

Meeting:	Schools Forum
Meeting date:	Friday, 15 January 2021
Title of report:	Schools Budget 2021/22
Report by:	Strategic Finance Manager

Classification

Open

Decision type

This is not an executive decision.

Wards affected

(All Wards);

Purpose

To agree final budget proposals for recommendation to the cabinet member for children and families for school budgets, central school services and early years within the Dedicated Schools Grant (DSG) for 2021/22. The Budget Working Group (BWG) meets on 8 January 2021 and their proposals will be set out in a supplementary report.

Recommendation(s)

That:

That: The local implementation of the National Funding Formula (NFF) for 2021/22 as set out in the consultation document and recommendation (a) – (k) as below, be approved for recommendation to the Cabinet member for children and families as follows;

(a) The final school funding values be agreed, subject to a minimum total funding per pupil of £4,180 for primary schools and £5,415 for secondary schools, including the Minimum Funding Guarantee at 2% as follows:

1	Basic entitlement per pupil	Primary	£3,123
2	Basic entitlement per secondary pupil	Key Stage 3	£4,404

3	Basic entitlement per secondary pupil	Key Stage 4	£4,963
4	Deprivation per free school meal	Primary	£460
5	Deprivation per free school meal	Secondary	£460
6	Deprivation per ever-6 free school meal	Primary	£575
7	Deprivation per ever-6 free school meal	Secondary	£840
8	Socio-economic deprivation Income Deprivation Affecting Children Index (IDACI)		
9	Band A	Primary	£620
10		Secondary	£865
11	Band B	Primary	£475
12		Secondary	£680
13	Band C	Primary	£445
14		Secondary	£630
15	Band D	Primary	£410
16		Secondary	£580
17	Band E	Primary	£260
18		Secondary	£415
19	Band F	Primary	£215
20		Secondary	£310
21	Band G	Primary	£0
22		Secondary	£0
23	Low prior attainment per pupil	Primary	£1,095
24		Secondary	£1,660
25	Lump Sum	Primary	£117,800
26		Secondary	£117,800
27	Looked after Children, primary and secondary	All	£0

28	Primary sparsity, on NFF taper basis , over 2 miles and less than an average year group size of 21.4 pupils	Primary	£45,000
29	Secondary sparsity, on NFF taper basis, over 3 miles and less than an average year group size of 120 pupils	Secondary	£70,000
30	English as additional language per primary pupil	Primary	£550
31	English as additional language per secondary pupil	Secondary	£1,485
32	Mobility	Primary	£900
33	Mobility	Secondary	£1,290
34	PFI contract	Secondary	£299,163
35	Business rates	All	At cost
36	Exceptional premises factor – Eastnor rent	Primary	£9,060
37	Exceptional factor – TPG/TPECG adjustment subject to Secretary of State approval	Primary	£27,000

(b) Growth funding for basic need expansion in the Golden Valley be agreed at a total cost of £235k, as follows;

(i) Growth funding for basic need expansion at Kingstone High School, £75,715 for an additional 45 planned pupils for the summer term 2021

(ii) Growth funding be finalised for basic need expansion at Fairfield High School, £55,525 for an additional 33 planned pupils for the summer term 2021

(iii) Growth funding be finalised for basic need expansion at Kingstone High School, £77,070 for an additional 30 planned pupils in September 2021

(iv) Growth funding be finalised for basic need expansion at Fairfield High School, £25,690 for an additional 10 planned pupils in September 2021

(c) Transfer to high needs block to support the SEN protection scheme, £300k

(d) Additional £15 per pupil for primary and secondary schools at a cost of £117,158

(e) That any minor adjustments to the schools budget up to £5k, in order to comply with DfE submission requirements, be made to the funding allocated to the growth fund in order to provide a contingency.

