

Agenda

Herefordshire Schools Forum

Date: **Friday 20 March 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

If you would like help to understand this document, or would like it in another format or language, please call Jenny Preece, Democratic Services Officer on 01432 261699 or e-mail 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
Zayla Beecham
Emma Blankley
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
Rachel Ussher

Dave Williams

Academies
Local Authority Maintained Primary School

Academies
LA maintained secondary schools
Academies (Primary)
Academies (Primary)
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
LA Maintained Primary School (nursery class)
16-19 providers

Agenda

		Pages
1.	<p>APOLOGIES FOR ABSENCE</p> <p>To receive apologies for absence.</p>	
2.	<p>NAMED SUBSTITUTES (IF ANY)</p> <p>To receive any details of Members nominated to attend the meeting in place of a Member of the Forum.</p>	
3.	<p>DECLARATIONS OF INTEREST</p> <p>To receive any declarations of interest by Members in respect of items on the Agenda.</p>	
4.	<p>MINUTES</p> <p>To approve and sign the minutes of the meeting held on 20 January 2026.</p>	5 - 8
5.	<p>RECOUPMENT FROM SCHOOLS BUDGETS FOR PERMANENT EXCLUSIONS AND HOSPITAL EDUCATION</p> <p>For Schools Forum to consider and give a view on the revised process for recouping budget shares from schools, in relation to both permanently excluded pupils and pupils receiving hospital education.</p>	9 - 14
6.	<p>DEDICATED SCHOOLS GRANT 2025/26 QUARTER 3 OUTTURN</p> <p>To provide an update to the Schools Forum on the Dedicated Schools Grant (DSG) outturn as at 31 December 2025 (Quarter 3).</p>	15 - 20
7.	<p>HIGH NEEDS BUDGET 2026/27</p> <p>To propose the High Needs Budget for 2026/27 to the Cabinet Member Children and Young People.</p> <p>Dedicated Schools Grant funding for the High Needs Block (HNB) in 2026/27 is £25.14 million. At this stage, the funding for HNB is provisional and is subject to final adjustments based on actual termly take up. The funding values and formula calculations are in accordance with the National Funding Formula (NFF) as set by the Government.</p>	21 - 28
8.	<p>DSG DEFICIT MANAGEMENT PLAN AND SEND REFORMS</p> <p>To report on the progress of delivering the Deficit Management Plan (DMP).</p> <p>(Verbal Update)</p>	
9.	<p>DATE OF NEXT MEETING</p> <p>Friday 10 July 2026, 9:30am.</p>	



Minutes of the meeting of Herefordshire Schools Forum held at virtual meeting platform on Tuesday 20 January 2026 at 9.30 am

Present: **Mr P Jennings (Academies) (Chairperson)**
 Mr R Foster (Local Authority Maintained Primary School) (Vice-chairperson)

Ms A Banner	LA maintained secondary schools
Mr A Breakwell	Maintained Primary - headteacher
Mr A Davies	Academies (primary)
Mr S Debenham	Maintained Primary - headteacher
Mr P Deneen	Trade Unions
Ms N Gilbert	LA Special Schools
Ms K Joiner	Academy Special School
Mr T Knapp	Academies
Mr C Lewandowski	Trade Unions
Mrs R Lloyd	Early Years Providers
Ms H Manns	Early Years providers
Ms C Perez	16-19 Providers

In attendance:

Officers: **Finance Business Partner for Education and Schools, Democratic Services Manager, Service Director, Education, Skills and Learning, Head of Strategic Finance, Senior Finance Business Partner, Head of Additional Needs and Head of Learning and Achievement**

14. **APOLOGIES FOR ABSENCE**

Apologies were received from Beverley Blower and Gemma Martin.

Officers

Cllr Ivan Powell, Cabinet Member Children and Young People.

15. **NAMED SUBSTITUTES (IF ANY)**

There were no named substitutes.

16. **DECLARATIONS OF INTEREST**

Tim Knapp as Head Teacher of Whitecross School declared an interest with regards to the Whitecross's PFI contract. Paul Deneen and Christopher Lewandowski declared an interest as members of the Trade Union.

