data<br/>Oct 25</b> | <b>Pupil Data<br/>Jan 25</b> | <b>Unit of Funding<br/>per Pupil<br/>PUF / SUF</b> | <b>Schools Block<br/>£ m</b> | <b>Central Schools Block<br/>£ m</b> | <b>Early Years Block<br/>£m</b> | <b>High Needs Block<br/>£m</b> |
|-------------------------------------|------------------------------|------------------------------|--|------------------------------|--------------------------------------|---------------------------------|--------------------------------|
| Total Funding Pupil Led – Primary   | 12,598                       |                              | £5,953.32  | 75.00                        |                                      |                                 |                                |
| Total Funding Pupil Led – Secondary | 9,284                        |                              | £7,211.85  | 66.96                        |                                      |                                 |                                |
| Premises including Rates & PFI      |                              |                              |  | 1.78                         |                                      |                                 |                                |
| Deductions for DfE NNDR billing     |                              |                              |  | (1.31)                       |                                      |                                 |                                |
| Pupil Growth Funding                |                              |                              |  | 0.25                         |                                      |                                 |                                |
| <b>Total Schools Block</b>          |                              |                              |  | <b>142.68</b>                |                                      |                                 |                                |
|                                     |                              |                              |  |                              |                                      |                                 |                                |
| Historic Funding                    |                              |                              |  |                              | -                                    |                                 |                                |
| Ongoing Commitments                 |                              |                              |  |                              | 0.96                                 |                                 |                                |
| <b>Total Central Schools Block</b>  |                              |                              |  |                              | <b>0.96</b>                          |                                 |                                |
|                                     |                              |                              |  |                              |                                      |                                 |                                |

|   |  |  |  |               |             |              |              |
|---|--|--|--|---------------|-------------|--------------|--------------|
| 3 & 4 year olds – Universal Entitlement                               |  |  |  |               |             | 7.28         |              |
| 3 & 4 year olds – Extended Entitlement                                |  |  |  |               |             | 3.64         |              |
| 2 year olds - Family Receiving Additional Support and Working Parents |  |  |  |               |             | 7.31         |              |
| Under 2's   |  |  |  |               |             | 8.79         |              |
| Early Years Pupil Premium   |  |  |  |               |             | 0.32         |              |
| Disability Access Funding   |  |  |  |               |             | 0.14         |              |
| <b>Total Early Years Block</b>  |  |  |  |               |             | <b>27.47</b> |              |
|   |  |  |  |               |             |              |              |
| Total 2026/27 High Needs Block before deductions                      |  |  |  |               |             |              | 30.69        |
| Mainstream academies Pre-16 SEN places funded at £6,000 (9 places)    |  |  |  |               |             |              | (0.05)       |
| Special academies Pre-16 SEN Places (316 places)                      |  |  |  |               |             |              | (3.16)       |
| Special free schools Post-16 SEN places (48 places)                   |  |  |  |               |             |              | (0.48)       |
| 16-19 academies and free schools Post-16 SEN places (20 places)       |  |  |  |               |             |              | (0.12)       |
| FE and ILP places (290 places)  |  |  |  |               |             |              | (1.74)       |
| <b>Total High Needs Block</b>   |  |  |  |               |             |              | <b>25.14</b> |
| <b>Provisional 2026/27 DSG Budget by Block</b>                        |  |  |  | <b>142.68</b> | <b>0.96</b> | <b>27.47</b> | <b>25.14</b> |

### Dedicated Schools Grant and Academy School Budgets

33. The Council's DSG calculation must include pupils educated in Herefordshire academies, based on the October Census data provided by the schools. A single funding formula applies to both maintained schools and academies. The Council is responsible for calculating each academy's budget using this formula and submits the details to the DfE via the Authority Proforma Tool (APT). The DfE then provides the funding to academies.

34. The APT is an integrated tool which contains a range of information, including the underpinning data for mainstream school level allocations, details of how split site and PFI allocations have been calculated, and the methods used for de-delegation of services. It is a statutory requirement for each Council to submit the APT to the DfE for scrutiny to establish compliance with Schools Finance Regulations.
35. The deadline for Councils to submit the 2026/27 financial year final APT and detailed tables is 22 January 2026. Therefore, the latest draft summary pro-forma from the APT will be tabled for information as Appendix B to this report at the Schools Forum meeting on 20 January 2026.

### **Community impact**

36. 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.
37. Governing bodies of schools are responsible for decision making to commit expenditure to meet pupils' individual needs.

### **Environmental impact**

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

### **Equality duty**

39. The Public Sector Equality Duty requires the Council to consider how it can positively contribute to the advancement of equality and good relations and demonstrate that it is paying 'due regard' in our decision making in the design of policies and in the delivery of services.
40. 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.
41. 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.

### **Resource implications**

42. The school's budget is fully funded by Dedicated Schools Grant (DSG).

### **Legal implications**

43. 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.
44. 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.
45. This budget has been set in accordance with the Schools and Early Years Finance (England) Regulations 2023.

### **Risk management**

46. 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**

47. Budget Working Group (BWG) was consulted on 21 November 2025 and 9 January 2026 regarding the overarching principles for setting the 2026/27 Dedicated Schools Grant budget, and recommend the report be approved by Schools Forum on 20 January 2026.

### **Appendices**

Appendix A – Summary of Recommendations 2026/27

Appendix B – Authority Proforma Tool (APT) 2026/27

Appendix C – Early Years NEF Briefing Note and Consultation for 2026/27

### **Background papers**

None.