(f) That the central services block be allocated as follows

- (i) Statutory retained duties £369k**
- (ii) Schools Forum administration costs £15k**
- (iii) School admission costs £125k**
- (iv) National licences for schools £140k**
- (v) Additional funding for statutory duties for SEN casework team £25k**
- (vi) transfer SACRE funding to statutory duties £5k**
- (vii) Transfer to the high needs block £75k**

(g) That local authority maintained school members, approve the de-delegation of funding in 2021/22, and advise the Cabinet member for children's and families for information, as follows

- (i) trade union facilities for primary schools only be approved at £2.75 per pupil**
- (ii) school budgeting software licence at £405 per school**
- (iii) ethnic minority support at £1.12 per pupil plus £6.60 per Ever-6 Free school meals and £107 per English as an Additional Language first year pupil**
- (iv) school meals entitlement assessment at £1.25 per primary pupil and £0.94 per secondary pupil (Proposal A) for local authority schools**
- (v) trade union facilities for secondary schools only be provided for through a Service Level Agreement at £2.75 per pupil**
- (vi) that the statutory education services for non-academy schools be reduced by 50p per pupil and charged at £12 per pupil**

(h) The early years funding formula for Herefordshire providers from April 2021 be as follows;

- (i) Two year olds: £5.36 per hour**
- (ii) Three and four year olds: £4.08 per hour + £0.35 per hour for Early Years Pupil Premium eligible children + a rurality supplement per provider of £52 per week (pro-rata for providers that deliver less than 100 hours per week) paid for 38 weeks per year**
- (iii) Early years central expenditure be increased by 1.5% inflation**
- (iv) the Multi Agency Safeguarding Hub be supported to help and support to early years settings at a cost of £10,000 per annum**

(j) to remove the reception uplift factor as proposed in the consultation paper

(k) to reduce the maximum percentage for permitted carry forward of school balances to 20% of the school allocation (including early years funding) from April 2021

Alternative options

1. Given School Forum's approval in October 2017, of the strategy to implement the NFF from 2018/19, it is unlikely there will be any substantial alternatives. There may be a number of possible variations which can be considered in detail by the Budget Working Group (BWG) on 8 January 2021, and any alternative proposals will be published in a supplementary report.

2. The Budget Working Group to consider alternatives on 8 January 2021. The BWG's views will be set out in the supplementary report to Schools Forum.

Key considerations

3. The BWG will advise on any necessary amendments should changes to the proposed school budget, previously set out in the autumn schools budget consultation, be required. The DSG funding assumptions underlying the proposed budget are set out below.

4. The DSG 2021/22 settlement was announced on 17 December 2020. The recommendations in this report are based on the final DSG settlement of 22,238 pupils as follows;

Schools Block

5. All DSG funding blocks are now funded on a formula basis. The recommendations in this report are based on an actual gross DSG (i.e. before recoupment but after deduction of academy and post-16 high needs places) of £140.17m. The BWG will consider the proposals in this report and will make additional recommendations as necessary.

Schools Budget

6. The government published the National Funding Formula (NFF) in July 2020 and the autumn budget consultation with Herefordshire schools proposed implementing the national formula in full with a Minimum Funding Guarantee of 2% in order to pass through to schools the inflation increase allocated by government.

7. Consultation with schools assumed estimated allocations for the schools block based on an estimated 22,265 pupils and a 4% increase in primary and 2.86% secondary unit funding in the October 2020 census. Actual funding and pupil numbers are confirmed by the DfE in the December funding settlement and are set out below. Business rates have been frozen at the 2020/21 levels which, taken with rates adjustments, has released over £50,000. The growth fund is £22,000 more than expected.

Final DSG schools funding allocation

13,306 primary pupils at £4,594.36 each	£61,132,554
8,932 secondary pupils at £5,570.49 each	£49,752,831
Fixed costs at	£1,594,896
Growth Funding	£472,103
Total Schools Block funding	£112,952,386
National Funding Formula 2021/22	£112,290,382
Available for allocation outside of NFF:	£662,004
to: high needs support for schools:	£300,000
to additional school funding at £15/pupil	£117,158

to: secondary growth funding for Golden Valley	£235,000
surplus pending final rates allocation	£9,846

De-delegation

9. The BWG considered the outcome of the autumn schools' budget consultation at its meeting on 4 December and accepted the council's proposals to keep the delegation rate the same as 2020/21 for trade union facilities for primary schools, support for ethnic minority pupils and a modest inflation increase of £5 for the school budgeting software. Following a letter from the national trade unions, the BWG reviewed the consultation responses from local authority maintained secondary schools and considered there was no majority support for de-delegating the trade union facilities for secondary schools. Additionally due to a better settlement for the central services block it is intended to transfer the funding for SACRE to the central services block and reduce the charge for statutory education management functions by 50p per pupil.

