

Title of report: Schools Budget 2023/24

Meeting: Schools Forum

Date: 13 January 2023

Report by: Schools Finance Manager

Service Director - Education, Skills and Learning

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 2023/24. The Budget Working Group (BWG) meets on 6 January 2023 and their proposals will be set out in a supplementary report.

Recommendation(s)

That:

Due to insufficient funding within the Dedicated Schools Grant the National Funding Formula (NFF) factors for 2023/24 be reduced by 1% as included in the recommendations 1. (a) – (n) below and recommended to the Cabinet member for children and families for decision as follows;

- 1. The final school funding values be agreed, subject to a minimum total funding per pupil of £4,405 for primary schools and £5,715 for secondary schools, including the Minimum Funding Guarantee at 0.5% as follows:**

- (a) Basic entitlement per pupil Primary £3,361, basic entitlement per secondary pupil Key Stage 3 £4,738 and basic entitlement per secondary pupil Key Stage 4 £5,340**

(b) Deprivation per free school meal Primary £475.50 Deprivation per free school meal Secondary £475.50

(c) Deprivation per ever-6 free school meal Primary £697.95, Deprivation per ever-6 free school meal Secondary £1,019.70

(d) Socio-economic deprivation Income Deprivation Affecting Children Index (IDACI)

(i) Band A Primary £663.30 Secondary £920.70

(ii) Band B Primary £504.90 Secondary £722.70

(iii) Band C Primary £475.20 Secondary £673.20

(iv) Band D Primary £435.60 Secondary £613.80

(v) Band E Primary £277.20 Secondary £440.55

(vi) Band F Primary £227.70 Secondary £331.65

(vii) Band G Primary £0 Secondary £0

(e) Low prior attainment per pupil Primary £1,143.45, per pupil Secondary £1,732.50

(f) Lump Sum Primary £126,720, Secondary £126,720

(g) Primary sparsity, on NFF taper basis, over 2 miles and less than an average year group size of 21.4 pupils Primary £56,018.50

(h) Secondary sparsity, on NFF taper basis, over 3 miles and less than an average year group size of 120 pupils Secondary £81,081 using the updated DfE actual road distance measure

(i) English as additional language (EAL3) per primary pupil Primary £574.20 English as additional language per secondary pupil Secondary £1,549.35

(j) Mobility Primary £935.55 Mobility Secondary £1,346.40

(l) PFI contract Secondary £336,104

(m) Exceptional premises factor – Eastnor rent Primary £9,556

(n) Business rates: At the indicative cost of £1,292,043 as determined by the Education and Skills Funding Agency and 2021/22 funding in arrears for Marlbrook primary school of £21,964.77

2. Additional growth funding of £187,250 for 2023/24 be approved for recommendation to the Cabinet member for children and families as follows;

(a) Growth funding for basic need expansion at Kingstone High School, £140,437.50 (summer term £56,700, autumn & spring £83,737.50) for the financial year 2023/24 for an additional 30 planned pupils

(b) Growth funding for basic need expansion at Fairfield High School, £46,812.50 (summer term £18,900, autumn & spring £27,912.50) for the financial year 2023/24 for an additional 10 planned pupils

3. Transfer to high needs block to support the SEN protection scheme, £616,000 be approved by Schools Forum and to set the school funding cap at £170 x Number on Roll for 2023/24 allowing £50,000 growth in 2023-24 subject to further consideration of the funding cap at the March meeting of Schools Forum.

4. That prior to submission to the DfE, any minor adjustments to the schools budget up to £5k required to comply with the regulations, be made to the funding allocated to the growth fund to provide a contingency.

5. That Schools Forum approve an inflationary increase for the central support services funding for 2023/24, and advise the Cabinet member for children's and families for information, as follows

- (a) Statutory retained duties £387k**
- (b) Schools Forum administration costs £19.5k**
- (c) School admission costs £135.6k**
- (d) National licences for schools £153k**
- (e) Additional funding for statutory duties for SEN casework team £27k**
- (f) SACRE funding for statutory duties £8,120**
- (g) Transfer to the high needs block £80k**

6. That local authority maintained school members, approve an increase of 1.9% in the de-delegation of funding in 2023/24, and advise the Cabinet member for children's and families for information, as follows

- (a) trade union facilities for primary schools only be approved at £2.65 per pupil**
- (b) trade union facilities for secondary schools only be provided for through a Service Level Agreement at £2.65 per pupil**
- (c) school budgeting software licence at £422.89 per school**
- (d) ethnic minority support at £1.17 per pupil plus £6.93 per Ever-6 Free school meals and £36.68 per English as an Additional Language three years (EAL3)**
- (e) school meals entitlement assessment at £1.31 per primary pupil and £0.99 per secondary pupil (for local authority schools)**
- (f) behaviour support service at £4.08 per pupil to provide £38,300 income**
- (g) school improvement services be newly de-delegated at £6 per pupil**
- (h) contingencies be newly de-delegated at £1 per pupil**
- (i) the statutory education services for non-academy schools be charged at £12.48 per pupil**