### **Glossary of terms, abbreviations and acronyms used in this report**

|     |                          |
|-----|--------------------------|
| ACA | Area Cost Adjustment     |
| APT | Authority Pro-forma Tool |

|       |   |
|-------|---|
| BWG   | Budget Working Group                        |
| CSBG  | Core Schools Budget Grant                   |
| CSSB  | Central School Services Block               |
| DAF   | Disability Access Fund                      |
| DfE   | Department for Education                    |
| DSG   | Dedicated Schools Grant                     |
| EAL   | English Additional Language                 |
| EEF   | Early Education Funding                     |
| EYB   | Early Years Block                           |
| EYFSP | Early Years Foundation Stage Profile        |
| EYPP  | Early Years Pupil Premium                   |
| FRAS  | Families Receiving Additional Support       |
| FSM   | Free School Meals                           |
| HNB   | High Needs Block                            |
| IDACI | Income Deprivation Affecting Children Index |
| MFG   | Minimum Funding Guarantee                   |
| NEF   | National Early Years Funding                |
| NFF   | National Funding Formula                    |
| NIC   | National Insurance Contributions            |
| NNDR  | National Non-Domestic Rates                 |
| PFI   | Private Finance Initiative                  |
| PRU   | Pupil Referral Units                        |
| PUF   | Primary Unit of Funding                     |
| PVI   | Private, Voluntary & Independent            |
| RPI   | Retail Prices Index                         |
| SB    | Schools Block                               |
| SBSG  | Schools Budget Support Grant                |
| SENCO | Special Educational Needs Coordinator       |
| SEND  | Special Educational Needs & Disabilities    |
| SENIF | Special Educational Needs Inclusion Funding |
| SUF   | Secondary Unit of Funding                   |
| TP    | Teachers Pay                                |



## Schools Forum – Schools Budget 2026/27 Report

### Appendix A – Summary of Recommendations 2026/27

#### Schools Block

Herefordshire's School Block funding proposals for 2026/27 continue to adopt the National Funding Formula (NFF) values as per the Department of Education (DfE) and the following be recommended to the Cabinet Member for Children and Young People as listed below:

- Minimum Funding Guarantee at 0% (maximum allowed for 2026/27).
- NFF values used for 2026/27 in line with DfE factor values but with an adjustment to Basic Entitlement values of 0.6% to enable the Schools Block 2026/27 to balance.
- No School Block transfer for 2026/27.
- PFI factor – increased to comply with PFI contract which uses the RPI(X) (annual increase specified by the DfE).
- An inflationary uplift of 2.47% be applied to the de-delegation of funding & education management function for 2026/27.

#### Central School Services Block

That the Cabinet Member for Children and Young People be advised for information, that Schools Forum approved central support services funding for 2026/27, as follows:

|                                    | <b>2026/27<br/>£</b> |   |
|------------------------------------|----------------------|---|
| Statutory retained duties          | 390,000              | Education Service Management Team   |
| Schools Forum administration costs | 19,000               | Democratic Services supporting the Forum  |
| School Admissions                  | 71,288               | Admissions Service & Democratic Services (i.e. appeals process)                     |
| National licences for schools      | 192,736              | Awaiting final confirmation from DfE so estimated at 25/26 charge plus 4% inflation |
| SACRE funding for statutory duties | 4,000                | Religious education curriculum costs  |
| Transfer to the High Needs Block   | 286,441              |   |
| <b>TOTAL</b>                       | <b>963,465</b>       |   |

**Early Years Block**

The Early Years Block budget for 2026/27 to be set as follows:

- a) Centrally Retained funding to be set at 2.7%, in line with previous years, and within the threshold of 3% in DfE Guidance. This includes additional posts included into the staffing structure for 2026/27, to support Early Years children with additional needs.
- b) SENIF budget to be set at £151,339 in line with previous years budgets.
- c) Deprivation supplement to be paid out to providers based on Early Years Pupil Premium data, total budget £194,797.
- d) Hourly rates to providers increased in line with inflation given by DfE.
- e) Contingency budget to be set for 3 & 4 Year Olds of £357,139. To support Local Authorities with the transition from annual to termly head counts, as per DfE guidance.





## Schools Forum – Schools Budget 2026/27 Report

### Appendix B – Summary of Authority Proforma Tool (APT) 2026/27

#### Schools Block 2026/27 DSG Allocation

Dedicated Schools Grant funding for the Schools Block in 2026/27 is £143.9m before recoupment (£142.7m after national non-domestic rates (NNDR) recoupment) which is an increase of 2.47% per pupil from 2025/26 (2.36% 2025/26 equivalent):

| Schools Block     | 2025/26     | 2026/27     | Growth    | Growth %Age |
|-------------------|-------------|-------------|-----------|-------------|
| Growth            | 142,268,389 | 143,983,957 | 1,715,568 | 1.21%       |
| Pupils            | 22,156      | 21,882      | -274      | -1.23%      |
| Funding per Pupil | 6,421       | 6,580       | 159       | 2.47%       |

A breakdown of Herefordshire's School Block allocation for 2026/27 is as follows:

| Funding Factor                      | Pupil Data<br>Oct 25 | Pupil Data<br>Jan 25 | Unit of Funding<br>per Pupil PUF /<br>SUF | Schools<br>Block<br>£ m |
|-------------------------------------|----------------------|----------------------|---|-------------------------|
| Total Funding Pupil Led – Primary   | 12,598               |                      | £5,953.32                                 | 75.000                  |
| Total Funding Pupil Led – Secondary | 9,284                |                      | £7,211.85                                 | 66.955                  |
| Premises including Rates & PFI      |                      |                      |   | 1.784                   |
| Deductions for DfE NNDR billing     |                      |                      |   | (1.306)                 |
| Pupil Growth Funding                |                      |                      |   | 0.245                   |
| <b>Total Schools Block</b>          |                      |                      |   | <b>142.678</b>          |

#### Authority Proforma Tool

Every year, local authorities are required to detail their Schools Block funding formulae in accordance with the arrangements set out by the Secretary of State for Education. The Department for Education (DfE) has developed the authority proforma tool (APT) to assist local authorities to model and then confirm how they plan to do this for the funding year.

The main purpose of the APT is to model different options for your Schools Block formula and then to act as a proforma, which is submitted to the DfE in January each year. The DfE will review our APT Submission and ensure that the formula has been applied reasonably and in compliance with regulations and the conditions of grant.