10. The current SLA arrangements for checking free school meal eligibility have not been successful as there has been some confusion about which services are included in the SLA and not all schools have signed up. Free school meals eligibility is important for parents as entitlement checking cannot be compromised and for schools deprivation funding in the NFF and pupil premium grant are based on confirmed free meals numbers. The de-delegation proposals include both checking eligibility and the infant free meal checks for pupil premium grant purposes. Academies will be able to buy a Service Level Agreement from Hoople Ltd at the same cost.

11. It is proposed to revert back to the de-delegation funding arrangement for 2021/22 for local authority maintained schools. Two options A and B were offered to schools as follows;

- Proposal A: £1.25 per primary pupil and £0.94 per secondary pupil
- Proposal B: £11.50 per primary FSM pupil and £8.50 per secondary FSM pupil

Proposal A was supported by the responses to the consultation paper with 8 schools in favour and 4 against. Proposal B was supported by 5 schools in favour and 6 against. Following a discussion with the Budget Working Group on 4 December, the BWG supported proposal A. A service level agreement will be offered to academies at the same rates per pupil.

Growth fund

12. In 2020/21 Herefordshire received a formulaic share (£0.472m) of the national growth fund and this is expected to continue in future. The criteria for allocating growth funding to schools must be approved in advance in case basic need growth is required from September 2021. The criteria for use of the growth fund are:

- support growth in pre-16 pupil numbers to meet basic need
- support additional classes needed to meet the infant class size regulation
- meet the costs of new schools

13. The growth fund will be used to meet £235,000 of revenue costs in 2021/22 for planned pupil growth in the Golden Valley, agreed as Fairfield 10 pupils and Kingstone 30 pupils over PAN, as follows;

• Fairfield High School summer term 2021	£55,525
• Kingstone High school summer term 2021	£75,715
• Kingstone High School autumn 2021/spring 2022	£77,070

• Fairfield High Schools autumn 2021/spring 2022	£25,690
• Additional £10 per pupil autumn/spring x 40 pupils	£ 233
• Contingency	£ 767

Teachers Pension Employer Contribution Grant/Teachers Pay Grant

- 14 Since the meeting in October Schools Forum has approved an application to the Secretary of State under the urgency procedures to include an additional funding factor into the national formula to make good any losses suffered by small primary schools from the absorption of the Teachers Pay Grant (TPG) and Teachers Pension Employer Contributions Grant (TPECG) into the National Funding Formula for 2021/22. The methodology adopted by the DfE did not include the minimum 100 pupils for small schools, which was included in the direct payment for both grants in 2020/21. For Herefordshire, the DfE's proposed safety net of using the MFG or minimum pupil funding levels did not apply. In order to protect those small schools who would not benefit from additional funding through the increase in sparsity funding the School Finance Manager sought agreement from forum members to apply to the DfE for permission to include an exceptional factor in the funding formula for 2021/22. The additional factor will cost £27k before application of the MFG and the cost can be found within the funding available.
15. Due to the deadline for submission of the disapplication request approval was sought using the urgency procedures in the constitution of the schools forum. Forum members were asked to submit their vote on the proposal electronically. Of the 23 forum seats occupied at the time, 16 members responded. Fifteen were in favour of the proposal with one abstention. This was above the quorum threshold of 10 and meant that more than half of the forum members were in favour of the proposal. A decision is expected from the Secretary of State prior to the date of the School Forum meeting.

Central School Services Block

16. In addition to the statutory retained duties, formerly funded by Education Services Grant, the central schools block funds Schools Forum administration costs, school admission costs, national licence costs and the balance is used to support high needs. The table below sets out the proposals for 2021/22. The central block has increased from £693,000 in 2020/21 to £754,000 in 2021/22. Subject to the views of the BWG, it is proposed to add 2.5% inflation to the ESG statutory services element, to support the SEN casework team with £25k and the £75k balance to support the high needs block and to reduce the education management recharge to local authority schools by 50p down to £12 per pupil.