17. **MINUTES**

The minutes of the meeting held on 21 November 2025 were agreed as an accurate record.

18. **DEFICIT MANAGEMENT PLAN**

The Director of Education, Skills and Learning provided an overview of the deficit management plan to address the high needs deficit, focusing on four priorities:

- managing demand through early intervention,
- increasing local specialist provision (including for pupils with complex needs), and
- maintaining close financial scrutiny of high needs workstreams. Progress is reported regularly to the Budget Working Group.

Updates were provided on progress on intervention workstreams and sufficiency planning.

The Harvest Project (HPRS) is operational, with 11 children currently attending against a capacity of 24 places. Additional short- and long-term commissioned places are being developed to support pupils with social, emotional and mental health needs. This includes new provision at St Martin's, which has been subject to some minor construction delays, but is expected to open in September.

The Inclusion Service has been expanded to provide broader support to schools, building on the existing Social Emotional Mental Health (SEMH) model. This now includes autism outreach (no longer dependent on diagnosis), neurodiversity intervention specialists, and enhanced support for cognition and learning needs, including adaptive teaching and the Inclusive Classroom Project. A single referral pathway is now in place, supported by strong links with the Physical & Sensory Support Teams (PASS) team, and a growing, subsidised training offer for schools.

On sufficiency, members were advised that the Department for Education has decided not to proceed with the planned free school, which would have provided 80 specialist places. The Council is making formal representations before the end of February, highlighting rural need, significant demand pressures, and the shortfall between current specialist capacity (c.300–400 places) and need (c.700 pupils).

Other capital projects remain on track, including the expansion of Hampton Dene (September 2026), Westfield under the School Rebuilding Programme, and the Ryefield Moderate Learning Difficulties provision (January 2027).

Members welcomed the progress made, recognised the challenges of the high need's deficit. Members also expressed strong support for further representations to the Department for Education, including potential joint correspondence from the Schools Forum and the Budget Working Group.

19. SCHOOLS BUDGET 2026/27

The Head of Strategic Finance presented an overview of the 2026/27 Schools Budget, based on funding allocations received in December. The total Dedicated Schools Grant allocation is £196.2m, with the report covering the Schools Block, Central School Services Block (CSSB), and Early Years Block, while the High Needs Block will be considered separately in March.

For the Schools Block, funding increases to just under £144m, representing a like-for-like increase of 2.47% despite a reduction of 274 pupils. Two grants have been baselined into the national funding formula, and the Minimum Funding Guarantee is set at 0%. To balance the funding formula, the basic entitlement factor has been marginally reduced by 0.6%, remaining the fairest approach and still delivering overall growth of around 3% to schools. The Authority Proforma Tool submission is being finalised, with school budget shares to be confirmed by 28 February.

Within the CSSB, £963,000 is allocated to ongoing commitments, with budgets adjusted for inflation and updated pupil numbers. Provision has been made for DfE licence costs based on actual expenditure plus inflation, and members were advised that a

comprehensive review of CSSB and delegated services will be brought to Schools Forum in June to inform 27/28 budget arrangements.

The Early Years Block allocation increases to £27.48m, an increase of £3.4m, reflecting the expanded childcare entitlements, including funding for children from nine months and increased take-up of two-year-old and extended entitlements. Key changes include a higher minimum pass-through rate to providers (97%), termly funding for three- and four-year-olds, increased hourly rates, and a one-off contingency fund to manage fluctuations during the transition. A retained element of 2.7% of funds is allocated to central early years support services.

Members of the forum thanked officers and the finance team for meeting challenging deadlines over the Christmas period and noted the fairness and child-focused approach taken in developing the budget proposals.

Questions were raised about whether increased Early Years funding would be sufficient to meet demand and about the impact of falling pupil numbers on staffing, particularly in small rural schools.