The APT is populated with Schools Block data, primarily drawn from the autumn 2025 Schools Census. The APT consists of various factors and each factor will have a factor value attached, the factors that make up the APT are:

#### Pupil Led Factors

- Basic per pupil entitlement – Per pupil value for all pupils
- Deprivation – Measured over 6 IDACI bands and Free School Meals data
- Low Prior Attainment – Pupils not achieving the expected levels in EYFSP or KS2
- English as an Additional Language – Funding attracted if English is not a pupils first language
- Mobility - Pupils starting school at non-standard start dates

#### School Led Factors

- Sparsity – For schools that are remote, or small (based on average year group size)
- Lump Sum – Each school receives a lump sum of the same value
- Split Sites – Where premises are split over more than one premises site
- Rates – Optional for billing authorities to implement the central national non-domestic rates (NNDR) payment process

#### Other

- Exceptional Factors – Exceptional circumstances relate to school premises.
- Minimum Funding Guarantee (MFG) – Local authorities can set an MFG between +0.0% and +0.5% per pupil

The main changes to note for the 2026/27 APT are:

- The Schools Budget Support Grant (SBSG) and the National Insurance Contributions (NICs) grant have been included in the DSG for 2026/27. To ensure schools do not lose funding as a result of this change, additional funding has been added to each school's minimum funding guarantee (MFG) baseline. The amount added reflects the number of pupils included in the school's MFG baseline.
- The MFG threshold can be set between -0.5% and 0%. To use a threshold outside of this range will require a disapplication.
- The requirement to move each mandatory factor 10% closer to the NFF will apply again in 2026/27.

The APT must be submitted back to DfE on or before Thursday 22 January 2026.

#### **Herefordshire's Authority Proforma Tool 2026/27**

The below table shows the factor values and budget calculation for the APT 2026/27:

|  | Description               | Primary amount<br>per pupil  | Secondary amount<br>per pupil | Primary Units | Secondary<br>Units | 2026/27 Budget |
|--|---------------------------|------------------------------|-------------------------------|---------------|--------------------|----------------|
| 1) Basic per-<br>pupil<br>entitlement  | Primary (Years R-6)       | £4,034.13                    |                               | 12,598        |                    | 50,821,965     |
|  | Key Stage 3 (Years 7-9)   |                              | £5,644.21                     |               | 5,571              | 31,441,060     |
|  | Key Stage 4 (Years 10-11) |                              | £6,362.89                     |               | 3,731              | 23,739,930     |
|  |                           |                              |                               |               |                    |                |
| 2) Deprivation   | FSM                       | £505.00                      | £505.00                       | 2,351         | 1,975              | 2,184,762      |
|  | FSM6                      | £1,210.00                    | £1,725.00                     | 2,366         | 2,015              | 6,339,321      |
|  | IDACI Band F              | £240.00                      | £345.00                       | 842           | 568                | 398,237        |
|  | IDACI Band E              | £290.00                      | £460.00                       | 1,502         | 1,106              | 944,371        |
|  | IDACI Band D              | £455.00                      | £650.00                       | 601           | 461                | 572,915        |
|  | IDACI Band C              | £500.00                      | £710.00                       | 3             | 4                  | 4,515          |
|  | IDACI Band B              | £530.00                      | £760.00                       | 11            | 3                  | 8,337          |
|  | IDACI Band A              | £700.00                      | £970.00                       | 2             | 4                  | 5,406          |
| 3) English as an Additional Language (EAL)                                   |                           | £610.00                      | £1,630.00                     | 994           | 186                | 909,940        |
| 4) Mobility  |                           | £985.00                      | £1,415.00                     | 172           | 0                  | 169,926        |
| 5) Low prior attainment  |                           | £1,200.00                    | £1,825.00                     | 3,578         | 1,941              | 7,836,142      |
| 6) Lump Sum  |                           | £152,700.00                  |                               | 93            |                    | 14,201,100     |
| 7) Sparsity factor   |                           | £58,600.00                   |                               | 39            |                    | 2,298,878      |
| 8) Fringe Payments   |                           | n/a                          |                               | 0             |                    | 0              |
| 9) Split Sites   |                           | £82,700 (Basic and Distance) |                               | 1             |                    | 82,700         |
| 10) Rates  |                           | £1,305,765.00                |                               | 1             |                    | 1,305,765      |
| 11) PFI funding  |                           | £378,409.00                  |                               | 1             |                    | 378,409        |
| 12) Exceptional circumstances (can only be used with prior agreement of DfE) |                           | £17,000.00                   |                               | 1             |                    | 17,000         |
| Total Schools Block before MPPL and MFG Adjstment                            |                           |                              |                               |               |                    | 143,660,677    |
| 13) Additional funding to meet minimum per pupil funding level               |                           |                              |                               |               |                    | 245,782        |
| 14) Minimum Funding Guarantee  |                           |                              |                               |               |                    | 74,042         |
| 26-27 NFF NNDR allocation, excluding prior year adjustments                  |                           |                              |                               |               |                    | 1,305,765      |
| Total Schools Block 2026/27 after NNDR Adjustments                           |                           |                              |                               |               |                    | 142,674,736    |
| DSG Schools Block Allocation 2026/27   |                           |                              |                               |               |                    | 142,678,191    |

In order to balance the APT for 2026/27, an adjustment was made to the Basic Entitlement Factors. The Basic Entitlement Factor was reduced by 0.6% for Primary, KS3 and KS4 in order for the Schools Block to balance. The same method was used and approved for 2025/26 APT.

The APT does give you the option to model various scenarios to help balance your Local Authorities School Block. The Basic Entitlement Factor is a fair way to balance the APT as the reduction on this factor applies to all schools and pupils.

The growth on the Basic Entitlement Factor is 3% compared to 2025/26.