	2019/20	2021/22
ESG – statutory services	360	369
Schools Forum administration	12	15
School admissions	122	125
National licence costs	138.5	140
SEN casework team	0	25
SACRE – from school ESG charge	0	5
<u>Transfer to high needs</u>	<u>60.5</u>	<u>75</u>
<u>Total</u>	<u>693</u>	<u>754</u>

Early Years

17. The government have announced a small increase in early years funding of 1.36% for three and four year old funding (from £4.38 to £4.44) and a 1.5% increase in two year old funding (from £5.28 to £5.36). As with previous inflationary increases allocated by DfE, it is proposed the funding rate for three and four year olds will increase in line with the inflation for 2021/22. In addition the early years formula underspent by £100k in 2019/20 and it is proposed to correct this by adding an additional 5p per hour (£100k) and 1.5p per hour to the deprivation supplement (£3k). Hence the Nursery Education Formula (NEF) for 2021-22 will be;

- Rurality supplement of £52 per week (pro-rata for less than 100 hours per week)
- Base hourly rate of £4.08 for 3 and 4 year olds
- Base hour rate of £5.36 for 2 year olds
- Deprivation supplement of 35p per hour for all Early Years Pupil Premium eligible childcare

18. The Multi Agency Safeguarding Hub are providing safeguarding services and checks for schools and early years providers and have asked for consideration be given to including early years providers in the Service Level Agreement. Due to the large number of settings and the relatively small sums involved for each provider, this would generate a significant amount of administration so it is preferable to fund the MASH costs for early years from the early years central spend. A fair amount is assessed as £10,000 pa based on 1/13th of the £131,000 MASH SLA costs as early years is effectively one year group of children compared with 13 complete year groups in schools

High needs block

19. The schools consultation paper set out the known high needs cost pressures for the high needs block for 2021/22. An increase in Herefordshire's high needs allocation is expected of £2m i.e. a gross allocation of £19.8m compared with £17.8m in 2020/21 and the proposed budget shows a shortfall £0.3m. The council proposes to transfer £0.3m from the schools block to support the high needs budget in 2021/22 in order to set a balanced budget. The alternative is for a smaller transfer and that the SEN protection scheme is curtailed for schools.

20. Expenditure forecasts for 2020/21 indicate an overall overspend of up to £200k on high needs, including £152k on complex needs and it is possible that if additional placements are required this will increase to around £0.5m. Further complex needs growth of £0.5m in 2021/22 will require a budget of £3,350k i.e. an increase of £1.064m for 2021/22.

21. Placements in independent schools are forecast to overspend by £0.1m possibly rising to £0.2m if further placements are required. Further growth of £0.3m for 2021/22 will require a budget of £1.6m i.e. an increase of £0.5m for 2021/22. Investment in local provision for autism places will be investigated to help reduce future cost pressures.

22. The remaining £0.5m can be used to meet cost pressures in post-16 placements, top-up tariffs, full year costs of the nurture groups, inflation on tariffs and potential growth in post-16 places. Loss of income due to COVID-19 in particular will impact on the PRU and hospital services.

23. Consultation with schools strongly supported the initial proposals for the high needs budget for 2021/22 are:

- | | |
|--|---------|
| • growth in complex needs places | £1.05m |
| • growth in out-county independent school places | £0.5m |
| • Growth in special school and unit places | £0.175m |

• Increases in tariffs A-C (1%) D-F(2.5%)	£0.125m
• Full year cost of nurture groups -tbc	£0.1m
• Additional PRU intervention places (x15)	£0.15m
• Additional hospital places at £5k for 0.5 place	£0.05
• Additional post-16 places	£0.1m
• Growth in SEN protection scheme	£0.05
• Total additional high needs expenditure 2021/22	£2.3m
• Less £0.3m contribution from growth fund	-£0.3m
• Additional high needs block funding for 2021/22	£2.0m

24. However, an updated forecast for the complex need expenditure in 2021/21 indicates that spend will be £0.5m less than the current budget due to a number pupils no longer qualifying for the complex needs funding. It is intended that a small increase of £0.2m is retained to provide for additional pupils requiring funding during the year as this has always been the case. It is proposed to vary the initial proposals as follows;