Officers confirmed that early year's sufficiency work indicates there are enough places to meet current demand and that pupil numbers are expected to rise gradually after reaching a low point. While school capacities have reduced slightly, officers are not currently concerned about sustainability. It was noted that potential support for rural schools, including through contingencies and delegated services, will be considered as part of a planned review in June, and that further detail on Early Years spending and DSG outturn will be provided later in the year. Officers also confirmed that in-year pupil growth is being closely monitored, with sufficient capacity in primary schools and mitigation plans in place for tighter areas in the secondary estate, including SEND provision.

The Chair moved to recommend that the 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.

The recommendation was carried 15 votes for, with 1 abstention

20. REVISIONS TO HEREFORDSHIRE'S SCHEME FOR FINANCING SCHOOLS

The Head of Strategic Finance reported on the consultation undertaken on proposed changes to Herefordshire's Scheme for Financing Schools, which ran from 1–18 December and received seven responses. Most respondents supported the proposed changes, with some mixed views on arrangements for licensed deficits and recovery planning.

Some amendments were required to reflect Department for Education guidance, including changes relating to borrowing and leases, which did not require a local decision. Other proposed changes were local, aimed at tightening the scheme, improving clarity, and updating sections on governors' liabilities and insurance cover to reflect current arrangements, including the DfE Risk Protection Arrangement.

Further changes strengthened controls on surplus balances, deficit planning, and recovery plans, setting out clearer expectations for schools and the support available from the local authority. In particular, a mechanism was introduced to allow schools to re-purpose previously earmarked balances for capital projects to support one-off revenue costs where financial pressures arise.

Overall, officers recommended approval of the amendments, noting that the changes were in the best interests of schools, the local authority, and the DSG as a whole. Members welcomed the review and supported the updated scheme.

The Chair moved to recommend that revisions to Herefordshire's Scheme for Financing Schools be approved.

Voting was restricted by regulation to maintained school members (primary and secondary), special schools and PRU. The recommendation was carried unanimously.

21. DATE OF NEXT MEETING

Friday 20 March 2026, 9:30am.

The meeting ended at 10:34am

Chairperson



Title of report: Recoupment from Schools Budgets for Permanent Exclusions and Hospital Education

Meeting: Herefordshire Schools Forum

Meeting date: Friday 20 March 2026

Report by: Head of Strategic Finance (Deputy S151) and Director of Education, Skills and Learning

Classification

Open

Decision type

This is not an executive decision

Wards affected

(All Wards)

Purpose

For Schools Forum to consider and give a view on the revised process for recouping budget shares from schools, in relation to both permanently excluded pupils and pupils receiving hospital education.

Recommendation(s)

That:

- a) **Schools Forum to note the Department of Education (DfE) guidance regarding the recoupment of School Budget Shares for excluded pupils and approve the revised charging process.**
- b) **Schools Forum to consider and give a view on the revised funding process for charging schools for pupils receiving education funded by a local authority, other than at a school maintained by the local authority.**

Alternative options

1. As per The Schools and Early Years Finance Regulations 2025, the local authority must determine the excluding schools budget share and reduce in line with amounts determined by the guidance. At present in Herefordshire, the excluding schools budget share is reduced

directly by Herefordshire Pupil Referral Service (HPRS). And the commissioned funding from the local authority paid to HPRS is reduced accordingly.

Key considerations

2. When a pupil is permanently excluded from a school or leaves school and is admitted into Alternative Provision (AP) for any other reason, funding should follow the pupil into alternative provision, and then to any subsequent new school they are admitted to, subject to the national finance arrangements.
3. The financial arrangements cover permanent exclusions from mainstream schools and academies, pupils leaving mainstream school to receive AP funded by the local authority for any other reason, and pupils remaining on-roll with a school but receiving AP provision for medical needs where this is not funded by the school at which they are on-roll.
4. When a pupil is excluded from a mainstream school, the local authority must deduct from the school's budget in-year the amount within the formula relating to the age and personal circumstances of that pupil, pro rata to the number of complete weeks remaining in the financial year from the 'relevant date'. The 'relevant date' is the sixth school day following the date of permanent exclusion.
5. The only exception to using the number of weeks remaining in the financial year is where the exclusion takes place after 1 April, in a school year where the pupil would normally have left at the end of that school year. In that case, the calculation is based just on the number of weeks left until the end of the school year.
6. Where the excluded pupil is eligible for the pupil premium, the pupil premium itself cannot be recovered from the school from which a pupil is excluded, but the budget share must be adjusted for the pupil premium on the same basis as the calculations above.
7. The funding deducted should then be used by the local authority to add funding to the receiving school's budget share and/or to help with the costs of making AP for the excluded child.