A summary of the Basic Entitlement Factors for 2025/26 and 2026/27 are noted in the below table:

| Factor  | 25-26 APT | 26-27 NFF Factor Values Published by DfE | HCC Factor Value for 2026/27 APT | Less Grant Uplift | Increase from 2025/26 | Growth on 25/26 Values |
|---------|-----------|--|----------------------------------|-------------------|-----------------------|------------------------|
| Primary | £3,790.90 | £4,064.00                                | £4,039.21                        | £3,906.21         | £115.31               | 3.0%                   |
| KS3     | £5,342.27 | £5,686.00                                | £5,651.32                        | £5,505.32         | £163.05               | 3.1%                   |
| KS4     | £6,022.91 | £6,410.00                                | £6,370.90                        | £6,205.90         | £182.99               | 3.0%                   |

#### Authority Proforma Tool 2026/27 Updates:

- The council will continue to participate in the DfE's scheme for business rates payments to be paid centrally by the DfE.
- Minimum Funding Guarantee (MFG) set at 0%, the maximum allowed as per DfE guidance and in line with 2025/26.
- 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, which has recently been confirmed.
- PFI factor – increased to £378,409 to comply with PFI contract which uses the RPI(X) (annual increase specified by the DfE).
- No growth funding included for 2026/27

#### De-Delegations and Education Management Functions

- De-delegations and the Education Management Function inflation has been applied at 2.47%, in line with the Schools Block growth.
- See below for a breakdown of each service and the APT Calculation basis and rates for 2026/27:

|  |  | 2026/27 |              |                |
|--|--|---------|--------------|----------------|
| De-delegations   | APT calculation basis                            | Rate    | Pupil Number | Total Amount   |
|  |  | £       |              | £              |
| Access budgeting software - computer license   | Total number of schools                          | 452.07  | 51           | 23,056         |
| Free school meals eligibility checking   | Primary pupil number                             | 1.4     | 7,147        | 9,970          |
|  | Secondary pupil number                           | 1.06    | 3,334        | 3,532          |
| <b>Total FSM eligibility checking</b>  |  |         |              | <b>13,502</b>  |
| English additional language service - Support for underperforming ethnic minority groups and bilingual learners to provide EAL services for initial assessments, observations and advisory/monitoring visits | Combined primary & secondary pupil number        | 1.25    | 10,481       | 13,082         |
|  | Ever6 free school meals pupil number             | 7.41    | 2,057        | 15,232         |
|  | English additional language pupil number         | 38.47   | 694          | 26,693         |
| <b>Total english additional language service</b>   |  |         |              | <b>55,008</b>  |
| Trade union facilities agreement   | Primary pupil number (secondary use SLA service) | 2.83    | 7,147        | 20,240         |
| School improvement service   | Combined primary & secondary pupil number        | 6.41    | 10,481       | 67,170         |
| Contingencies  | Combined primary & secondary pupil number        | 1.07    | 10,481       | 11,213         |
| Behaviour support service  | Primary pupil number                             | 4.35    | 7,147        | 31,110         |
| <b>Total De-delegations</b>  |  |         |              | <b>221,299</b> |
| Education Management Functions   | Combined primary & secondary pupil number        | 13.36   | 10,481       | 140,057        |
| <b>Total Education Management Functions</b>  |  |         |              | <b>140,057</b> |

## Approval of Schools Budgets

- The APT will be approved at Schools Forum and Cabinet. Once this sign off has been received then Herefordshire can submit their APT to the DfE, before 22 January 2026. If the Cabinet budget meeting has not gone ahead by this date, then minutes can follow later.
- Once DfE are happy we are fully compliant on our APT we will receive notification.
- Confirmation of school budget shares to mainstream maintained schools will be confirmed by the 28 February 2026.





## Schools Forum – Schools Budget 2026/27 Report

### Appendix C – Early Years NEF Briefing Note and Consultation for 2026/27

#### Briefing note: Herefordshire Council on Early Years Funding Arrangements for 2026-27

Local Authorities must determine their funding formula before the beginning of the 2026/27 financial year. As part of the process Herefordshire Council consulted with their Early Years Provider Forum on 17<sup>th</sup> December 2025. Central retention and a rates overview will be agreed with School's Forum on 20<sup>th</sup> January 2026.

The purpose of the consultation meeting 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 2026-27 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                       |
|--------------------------------|------------------------------|
| 17 <sup>th</sup> December 2025 | Early Years Provider's Forum |
| 9 <sup>th</sup> January 2026   | Budget Working Group         |
| 20 <sup>th</sup> January 2026  | Schools Forum approvals      |
| TBC                            | Cabinet Sign off             |

#### 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](#))

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 have given 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 2025, the government committed to the funding for the continuation of the expansion of the 30 hours entitlement and said an additional £1billion would be provided in 2026/27 compared to the previous year. The funding 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 of Education on 15<sup>th</sup> December 2025. Herefordshire Council received £27.48m in total.
- Main changes:
  - An increased minimum pass-through requirement for local authorities in 2026/27 – the pass-through rate will increase from 96% to 97%.
  - Introduction of a termly funding system which will include completion of termly headcounts (completed annually in previous years for 3 & 4 year olds).
  - A requirement that local authorities will announce their funding rates to childcare providers by 28 February 2026.
  - Funding previously provided through the NICs and Teachers Pay Grant has been rolled into the hourly rates for each category.
  - An increase of 15% to the Early Years Pupil Premium (EYPP) rates and increase of 3.9% to Disability Access Fund (DAF).
  - Funding received into the local authority for Under 2, 2 Year Olds and 3&4 Year Olds inflated between 4% and 5% (includes NIC and Teachers Pay (TP) grants)