• Special school TPG 360 places at £660 each	£0.24m
• PRU/H3 TPG 90 places (65+25) at £660 each	£0.06m
• Support services –central teachers/indep schools TPG	£0.05m
• Extra SEN protection costs to keep cap at £150 x NOR	£0.075m
• MFG for special schools as per new tariffs	£0.1m
• Growth at Hampton Dene 8 places at £6k+£6k top up	£0.1m
• Beacon College – 13 new top ups at £8k	£0.1m
• Beacon College 27 new places at x £10k	£0.27m
• <u>Allocate balance of £30k to help implement new tariffs</u>	<u>£0.03m</u>
Total new expenditure	£1.025m
Funded by	
• To reduce the budget allocated to CNF by	-£0.85m
• Less £0.1m growth not required for post-16	-£0.1m
• Less transfer from Central Block	-£0.075m

The high needs budget still requires further work, for example to confirm with the DfE funding responsibilities for the new Beacon College which will open in September 2021. Provision has been made for the potential full year costs. A further £0.075m has been allocated to the SEN protection scheme that will permit the cap to continue to be set at £150 x number on roll and will ensure that qualifying schools continue to receive the same support as in 2020-21 – see below.

SEN protection scheme

25. There is a long-standing SEN protection scheme for primary schools which has been strongly supported in previous consultations. The scheme was extended to secondary schools in 2020/21 supported by a transfer of £0.2m from the schools block. The budget set for 2020/21 is £385,000 and current expenditure is “on budget” but expected to grow in 2021/22 due to increases in the number of pupils with top-up funding (there was a 10% increase in 2019/20). The scheme is hugely supported by schools and even with a continued transfer from the schools block, expenditure will need to be scaled back by setting a cap of £160 x number on roll will

apply for 2021/22. An alternative, is to permit a variable cap (within narrow approved limits) set so that expenditure can be tailored to meet budget.

26. The existing protection scheme provides a cap on the number of £6,000 high needs thresholds that any school must fund from within its own budget. The cap is currently set at £150 x the number on roll so that additional funding is provided from the high needs block to help schools where their threshold costs are in excess of the cap. The cap can be varied if necessary to reduce costs but this would offer a lower level of financial protection

27. For example, the threshold cap for school with 150 pupils on roll would be £150 x 150 pupils i.e. £22,500. If the school had 4 FTE high needs pupils then the SEN protection payment would be 4 x £6,000 less the cap of £22,500 i.e. a payment of £1,500. If the school had 3 FTE high needs pupils then no payment would be received because 3 x £6,000 is less than the cap.

28. The SEN protection scheme acts as an “insurance” scheme to ensure that those schools with higher than average numbers of high needs pupils are fairly funded for their threshold costs. The SEN notional budget is part of each school’s delegated budget and is paid from the Schools Block of the DSG.

29. Individual schools can attract a disproportionate number of children with EHC Plans and the school is required by law to admit them. It is therefore not likely that high needs pupils will be distributed proportionately across all schools. Where the number of children with ECHPs is very skewed this can have a significant impact on a school’s budget. The pattern of preference by parents of children with ECHPs can change quickly making financial planning difficult for the schools concerned. This has had an impact on a number of individual primary and secondary schools.

Transfers of funding from Schools Block to High Needs

30. Subject to achieving full funding of the National Funding Formula for schools, and after allocating growth funding, there are options for the use of the estimated £0.427m available funding from the schools block as follows:

(a) transfer £0.3m from the schools block to support the schools SEN protection scheme within the high needs block. This would provide for the continuation of the scheme with minimal changes for 2021/22 – the SEN protection scheme expenditure is currently forecast to spend “on-budget” at £0.385m per year and costs are likely to continue to increase for 2021/22 corresponding to increased numbers of pupils with high needs top-up funding. The cap in the SEN protection scheme can be maintained at £150 to ensure expenditure remains within the proposed budget. Additionally the extra funding from business rates and growth funding also allows additional funding to schools at approx. £15 per pupil.

(b) transfer the same as 2020/21 i.e. £0.2m from the schools block to support the SEN protection scheme and distribute the remaining £0.227m as additional funding to schools. This option will require reductions in the SEN protection scheme through an increase in the cap to £160.

31. Options (a) is the council’s preferred choice because Option (b) will require reductions in expenditure in the SEN protection scheme to help balance the high needs budget.