Recommendations

8. The recommendation is that the process for adjusting school's budgets shares for permanently excluded pupils or pupils being educated elsewhere, will be the responsibility of the local authority from 2025/26 onwards.
9. The funding recouped by the local authority will be used to offset the rising costs of alternative provision within Herefordshire, which is funded via the High Needs Block.
10. Deductions from the school's budget for permanently excluded pupils and pupils being educated elsewhere, will be based on the following:
 - Basic Entitlement Factor Value (for the relevant Key Stage)
 - Free School Meals (including Ever6) funding, if eligible
 - EAL, if eligible
 - Pupil Premium - if eligible
11. For permanently excluded pupils, the total calculation of the above factors will then be pro-rated for the remaining weeks of the financial year, after the 6th relevant day.

12. Where the pupil remains on roll at the school, but is receiving education in an alternative provision, the school will be charged termly and retrospectively, based on the number of days of education received in the alternative provision e.g. hospital school. On the same charging basis as a above (paragraph 10).
13. If an excluded pupil is admitted into a new school, then the admitting school will receive the funding for this pupil, based on the same principles noted above (paragraph 10).
14. Please refer to Appendix A for a breakdown of the 2025/26 Factor Values that will be used to calculate the recoupments from schools.

Community impact

15. 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

16. 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

17. 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.
18. 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.
19. 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

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

Legal implications

21. 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.

Risk management

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

Consultees

23. This report was presented and discussed at the Budget Working Group (BWG) on 6 March 2026.

Appendices

Appendix A - Factor Values

Background papers

None.

Glossary of terms, abbreviations and acronyms used in this report

AP	Alternative Provision
BWG	Budget Working Group (of Schools Forum)
DfE	Department of Education
DSG	Dedicated Schools Grant
HPRS	Herefordshire Pupil Referral Service
LA	Local Authority

Appendix A – 2025/26 Factor Values

The table below shows the 2025/26 factor values for each of the funding elements within the calculation for permanently excluded pupils and pupils educated elsewhere.

The rates included are the full year rates, the school recoupment will be prorated down for the number of weeks remaining in the financial year, from the 6th day after exclusion. Or where the child is still on roll and being educated elsewhere, the rates will be prorated based on the number of days each term the child is being educated in alternative provision

Factor	25/26 Primary Factor Value	25/26 Secondary - KS3 Factor Value	25/26 Secondary - KS4 Factor Value
Basic Entitlement	£3,790.90	£5,342.27	£6,022.91
FSM/FSM 6	£1,555.00	£2,050.00	£2,050.00
EAL	£595.00	£1,595.00	£1,595.00
Pupil Premium	£1,515.00	£1,075.00	£1,075.00



Title of report: Dedicated Schools Grant 2025/26 Quarter 3 Outturn

Meeting: Herefordshire Schools Forum

Meeting date: Friday 20 March 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 provide an update to the Schools Forum on the Dedicated Schools Grant (DSG) outturn as at 31 December 2025 (Quarter 3).