A summary of the funding received for 2026/27 vs 2025/26 is shown below:

|                                  | 25/26 EEF<br>£m | 26/27 EEF<br>£m | Variance | Commentary  |
|----------------------------------|-----------------|-----------------|----------|---|
| Under 2s                         | 7.4             | 8.79            | 18.8%    | Full year effect of 30 hours entitlement. Part year in 2025/26 as expansion introduced in September 25  |
| 2 Year Olds                      | 6.15            | 7.31            | 18.9%    | Full year effect of 30 hours entitlement for <b>working parents</b> . Part year in 2025/26 as expansion to working parents entitlement introduced in September 25 |
| 3&4 Year Old Funding - Universal | 6.81            | 7.28            | 6.9%     |   |
| 3&4 Year Old Funding - Extended  | 3.36            | 3.64            | 8.3%     |   |
| EYPP                             | 0.23            | 0.32            | 39.1%    | Rates increased from £1.00 in 25/26 to £1.15 in 2026/27   |
| DAF                              | 0.12            | 0.14            | 16.7%    | Rates increased from £938 in 25/26 to £975 in 2026/27   |
| <b>Total</b>                     | <b>24.07</b>    | <b>27.48</b>    |          |   |

### Nursery Education Funding (NEF) methodology & modelling used 2026/27

- Central retention at 2.7% has funded Early Years/SEND/EEF (Early Education Funding) advisory staff, & training. **Budget 2026/27 will be kept at 2.7%.**
- SEN Inclusion Funding (SENIF) for budget 2025/26 was £150,000 (distributed to providers, allocated from all age categories). **This will remain at £150,000 for 2026/27.**
- Inflation applied to Deprivation supplement and now paid out to providers for all age categories (If applicable). **Total 2026/27 budget is £194,797.**
- Rurality was built into the 3 & 4 year olds rates for budget 2025/26 and this process will remain.
- A contingency budget has been set for 3 & 4 year olds of £327,139 to support the change from annual counts to termly counts/termly allocation adjustments. This additional growth provided in the 3 and 4 year old hourly rate is provided to support local authorities on the fluctuations of allocation throughout the year due to the change in funding process. This is one off funding.

### Funding rates for 2025-26

The table below outlines the 2026/27 hourly rates with 2025/26 given as a comparison:

| Funding Stream                             | DfE Funded Rate   |                   |              |            |  | Paid Out Rate - Base Funding |                   |              |            |  | Paid Out Rate - Deprivation |                   |              |            |
|--|-------------------|-------------------|--------------|------------|--|------------------------------|-------------------|--------------|------------|--|-----------------------------|-------------------|--------------|------------|
|  | Hourly Rate 25/26 | Hourly Rate 26/27 | Increase (£) | % Increase |  | Hourly Rate 25/26            | Hourly Rate 26/27 | Increase (£) | % Increase |  | Hourly Rate 25/26           | Hourly Rate 26/27 | Increase (£) | % Increase |
| Under 2s                                   | £10.07            | £10.50            | £0.43        | 4.3%       |  | £9.71                        | £10.12            | £0.41        | 4.2%       |  | £0.76                       | £0.87             | £0.11        | 15.0%      |
| 2 Year old FRAS                            | £7.44             | £7.80             | £0.36        | 4.8%       |  | £6.98                        | £7.51             | £0.53        | 7.5%       |  | £0.53                       | £0.78             | £0.25        | 47.2%      |
| 2 Year Old Entitlement for working parents | £7.44             | £7.80             | £0.36        | 4.8%       |  | £6.98                        | £7.51             | £0.53        | 7.5%       |  | £0.53                       | £0.61             | £0.08        | 15.0%      |
| Universal 3 & 4                            | £5.71             | £6.20             | £0.49        | 8.6%       |  | £5.47                        | £5.74             | £0.27        | 5.0%       |  | £0.44                       | £0.51             | £0.07        | 15.0%      |
| Extended 3 & 4                             | £5.71             | £6.20             | £0.49        | 8.6%       |  | £5.47                        | £5.74             | £0.27        | 5.0%       |  | £0.44                       | £0.51             | £0.07        | 15.0%      |
| Pupil Premium                              | £1.00             | £1.15             | £0.15        | 15.0%      |  | £1.00                        | £1.15             | £0.15        | 15.0%      |  |                             |                   |              |            |
| DAF  | £938.00           | £975.00           | £37.00       | 3.9%       |  | £938.00                      | £975.00           | £37.00       | 3.9%       |  |                             |                   |              |            |

The above table shows the funded rates from DfE for Herefordshire and the growth on these rates compared to 2025/26.

The table also shows the proposed hourly rates to be paid out to providers for each funding category, and the inflation providers will receive compared to 2025/26.

For 2026/27 hourly rates for 2 year olds, an amendment has been made to bring the 2 year old FRAS and Working Parents hourly rate in line with the DfE funded rate, to ensure we meet the pass through rate of 97% for each funding stream. In previous years, 2 year olds working parents has been top sliced and an additional funding supplement added to the 2 year old FRAS hourly rate, to promote inclusivity for the most vulnerable 2 year olds.

The hourly rates have been bought back in line with the DfE funded rates, but the 2 year old FRAS deprivation rate has been increased to compensate.

### Benchmarking for Budget 2026/27

The following rates have been given by the Department for Education (DfE) for 2026/27. The rates are shown gross i.e. before any central retention:

| Funding rates given by DfE/hr      | Herefordshire | Shropshire | Gloucestershire | Worcestershire |
|------------------------------------|---------------|------------|-----------------|----------------|
| Under 2s                           | £10.50        | £10.74     | £11.35          | £10.98         |
| 2YO Funding - Working Parents/FRAS | £7.80         | £7.92      | £8.37           | £8.11          |
| 3&4YO Funding - Universal/Extended | £6.01         | £6.01      | £6.03           | £6.01          |
| EYPP                               | £1.15         | £1.15      | £1.15           | £1.15          |
| DAF                                | £975          | £975       | £975            | £975           |

Larger fluctuations in rates between local authorities can be seen for the under 2s and 2 year old working parent/FRAS sectors. The differences in the hourly rates funded are mainly due to the following:

- Main variation between funding rates given by DfE is driven by the base rate due to the area cost adjustment (ACA) applied to national rate.
- Income Deprivation Affecting Children Index (IDACI) 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 2026/27 centrally retained services is capped at 3%, Herefordshire Council will be using 2.7% (in line with 2025/26 budget)
- 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 Area SENCOs
  - Early Years Lead Improvement Advisor
  - Early Education Funding Auditing Officer
  - Early Education Funding Team
- The high-level summary of the duties carried out by the team are as follows:
  - Supporting all Herefordshire early years providers (PVI, schools, childminders) to deliver high-quality, inclusive early learning. Our offer includes universal updates/resources, targeted post-inspection support and market management to meet childcare sufficiency across the county.
  - Helping children with SEND to access and thrive in early education through the Graduated Approach, setting based advice, Portage home visiting, and specialist communication/ASC support—working closely with the All Age SEN (EHC) team, health partners, and the Early Years Advisors.
  - Make payments/adjustments/headcount/census for Early Year.

### 2026/27 Early Years Block

- Herefordshire's Early Years Block funding of £27.48m will be allocated as follows:

| Funding                                    | Hourly rate paid to providers | 2026/ 27 Budget   |
|--|-------------------------------|-------------------|
| Under 2                                    | 10.12                         | 8,475,948         |
| 2 Year old FRAS                            | 7.51                          | 1,036,024         |
| 2 Year Old Entitlement for working parents | 7.51                          | 5,995,511         |
| Universal                                  | 5.74                          | 6,744,799         |
| Extended                                   | 5.74                          | 3,369,650         |
| Pupil Premium                              | 1.15                          | 310,615           |
| DAF  | 975.00                        | 136,500           |
| Centrally Retained                         |                               | 729,672           |
| SENIF                                      |                               | 151,339           |
| Deprivation                                |                               | 194,797           |
| Contingency                                |                               | 327,139           |
| <b>Total</b>                               |                               | <b>27,471,995</b> |
| Allocation 2026/27                         |                               | 27,471,995        |
| Check to Allocation                        |                               | 0                 |

- The Early Years Block 2026/27 Allocation will be amended as follows:
  - Autumn of 2026 to reflect the Summer Term Early Years and Schools Census data.

- Spring 2027 for the updated Autumn Term Early Years and Schools Census Autumn data.
- July 2027 will be the final Early Years Block update to reflect the Spring term Early Years and School Census data.

### **Schools Forum**

Schools Forum's Budget Working Group (BWG) to review NEF on 9 January 2025. Schools Forum will meet on 20 January 2026 to agree the 2.7% central retention funding & local authority funding rates for 2026/27. Two Early Years representatives attend on behalf of the sector. If agreed the proposed NEF rates will commence from the beginning of the summer term 2026.



# Title of report: Revisions to Herefordshire's Scheme for Financing Schools

**Meeting: Herefordshire Schools Forum**

**Meeting date: Tuesday 20 January 2026**

**Report by: Head of Strategic Finance (Deputy S151)**

## **Classification**

Open

## **Decision type**

This is not an executive decision

## **Wards affected**

(All Wards);

## **Purpose**

For Schools Forum to consider and approve amendments to the Herefordshire's Scheme for Financing Schools (Local Management of Schools (LMS) Scheme), for implementation with immediate effect.

## **Recommendation(s)**

**That:**

- a) Schools Forum note the Department of Education (DfE) directed change to Herefordshire's Scheme for Financing Schools (LMS Scheme) as detailed at Appendix A, regarding borrowing by schools (3.6),
- b) Schools Forum consider and approve local revisions to Herefordshire's Scheme for Financing Schools (LMS Scheme) as detailed at Appendix A.

## **Alternative options**

1. Department for Education (DfE) instructed changes must be implemented, however local changes can be rejected if Schools Forum so wish. The Scheme would remain as it is for those items until a solution is found, or the Council seeks permission from the Secretary of State, in

---

Further information on the subject of this report is available from  
Jenny Preece, , email: [jennypreece@herefordshire.gov.uk](mailto:jennypreece@herefordshire.gov.uk)

accordance with Part 4 of the School and Early Years Finance and Childcare (England) Regulations 2025.

## Key considerations

2. Section 48 of the Schools Standards and Framework Act 1998 obliges Local Authorities to establish and maintain a Scheme for Financing Schools dealing with how a Local Authority will finance the schools that it maintains.
3. The Scheme applies to all community, nursery, special, voluntary, foundation (including trust), foundation special schools and PRUs maintained by the local authority, whether they are situated in the area of the authority or situated elsewhere. It does not apply to schools situated in the local authority's area which are maintained by another authority. Nor does it apply to academies.
4. In line with the Regulations, revisions to a Local Authority's Scheme for Financing Schools can only be implemented once a Local Authority has consulted with their maintained schools and obtained the approval of either their Schools Forum or the Secretary of State for Education.
5. Only Schools Forum members representing maintained schools are eligible to vote on the proposed changes.
6. However, amendments to a Scheme for Financing Schools, that are necessary to enable it to comply with changes to the law introduced by the Regulations, do not require consultation or the approval of a Schools Forum.
7. Herefordshire Council commenced a public consultation on 1 December 2025 on the proposed changes to the Scheme for Financing Schools (LMS Scheme). The consultation received 7 responses before closing on 19 December 2025. The responses to the proposed amendments are noted alongside each one below.
8. The proposed amendments are detailed in Appendix A. In summary, the revisions proposed are:

### Changes to the guidance directed by the DfE

- Borrowing by schools (3.6) – The introduction of IFRS 16 for Local Authorities from 1 April 2024 ends the distinction between operating and finance leases at maintained schools and in effect, all leases will be classified as finance leases for accounting purposes. Guidance updated to reflect the Secretary of State providing blanket consent to certain categories of finance lease.