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

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

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

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

Budget pressures on the complex needs budget and out county placement budget are such that a £1m overspend was incurred in 2019/20. The high needs budget is forecast to overspend by £350k in 2020/21 and further provision of £2m has been made to provide for the costs arising from known pupils expected to receive placements in 2021/22. Without as funding transfer to the high needs block in 2021/22, the high needs budget will be £300k overspend. Herefordshire special schools are full. The new Beacon College Special Academy is planned for 50 places, aged from 16 to 19, with severe and complex learning difficulties and has been commissioned by the DfE and will open as part of the Barrs Court Academy Trust in September 2021 providing 50 Post-16 places.

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

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

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

The council considers that an appropriate level of funding to meet need is essential from the DfE to ensure a balanced high needs budget in future. A modest transfer will ensure as far as possible that Herefordshire does not incur a

The local authority should demonstrate an assessment and understanding of why the high needs costs will be at a level that exceeds the increased levels of high needs funding that all local authorities will receive in 2020 to 2021, and that can be anticipated in subsequent years, and that plans are in place to change the pattern of provision where this is necessary, as well as to achieve greater efficiency in other ways.

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

- *The schools forum can only give approval for a one-off transfer of funding out of the 2021 to 2022 schools block.*

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

- *The local authority should give details of whether the cost pressure is such that they would anticipate the need to seek schools forum approval for a transfer in subsequent years, if this is permitted, and how they are planning ahead to avoid such transfers in the longer term.*

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

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

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

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

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

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

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

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

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

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

Herefordshire is intending to use the £100k set aside for preventive initiatives to support a number of schools on a nurture group basis to provide further support for children to attend their local school. Nurture groups are founded on evidence-based practices and offer a short-term, inclusive, focused intervention that works in the long term. Nurture groups are classes of between six and 12 children or young people in early years, primary or secondary settings supported by the whole staff group and parents. Each group is run by two members of staff. Children attend nurture groups but remain an active part of their main class group, spend appropriate times within the nurture group according to their need and typically return full time to their own class within two to four terms.

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

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

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

The consultation with schools was very supportive of the proposal for a modest transfer from the schools block to high needs in order to fund the SEN protection scheme.

33. Herefordshire will not ask the Secretary of State, for approval to continue with a transfer that the school forum oppose. However Schools Forum will be asked to support the proposals in the consultation paper to reduce expenditure on the SEN protection scheme to ensure that the high needs budget for 2021/22 is a balanced budget in accordance with existing policy of ring fencing the separate DSG blocks.

34. Further detailed work will be undertaken with the Budget Working Group prior to final high needs budget plans being presented to Schools Forum in March 2021, prior to Cabinet member approval of the high needs budget for 2021/22.

Other proposed changes

Reception Uplift Factor

35. It is proposed to remove the reception uplift factor from the National funding formula as this was a temporary measure put in place to provide continuity for some schools when the pupil census date changed from January to October. It provides a forecast of the number of reception pupils that might start school between October and January. It is unfunded by DfE as the Dedicated Schools Grant is funded on actual pupils on the October census and only used by 14 local authorities. It is not expected to form part of the national funding formula on a long term basis.

Reducing the claw-back percentage

36. It is proposed to reduce the claw-back percentage for locally maintained schools balance balances from 25% down to 20%. The percentage is currently over generous and schools with such high balances are not spending their budget on current pupils. The 20% claw back will apply to balances as at 31st March 2022 i.e. at the end of the 2021/22 financial year.

37. Local authority maintained school balances are currently 16% of school budget allocations and LA school total balances haven't changed in recent years. As at March 2020, 19 out of 61 LA maintained schools have balances between 20% and 25%. Balances are as follows;

March 2017	£8.1m
March 2018	£8.7m
March 2019	£9.5m
March 2020	£9.4m

Community impact

38. 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.

39. Governing bodies of schools are responsible for decisions to commit expenditure according to meet pupils' individual needs. Funding for Looked after Children is no longer included in the national funding formula and is now fully included in the pupil premium plus grant for Looked after Children. The pupil premium plus is £2,300 per qualifying pupil and will be better targeted to provide help to Looked after Children. Schools are asked to report termly how they have spent the Pupil Premium Plus and what the impact is on learning. During 2019/20 pupil premium funded 757 'interventions' (across 238 children) and 47% had the expected impact on progress, 5% had less than expected impact on progress (and payments were stopped), 7% had more than expected impact on progress and 41% of interventions have not yet been measured (i.e. still too early to measure)

Environmental Impact

40. 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

41. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

42. 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.

43. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services. As this is a decision to implement the government's national funding formula for schools, we do not believe that it will have an impact on our equality duty.

Resource implications

44. The recommendations, if agreed, aim to set the high needs provision within the available funding whilst if necessary to meet need by permitting expenditure in excess of budget to be drawn down from the forecast DSG balances of £0.4m. Additional DSG high needs funding of £2m has been allocated by DfE for 2021/22 in recognition by government of the cost pressures within the high needs block. Herefordshire will retain the current practice of ring fencing the DSG blocks and allocating spend accordingly, the only exception being to ask schools forum to approve a £0.3m block transfer to ensure the SEN protection scheme remains fit for purpose. The DSG grant income is noted within the council's Medium Term Financial Strategy but is not included in the council's forward financial planning. DSG is planned jointly with Schools Forum

Legal implications

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

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

Risk management

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

Consultees

48. All maintained schools and academies in Herefordshire have been consulted on the final budget proposals for 2021/22. 18 responses were received prior to the 30 November 2020 deadline. This is a poor response rate of 21% from the 93 mainstream schools, including academies, and the four special schools. Previously School Forum has taken a low response rate to mean that schools are broadly in favour of the national funding formula and de-delegation proposals given the support of the Budget Working Group.

49. The Budget Working Group were consulted at their meeting on 4 December and will have a further opportunity at their January meeting to make set out further comments and advice to the forum which would be reported in a supplemental document.

50. In discussion with the BWG, members noted that:

- The view of HASH remained that ideally the funding blocks should be ring fenced but it was recognised that the knock on effect of reduced funding for SEN would be significant;
- At the request of the unions the question had been specifically put as to whether secondary schools wished to maintain the current SLA arrangements or move to de-delegate this funding, the majority of responses favoured continuing with the SLA;
- The survey had offered a choice between charging schools for FSM administration based on number of pupils receiving meals or on total pupil numbers, responses slightly favoured charging on total numbers and the BWG supported progressing on that basis;
- The majority of responses to the survey supported reducing the clawback percentage from 25 to 20%, there would be a process for schools to make an exceptional case to retain a higher balance;
- The proposed transfer of £0.3m to the high needs block was supported;
- The significant growth in FSM numbers was noted – this was a national issue and a response was awaited from the DfE, the increased figures would have implications for pupil premium funding.

51. The Budget Working Group broadly supported the report, pending confirmation of the DSG, and would make any final recommendations to Schools Forum at its meeting on 8 January 2021.

52. Table of responses received from 9 primaries, 7 secondary and 2 special schools as follows

Question number	Question Topic	Yes	No
Q1	Options for use of any surplus funding after implementing the national formula values:		
	a) It is proposed to implement the national funding formula values in 2021/22.	17	0
	b) It is proposed to no longer use the reception uplift factor within the national funding formula for 2021/22	17	0
	c) Share the national growth fund (within the schools block) £0.62m as follows:		
	i) Transfer £0.3m from the schools block to fund the SEN protection scheme expenditure in 2021/22	16	1
	ii) Transfer £0.08m from the schools block to fund the an additional £10 per pupil over and above the NFF in 2021/22	16	0
	iii) Reserve £0.24m for pupil growth funding to meet basic need in the Golden Valley	13	2