Recommendation(s)

That:

- a) **Schools Forum note the current Quarter 3 outturn position of the Dedicated Schools Grant (DSG) for 2025/26.**

Key considerations

1. Herefordshire's Dedicated Schools Grant (DSG) allocation for 2025/26 is as follows:

Block	Gross Allocation £m	Recoupment £m	NNDR Adjustment £m	Net Allocation £m
Schools Block	138.166	(71.797)	(1.306)	65.063
Central Block	0.934	-	-	0.934
High Needs Block	28.786	(5.254)	-	23.532
Early Years Block	23.923	-	-	23.923
DSG Allocation 2025/26	191.809	(77.051)	(1.306)	113.452

2. The DSG allocation is as per the latest published allocations in January 2026. This reflects the Early Years funding adjustments, 2025/26 import/export adjustments in the High Needs Block and a £0.2 million recoupment adjustment in the Schools Block for recent academy conversions.
3. The forecast deficit on the High Needs Block at the time of budget setting for 2025/26 was £20 million. As at Quarter 3, the DSG is forecast to overspend by £18.2 million, which relates to the pressures on the High Needs Block. The below table shows the Quarter 3 outturn by block:

Block	Budget £m	Forecast £m	Variance £m
Schools Block	65.063	65.063	-
Central Block	0.934	0.934	-
High Needs Block	23.532	41.692	18.160
Early Years Block	23.923	23.923	-
Total DSG 2025/26	113.452	131.612	18.160

4. The main reasons for the variance of £1.8 million compared to the expected in-year deficit is because of reduced complex needs placements, and independent placements and alternative education provisions average cost being lower than estimated in the budget. This is offset by increased top up payments for pupils in mainstream, special, pupil referral units and post 16 provision.

Cumulative DSG Deficit and the High Needs Support Grant

5. The cumulative forecast deficit on the High Needs Block at the end of 2025/26 is currently £38.2 million, which is analysed as follows:

DSG Deficit	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m
Outturn	1.1	5.0	13.9	18.2
Cumulative DSG Deficit Balance	1.1	6.1	20.0	38.2

6. The cumulative DSG deficit is accounted for as an unusable reserve on the Council's balance sheet, as permitted via statutory instrument, which will remain in place until 31 March 2028. This enables all local authorities to ring-fence the DSG deficit from the overall financial position in the statutory accounts.
7. The Department for Education (DfE) announced on 23 February 2026 that local authorities would receive funding via a new High Needs Stability Grant to offset 90% of its historic DSG deficits up to and including the 31 March 2026. This would equate to £34.4 million based on the Q3 outturn. Council's will then have to fund the remaining 10% from its Earmarked Reserves, which would equate to £3.8m.
8. However, allocations of the HNSG will only be paid once a local authority has developed and submitted to the DfE a Local SEND reform plan which is then approved as meeting the required criteria. The government expect local SEND reform plans to be developed collaboratively by local area partnerships including schools, health, early years settings and post-16 providers, to ensure the plan reflects the shared responsibility of the whole local system in supporting children and young people.
9. The DfE recognise that SEND reform will take time to fully embed and local authorities will need further support. For deficits that arise in 2026/27 and 2027/28, local authorities can expect that the DfE will continue to take an appropriate and proportionate approach, though it will not be unlimited. From 2028/29, SEND spending will be covered within the government's DEL budget so local authorities will not be expected to fund future SEND costs from general funds.
10. Measures to contain the deficit and mitigate future cost and demand pressures will continue to be managed by the Service through the DSG Deficit Management Plan and the financial impact of agreed mitigations will be monitored and reported throughout the year as part of the council's routine budget monitoring processes.

Early Years Block

11. At the Schools Forum meeting on 20 January 2026, the forum requested that more detailed information be provided regarding the Early Years Block, particularly the use of the central retained element.
12. As noted in paragraph 1, the latest 2025/26 Early Years Block allocation is £23.9 million which was updated by the DfE in January 2026. As agreed at Schools Forum a part of the 2025/26 budget setting process, 2.7% of the allocation is centrally retained, in line with the DfE guidance, with the remainder being passported to providers.