### Local Revisions

- Scheme updated throughout to reflect Council structure, contact details, dates and guidance links. Also, removal of any historical references to ceased funding or duplicated points.
- Provide additional clarification on several points including revision of the scheme (1.4), controls on surplus balances (4.2), charging for school activities (5.7), income tax and national insurance (7.2) and liability of governors (11.2).
- Controls on surplus balances (4.2) – Provide the ability to reprofile surplus balances held by schools with licensed deficits to support returning to surplus position if they deficit budget.

- Planning for deficit budgets (4.5) & Licensed deficits and recovery plans (4.9) – Provide further clarification on the arrangements for licensed deficits and reflect a more prudent approach to planned deficits held against collective surplus school balances.
- Section 10 Insurance Cover removed and revised to reflect the introduction of the DfE Risk Protection Arrangement (RPA).

## **Community impact**

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

## **Environmental impact**

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

## **Equality duty**

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

## **Resource implications**

14. The school's budget is fully funded by Dedicated Schools Grant (DSG).

## Legal implications

15. The recommended amendments to the Scheme are in accordance with updates to the Department for Education (DfE) guidance to reflect changes in the Schools and Early Years Finance (England) Regulations 2025. DfE statutory guidance on schemes for financing schools for local authorities March 2025 states that councils are required to publish schemes for financing schools setting out the financial relationship between them and the schools they maintain. In making any changes to their schemes, councils must consult all schools in their area and receive the approval of members of their schools forum representing maintained schools. Councils must take this guidance into account when revising their schemes, in consultation with the schools forum.

## Risk management

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

## Consultees

17. Budget Working Group (BWG) was informed of the planned consultation process at the meeting on the 7 November 2025 and Schools Forum at the meeting on the 21 November 2025.
18. Herefordshire Council commenced a public consultation on 1 December 2025 on the proposed changes to the LMS Scheme. The consultation received 7 responses before closing on 19 December 2025.
19. Budget Working Group (BWG) have reviewed the responses to the consultation on 9 January 2026 and recommend that Schools Forum approve all of the proposed revisions at the meeting on 20 January 2026.

## Appendices

Appendix A – Revisions to Herefordshire's Scheme for Financing Schools

## Background papers

None.

## Glossary of terms, abbreviations and acronyms used in this report

|         |  |
|---------|--|
| BWG     | Budget Working Group (of Schools Forum)                |
| CEST    | Check Employment Status for Tax                        |
| CFR     | Consistent Financial Reporting                         |
| DfE     | Department of Education                                |
| DSG     | Dedicated Schools Grant                                |
| LA      | Local Authority  |
| LMS     | Local Management of Schools                            |
| IFRS 16 | International Financial Reporting Standard 16 (Leases) |
| PAYE    | Pay As You Earn  |
| RPA     | Risk Protection Arrangement                            |



## Appendix A – Revisions to Herefordshire’s Scheme for Financing Schools

Scheme publication date: January 2026

Consultation period: 1 – 19 December 2025

### Changes to the guidance directed by the DfE

#### **Borrowing by Schools (3.6) (response: 7 Agree, 0 Disagree)**

Removal of the following wording: *Similarly, governing bodies and headteachers may not borrow money from external sources for any official purpose whatsoever, except with the permission of the Secretary of State.*

Replaced with the following: *Similarly, governing bodies and headteachers may not enter into any borrowing arrangements, including finance leases, hire purchase or other leasing deals, without specific and written permission of the Secretary of State. The introduction of IFRS16 for local authorities from 1 April 2024 ends the distinction between operating and finance leases at maintained schools for accounting purposes. Under the Education Act 2002, all leases will be classified as borrowing and will require the Secretary of State for Education’s consent.*

*The Secretary of State has however agreed to provide blanket consent to a range of the most common leasing activities, as set out in the IFRS16 Maintained Schools Finance Lease Class Consent 2024. Leases not included in this Order will still require the written consent of the Secretary of State, and it remains the general position that schools will only be granted permission for borrowing in exceptional circumstances. From time to time, however the Secretary of State may introduce limited schemes in order to meet broader policy objectives.*

### Local proposed changes to the scheme

#### **Revision of the Scheme (1.4) (response: 7 Agree, 0 Disagree)**

Additional wording included: *Where the Schools Forum does not approve them or approves them subject to modifications which are not acceptable to the authority, the authority may apply to the Secretary of State for approval. It is also possible for the Secretary of State to make directed revisions to schemes after consultation. Such revisions become part of the scheme from the date of the direction.*

#### **Controls on Surplus Balances (4.2) (response: 6 Agree, 1 Disagree)**

Additional wording to add the ability to reprofile surplus balances if no longer applicable: *Where schools have allocated prior year surplus balances to fund capital projects (CFR reference B01), which have not yet commenced, and the school has a licensed deficit and has submitted a deficit recovery plan. It is permitted for schools, with the agreement of the Director of Education, Skills and Learning, on behalf of the Director of Children’s Services, and the Council’s Chief Financial Officer, to request to reprofile these balances to support the school in returning to a surplus position.*

#### **Planning for Deficit Budgets (4.5) (response: 4 Agree, 3 Disagree)**

Removal of the following wording: *Schools may only plan for deficit budgets under certain circumstances determined by the Authority (see also 4.9).*

Additional wording included: *No school may plan for a deficit budget. However, in exceptional circumstances Governors may apply to the Council where they anticipate their budget will be in deficit for the following year as a result of specific objectives, such as where settlement*

*agreements or tribunals are anticipated. However, no commitments of such a nature may be entered into without the prior approval of the Council's Chief Financial Officer.*

*If a schools year end position is, despite warning and without prior negotiations with the Council, persistently and/or unreasonably in excess of the budget share such action may be considered by the Council as grounds for the withdrawal of the delegated budget from the Governing Body. (Please see section 2.15 Notice of Financial Concern).*

*Schools must submit a recovery plan to the local authority when their revenue deficit rises above 5% at 31 March of any year.*

#### **Licenced Deficits and Recovery Plans (4.9) (response: 5 Agree, 2 Disagree)**

Change to provide clarity of arrangements and reflect a more prudent approach to planned deficits, therefore the whole section to be removed and replaced with the following:

- a) *A school may plan for a deficit budget only via the Council's Licensed Deficit scheme, whereby a school may borrow against the collective surplus of balances held by the Council on behalf of schools, in order to set a balanced budget.*
- b) *The following conditions will apply:*
  - i. *The maximum length of a loan will be 3 years.*
  - ii. *The maximum amount borrowed will normally be 5% of the school's budget share unless a greater amount is agreed by the Director of Education, Skills and Learning, on behalf of the Director of Children's Services, and the Council's Chief Financial Officer.*
  - iii. *No more than 20% of the collective surplus of school balances will normally be available for loan, unless a greater proportion is agreed by the Director of Education, Skills and Learning, on behalf of the Director of Children's Services, and the Council's Chief Financial Officer.*
- c) *Schools with external bank accounts seeking licensed deficits would need to provide the Council's Chief Financial Officer with a copy of reconciled bank statements demonstrating the school's current financial position.*
- d) *A school wishing to borrow under this scheme must submit a detailed application in the form required by the Council, stating clearly how the deficit has arisen, what action is being taken to reduce the deficit and how the school will be able to set a balanced budget by the end of the loan term.*
- e) *Interest may be payable on the outstanding balance in accordance Council's General Fund Borrowing rate prevailing at the time.*
- f) *The Council will deduct repayments at source from a school's budget annually.*
- g) *All licensed deficits will be agreed by the Director of Education, Skills and Learning, on behalf of the Director of Children's Services, and the Council's Chief Financial Officer.*
- h) *It is expected that other than in exceptional circumstances applications for licensed deficits will be received in the appropriate format by 1 May of the year for which the licensed deficit is requested. In circumstances where a school requires a budget share advance in order not to be overdrawn at their bank, this should be treated as a cash advance and not a loan. This will have no effect on the school's budget and outturn statements.*
- i) *Schools must submit a recovery plan to the Council when their revenue deficit rises above 5% at 31 March of any year. The 5% deficit threshold will apply when deficits are measured as at 31 March 2026.*

**Charging for School Activities (5.7) (response: 7 Agree, 0 Disagree)**

Add wording to clarify which services schools can charge for: *Schools should have regard to Section 449-462 of the Education Act 1996. This sets out the law on charging for school activities. It covers items such as residential visits, music tuition, transport and voluntary contributions.*

**Income Tax and National Insurance (7.2) (response: 7 Agree, 0 Disagree)**

Additional wording to clarify how payments to non-employees should be made: *Schools cannot make payments to individuals (non-employees) without considering their income tax status; there is a statutory duty to ensure PAYE is operated where applicable. Non compliance will result in the school being liable to penalties imposed by HM Revenue and Customs. If any member of staff employed by the school or LA in connection with extended services facilities at the school is paid from funds held in a schools own bank account, the school is likely to be held liable for payment of income tax and National Insurance, in line with H M Revenue and Customs rules, just as for any other employee. Schools must be proactive in determining the employment status of any person engaged to supply goods or services to the school. The (CEST) tool is available at <https://www.gov.uk/guidance/check-employment-status-for-tax>*

**Liability of Governors (11.2) (response: 7 Agree, 0 Disagree)**

Additional wording to clarify “good faith” context regarding personal liability: *In this context “good faith” refers to contracts entered into honestly and with no ulterior motive: an example of behaviour which is not in good faith is the carrying out of fraudulent acts.*

**Insurance Cover (Section 10) (response: 6 Agree, 1 Disagree)**

The whole section to be removed and replaced with the following to reflect the introduction of the Risk Protection Arrangement (RPA):

**10.1 Insurance Cover**

- a) *Since April 2020, the Department for Education’s Risk Protection Arrangement (RPA) has been the principal insurance mechanism for maintained schools and academies. The RPA provides cover broadly equivalent to traditional insurance and includes property damage, employer’s and public liability, legal expenses and other standard protections.*
- b) *The Council no longer provides a collective insurance scheme for schools. However, the following minimum standards are retained for reference where a school is not eligible for, or has opted out of, the RPA, and instead maintains commercial insurance.*
- c) *Such schools must provide annual evidence of cover (e.g. policy schedule or certificate of insurance) to confirm that their arrangements meet or exceed the following minimum levels:*
  - *Employer’s Liability: £25 million*
  - *Public Liability: £25 million (including volunteers and governors)*
  - *Libel/Slander: £1 million*
  - *Personal Accident: Death benefit at 5 x annual salary (minimum £35,000), scaled for injury; governors up to £50,000; volunteers up to £10,000*
  - *Fidelity Guarantee: Cover for school and PTA funds against employee fraud or dishonesty*
  - *Property: Reinstatement basis for insured perils*
  - *Engineering: Damage to plant, machinery, or sudden/unforeseen failure*
  - *Cash: Sums insured as appropriate to cash holdings*

*Schools may also purchase additional coverage where necessary according to their specific risks.*

## **10.2 Additional Cover**

- a) *The RPA does not include insurance for Motor Vehicles. Schools that operate minibuses or other vehicles must arrange separate comprehensive motor cover through a commercial insurer or broker.*
- b) *Optional cover (for schools not in the RPA or with additional needs):*
  - *Loss of Revenue/Hirings: Loss of income following insured damage*
  - *School Journey/Travel Cover: For pupils and accompanying staff on school trips*
  - *Personal Accident (Pupils): During school or offsite activities*
  - *Balance of Risks: For buildings/contents not covered by RPA (if opted out)*

## **10.3 Administration and Evidence of Cover**

- a) *Schools participating in the RPA are not required to submit evidence to the Council, as membership is confirmed via the DfE.*
- b) *Schools outside of the RPA must provide copies of insurance schedules and certificates annually, no later than 1 February prior to renewal.*
- c) *The Council will maintain oversight only to ensure that such schools meet the required minimum standards of cover.*