	d) Do you accept that without support from the schools block growth fund then the SEN protection scheme for schools with higher than average numbers of high needs pupils must be curtailed.	12	3																																																							
Q2	<p>It is estimated that Herefordshire will receive an additional £2.0m grant for high needs.</p> <p>Placements in independent schools are forecast to overspend by £0.1m possibly rising to £0.2m if further placements are necessary. Further growth of £0.3m for 2021/22 will require a budget of £1.6m i.e. an increase of £0.5m for 2021/22. Investment in local provision for autism places will be investigated to help reduce future cost pressure.</p> <p>The remaining £0.5m can be used to meet cost pressures in post-16 placements, top-up tariffs, full year costs of the nurture groups and inflation on mostly tariffs D-F and potential growth in post-16 places and loss of income due to COVID in particular will impact on the PRU and hospitals services.)</p> <table><tr><td>a)</td><td>Growth in complex needs places</td><td>£1.05m</td><td>17</td><td></td></tr><tr><td>b)</td><td>Growth in out-county independent school places</td><td>£0.5m</td><td>13</td><td></td></tr><tr><td>c)</td><td>Growth in special school and unit places</td><td>£0.175m</td><td>17</td><td></td></tr><tr><td>d)</td><td>Full year cost of nurture groups</td><td>£0.1m</td><td>16</td><td></td></tr><tr><td>e)</td><td>Increases in tariffs A-C (+1%) and D-F (+2.5%)</td><td>£0.125m</td><td>17</td><td></td></tr><tr><td>f)</td><td>Additional 15 intervention places for the PRU</td><td>£0.15m</td><td>17</td><td></td></tr><tr><td>g)</td><td>Additional post-16 places</td><td>£0.1m</td><td>16</td><td></td></tr><tr><td>h)</td><td>Growth in SEN protection scheme</td><td>£0.05m</td><td>17</td><td></td></tr><tr><td>i)</td><td>Growth in hospital places at £5k for 0.5 place</td><td>£0.05m</td><td>16</td><td></td></tr><tr><td>j)</td><td>Less contribution from growth fund schools block</td><td>-£0.3m</td><td>15</td><td>1</td></tr><tr><td>k)</td><td>Balance high needs budget with additional income</td><td>£2.0m</td><td>15</td><td>1</td></tr></table>	a)	Growth in complex needs places	£1.05m	17		b)	Growth in out-county independent school places	£0.5m	13		c)	Growth in special school and unit places	£0.175m	17		d)	Full year cost of nurture groups	£0.1m	16		e)	Increases in tariffs A-C (+1%) and D-F (+2.5%)	£0.125m	17		f)	Additional 15 intervention places for the PRU	£0.15m	17		g)	Additional post-16 places	£0.1m	16		h)	Growth in SEN protection scheme	£0.05m	17		i)	Growth in hospital places at £5k for 0.5 place	£0.05m	16		j)	Less contribution from growth fund schools block	-£0.3m	15	1	k)	Balance high needs budget with additional income	£2.0m	15	1		
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Q3	<p>As in previous years, it is proposed that the following services should be de-delegated for local authority maintained schools:</p> <p>a) trade union facilities - primary only – de-delegated at a cost of £2.75 per primary pupil for teaching unions</p>	11	2																																																							

	b) ethnic minority support – secondary and primary Charged at £1.12 per pupil, £6.60 per Ever-6 FSM pupil and £107 per EAL first year pupil. c) school budgeting software licence estimated at £405 per school d) new for 2020/21 - free school meals entitlement to be de-delegated at either A) £1.25 per primary pupil and £0.94 per secondary pupil; or B) £11.50 per primary FSM pupil and £8.50 per secondary FSM pupil e) statutory education services provided by the council to non-academy schools to continue at £12.50 per pupil. f) trade union facilities – secondary only A) de-delegated at a reduced cost of £2.75 per secondary pupil for teaching unions; or B) service level agreement at £2.75 per secondary pupil for teaching unions	15 14 8 5 11 1 2	0 0 4 6 0
Q4	It is proposed to reduce the claw-back percentage for locally maintained schools balances from 25% down to 20%. The percentage is currently over generous and schools with such high balances are not spending their budget on current pupils. The 20% claw back will apply to balances as at 31 March 2022 i.e. at the end of the 2021/22 financial year.	11	4

53. The consultation results overwhelmingly support the schools budget proposals in question 1 as set out in the consultation paper. There were comments about the essential nature of the SEN protection scheme. The high needs budget was universally supported mostly in its entirety with some “NO”s against additional spend on out-county special school placements. However given that Herefordshire special schools and full and the statutory requirement to meet need there is simply no alternative. The De-delegation proposals in question3 were largely supported although the choice of funding model for free school meals assessment is very close. Overall the proposal to reduce the balance clawback percentage is supported. The BWG has met twice on 4 December and 8 January to consider the consultation responses and the budget proposals in detail. The BWG’s comments are set out in the supplementary report. All schools will be advised of School Forum’s final budget recommendations.

Appendices

National school funding formula 2021/22 – consultation for Herefordshire schools

Background papers

None identified

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

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