13. The central budget for 2025/26 is £645,000 and a summary of how this is being spent is noted below. There is currently no forecast variance on the centrally retained budget:
- a. Early Years Improvement Advisors
 - b. Early Years Inclusion Officers
 - c. Early Years Funding and Auditing Support
 - d. Early Years Transactional Officer (Via Hoople Contract)

Community impact

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

Environmental Impact

15. 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

16. 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.
17. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows: A public authority must, in the exercise of its functions, have due regard to the need to – (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act; (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
18. 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

19. This report relates to the Dedicated Schools Grant (DSG) only.

Legal implications

20. The Schools Forum is a statutory decision making and consultative body constituted in line with the School Standards and Framework Act 1998, and its associated regulations, including the Schools Forum (England) (Coronavirus) (Amendment) Regulations 2020, to enable members of the local school community to work in partnership with Herefordshire Council when making decisions about school funding and finances.
21. The funding of schools is prescribed by the Department for Education (DfE) through the School and Early Years Finance (England) Regulations 2025.

Risk management

22. Budget Working Group (BWG) reviews all reports and 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's and Young People directorate jointly with the Schools Forum.

Consultees

23. Budget Working Group (BWG) was consulted on 6 March 2026, who noted the contents of the report.

Appendices

None.

Background papers

None.

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

BWG Budget Working Group (of Schools Forum)
 DfE Department for Education
 DSG Dedicated Schools Grant
 HNSG High Needs Stability Grant
 NNDR National Non-Domestic Rates



Title of report: High Needs Budget 2026/27

Meeting: Herefordshire Schools Forum

Meeting date: Friday 20 March 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 propose the High Needs Budget for 2026/27 to the Cabinet Member Children and Young People.

Dedicated Schools Grant funding for the High Needs Block (HNB) in 2026/27 is £25.14 million. At this stage, the funding for HNB is provisional and is subject to final adjustments based on actual termly take up. The funding values and formula calculations are in accordance with the National Funding Formula (NFF) as set by the Government.

Recommendation(s)

That Herefordshire's High Needs Budget of £50.9 million for 2026/27 for approval by the Cabinet Member for Children and Young People as set out in the presentation, noting the funding gap in 2026/27 of £25.7 million.

Alternative options

1. The Budget Working Group (BWG) has been consulted on the proposed budget plan and recommends the deficit budget to Schools Forum.

Key considerations

2. The DSG is intended to meet the educational costs of pupils in primary and secondary education, as well as the educational costs of special educational provision for children and young people with Special Educational Needs (SEN) in post-16 provision, including those aged over 19 and up to 25 who have an Education Health Care Plan (EHCP). The DSG cannot be used for purposes other than those specified in the conditions of grant and regulations. High needs funding is one element of this.
3. High needs funding is provided to all local authorities through the High Needs Block of the Dedicated Schools Grant (DSG), to enable them to meet their statutory duties under the Children and Families Act 2014. Local authorities then pass it to schools and other providers for individual children, as well as using it to provide specified specialist support services. The DSG is ring-fenced, meaning that authorities cannot allocate this funding for purposes other than education.
4. Members of the forum will be aware from previous reports that Herefordshire slipped into a cumulative DSG deficit position at the end of 2021/22 financial year. The deficit was solely attributed to overspend in recent years in the High Needs Block due to the legal requirement in the Children's Act to meet pupil need irrespective of available financial resources. Although the deficit was initially modest, it has risen considerably since 2021/22. It is projected to be £38.2 million at the end of 2025/26.

High Needs Block Allocation 2026/27

5. 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.
6. 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).
7. 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).

Herefordshire's provisional Dedicated Schools Grant 2026/27 at December 2025 (reported in Jan 26 report)

	Schools Block £ m	Central Schools Block £ m	Early Years Block £m	High Needs Block £m
Total Schools Block	142.68			
Total Central Schools Block		0.96		
Total Early Years Block			27.47	
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)
Total High Needs Block				25.14
Provisional 2026/27 DSG Budget by Block	142.68	0.96	27.47	25.14

Proposed HNB Budget 2026/27

8. The High Needs Block gross allocation for 2026/27 is £30.7 million. Whilst this represents an increase of £1.9 million (6.6%) on the 2025/26 allocation, it should be noted that this increase is due to grants being rolled in the HNB budget, not growth. As a result of this the allocation is not sufficient to meet identified pressures in this area.
9. The High Needs Block budget proposed for 2026/27 includes a transfer from the Early Years Block for the SEN inclusion fund of £0.1 million and £0.3 million from the Central Block. The transfer into the High Needs Block totals £0.4 million.
10. Following recoupment deductions (-£5.6 million) and then adding on transfers from other blocks (+£0.4 million) the net funding for the 2026/27 High Needs Block is £25.1 million as highlighted in the table in paragraph 11.
11. The council has undertaken a detailed analysis of the 2026/27 High Needs Block funding requirements with 2025/26 Q3 full year forecast being used as the starting point, with additions then being made for inflation, pupil growth and additional placements. This has created a proposed funding requirement of £50.9 million for 2026/27, which is summarised below:

High Needs Block	2025/26 Budget £m	2026/27 Budget £m	Variance £m
Special School Places	1.207	2.562	1.355
PRU Places	1.033	1.340	0.307
PRU Top Ups	0.512	0.867	0.355
Early Years SENIF Grants	0.270	0.270	-
Nurture Provision	0.291	-	(0.291)
Resource Bases (inc. top ups)	0.552	0.118	(0.434)
Autism Bases	0.566	1.513	0.947
SEN Support Services	1.471	1.820	0.349
Inter Auth Recoupment	(0.060)	0.149	0.209
Fees to Independent Schools	20.626	21.634	1.008
S19 Education costs	-	0.325	0.325
Tier 4 Hospital School Provision	-	0.040	0.040
High Needs – School Top Ups	5.809	7.741	1.932
High Needs – Special Top Ups	5.424	6.494	1.070
High Needs – Post 16 Top Ups	2.808	5.018	2.210
High Needs SEN Protection	1.544	-	(1.544)
DSG Complex Needs Contributions	2.558	1.413	(1.145)
High Needs Contingency (Block Transfers)	(1.098)	(0.436)	0.662
High Needs Block Budget Requirement	43.513	50.868	7.355
High Needs Block Net Allocation	(23.532)	(25.137)	(1.605)
High Needs Block Deficit	19.981	25.731	5.750

12. The proposed budget therefore will set an in-year deficit of £25.7 million for the High Needs Block, an increase of £5.7 million (29%) compared to 2025/26. Despite the net High Needs Block allocation increasing by £1.9 million (6.6%) the budgeted net expenditure of the service has increased by £7.4 million (17%) and the deficit has grown exponentially.
13. Details of the £50.9 million 2025/26 proposed funding requirement are listed in Appendix 1: 2026/27 High Needs Budget - Placements and cost details.

Community impact

14. The government's national funding formula determines the allocation of funding to schools and the DSG is essential in helping the council achieve its priority to keep children and young people safe and give them a great start in life. The school funding formula must meet the national requirements of the DfE.

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

Environmental Impact

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

Equality duty

17. 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.
18. 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.
19. 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

20. The High Needs Block budget is fully funded by Dedicated Schools Grant (DSG).

Legal implications

21. The council is required to adhere to the DfE prescribed arrangements for school and Local Authority as set out in regulations. The School and Early Years Finance Regulations (England) Regulations will be updated and laid before Parliament in Spring 2025 These Regulations require the council to determine budget shares for schools maintained by them and amounts to be allocated in respect of Early Years provision in their areas, in accordance with the appropriate formulae which the Council must determine.
22. The council must consult its Schools Forum and schools maintained by it about any proposed changes to the funding formulae, in relation to the factors and criteria taken into account, and the methods, principles and rules adopted. The same consultation obligation applies to proposed changes that will affect Early Years providers. The DfE operational guidance 'Schools revenue funding 2026/27' provides that any consultation should include a demonstration of the effect of modelling such changes on individual maintained schools and academies. Local authorities should communicate proposed formula changes to all bodies affected by the changes.
23. Section 42 of the Children and Families Act 2014 provides that where a council maintains an Education Health Care Plan (EHCP) for a child or young person, the council must secure the specified education provision. The council must comply with this statutory duty.

Risk management

24. 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

25. The Budget Working Group was consulted on 6 March 2026 regarding the proposed 2026/27 budget of £50.9 million and subsequent deficit of £25.7 million.

Appendices

Appendix 1: 2026/2027 High Needs Budget - Placements and cost details

Background papers

None.

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

BWG	Budget Working Group
CSBG	Core Schools Budget Grant
DfE	Department for Education
DSG	Dedicated Schools Grant
EHCP	Education, Health & Care Plan
NFF	National Funding Formula
NIC	National Insurance Contributions
PRU	Pupil Referral Units
SBSG	Schools Budget Support Grant
SEN	Special Educational Needs
SEND	Special Educational Needs & Disabilities

Appendix 1: 2026/27 High Needs Budget - Placements and cost details

	<u>2026/27 Budgeted Placements</u>	<u>Unit Costs</u>	<u>Cost</u>	<u>2026/27 Budget</u>
Special Schools				
Westfields	74	£10,000	£740,000	
Tops up Including Teacher's Pension Grant, NICS & CSBG				
Barrs Court	95	£4,048	£384,560	
Beacon College	45	£4,048	£182,160	
Brookfield	126	£4,048	£510,048	
Blackmarston	110	£4,048	£445,280	
Westfield	74	£4,048	£299,552	
				£2,561,600
Complex Needs				
in accordance with s75 agreement (existing cohort only)				£1,412,584
Early Years SENDIF grants				£270,000
Independent School Placements and Alternative Provision				
Independent School Placements	231	£64,321	£14,858,206	
Growth Independent School Placements (Pro Rata)	110	£64,321	£4,280,286	
Alternative Provision and EOTAS			£2,143,101	
Tariffs			£176,192	
Direct payments & Personal Budget			£176,455	
				£21,634,240
Top Ups - Mainstream	1149			£7,740,982
Top Ups - Special Schools	513			£6,494,477
Post 16 Top-ups	252			£5,017,638
Tier 4 Hospital School Provision	1			£40,000
S19 Education Costs				£325,000
Inter Auth. Recoupment				£148,510
SEN Support Services				
Inclusion Support Team			£635,226	
Physical & Sensory Team			£481,907	
Additional Needs Management Team			£107,006	
Early Years SEN Team			£292,390	
Independent Travel Training Team			£81,082	
Inclusion & GRT Team			£160,512	
Business Support			£62,000	
				£1,820,123
Herefordshire Pupil Referral Service (HPRS)				
Place funding including Teacher's Pension Grant, NICS & CSBG	69	£14,048	£969,312	
Top-up tariff		£11,360	£783,840	
Pupil Exclusion income			(£90,811)	

Herefordshire Hospital Provision				
Place funding including Teacher's Pension Grant, NICS & CSBG	25	£12,637	£315,917	
Top-up tariff		£6,961	£174,025	
				£2,152,283
Split Sites				£55,100
Early Years Bases				
Widemarsh Explorers to July	12	£6,539	£26,156	
Widemarsh Explorers NEW September	24	£6,539	£91,546	
				£117,702
Autism & SEMH Bases				
Leominster Primary School Units 1 & 2	16	£6,539	£104,624	
Aylestone School The Bridge	16	£6,539	£104,624	
St Weonards Primary School (Academy)	9	£6,539	£58,851	
Earl Mortimer College	5	£6,539	£32,695	
Trinity SEMH Base (£10k per place children not on roll/ empty places)	7	£10,539	£73,773	
Trinity SEMH Base (£6k per place children on roll)	9	£6,539	£58,851	
St Martins SEMH Intervention pro rata from September 2026	28	£10,539	£172,137	
Hampton Dene Resource Base	51	£6,539	£333,489	
HD New classrooms pro-rata from September 2026	9	£6,539	£34,330	
HD Resource Base Top Ups	51		£388,763	
HD Resource Base Top Ups (new from September)	9		£36,447	
Bishops Resource Base	8	£6,539	£52,312	
Bishops Resource Base Top Ups	8		£53,633	
Transitional Payment			£8,962	
				£1,513,491
Block Transfers				
Central Service Block			(£150,000)	
Early Years Block			(£286,441)	
				(£436,441)
Total High Needs Budget				£50,867,288