7. The early years funding formula for Herefordshire providers from April 2023 be increased by the inflationary increase provided by DfE and approved for recommendation to the Cabinet member for children and families as follows; as follows;

- (a) Two year olds: £5.63 per hour**
- (b) Three and four year olds: £4.48 per hour + a deprivation supplement of £0.38 per hour for Early Years Pupil Premium eligible children + a rurality supplement per provider of £57 per week (pro-rata for providers that deliver less than 100 hours per week) paid for 38 weeks per year**
- (c) Early years central expenditure be increased by 5.4% inflation £393,000 for NEF contract payments, Early years consultants and MASH support for early years settings.**

8. The Schools Budget be approved for recommendation to the Cabinet member for children and families as follows;

(a). A balanced schools budget be approved for 2023/24; and

(b). the unusable reserve for the DSG deficit reserves of £275,319 be carried forward to financial year 2024/25 adjusted by any under or overspend in DSG at year end in March 2023.

Alternative options

1. Schools Forum agreed in October 2017 to the strategy to implement the NFF from 2018/19. However due to national economic pressures the announced DSG funding does not provide sufficient funding to pass through to schools the full National Funding Formula entitlement. In addition to the council's preferred option two alternatives have been developed for consideration by the Budget Working Group (BWG) on 6 January 2023, and their recommendations will be published by the BWG in a supplementary report to Schools Forum for consideration on 13 January.

Key considerations

2. The BWG will advise in a supplementary report on the alternatives to the council's preferred option for the School Budget for 2023/24, as set out in the autumn schools budget consultation and amended as necessary to comply with the funding constraints set by DfE in the 16 December DSG funding announcement. The DSG funding assumptions underlying the proposed budget are set out below.
3. The DSG 2023/24 settlement was announced on 16 December 2022. The recommendations in this report are based on the final DSG settlement of 22,459 pupils as follows;

SCHOOLS BLOCK STRATEGY 2023/24

4. Final DfE allocations for the schools block based on an actual 22,424 pupils (primary 13,218 and secondary 9,241) as follows:

DSG Schools Block grant funding allocation	£123,212,801
National Funding Formula 2023/24	£123,253,500
Growth Fund allocation	£187,250
Total NFF and growth fund	£123,441,000
Overspend 2023/24	£228,000

5. Three options have been developed to set a balanced budget for the Schools Block and these will be considered by the BWG on 6 January and Schools Forum on 13 January 2023 so that agreed recommendations can be made to the Cabinet Member for decision. The options are;
 - i) Option A: Reduce all NFF factors by 0.26% to maximise the allocation to schools within the DSG funding allocated by government. This provides for no transfer to the high needs block and would require the abolition of the SEN protection scheme, which would most likely exacerbate the emerging high needs overspends and significantly increase high needs deficit. This is not recommended by the council.

- ii) Option B: Reduce all NFF factors by 0.5% to provide a transfer to the high needs block of £213,500 which when combined with a possible contribution from the high needs block of £200,000 would require a significant curtailment of the SEN Protection scheme by raising the cap to £200 per pupil and hence only provide a basic minimum SEN protection scheme spending around £400k in 2023/24 supporting inclusive schools with higher than average numbers of high needs pupils. The existing SEN protection scheme is forecast to spend over £700,000 in 2022/23 so this would virtually half the support available. This is not the council's preferred option
- iii) Option C: Reduce all NFF factors by 1% to provide a surplus of £616,000 which is the maximum 0.5% which can be transferred to the high needs block to allow the SEN protection scheme to continue much as in 2022/23. Some support would be required from the high needs budget or alternatively a small increase in the cap could be used to keep expenditure within the available budget. The precise details of the cap and availability of funding from the high needs block will be discussed with the Budget Working Group in early March as the high needs budget proposals are developed for Schools Forum to discuss on 17 March. The high needs block has been given an additional £1m in addition to the expected increase of £1.7m and so it is probable that a relatively small sum can be found to keep the SEN protection scheme much the same as 2022/23. This is the council's preferred option.

HIGH NEEDS BLOCK STRATEGY 2023/24

6. Dedicated Schools Grant (DSG) allocations for 2023/24 have been published by government and provide an increase in Herefordshire's high needs allocation of £2.73m including an additional allocation of £998,000 since the provisional announcement in July 2022 i.e. a gross allocation of £25.682m compared with a final allocation of £22.988m in 2022/23. In year adjustments for FE college placements make comparisons across years difficult.
7. The provisional increase of £1.57m has been initially allocated as set out below. However the additional £1m announced on 16 December has yet to be considered by the BWG.
- £0.5m out-county independent schools
 - £0.6m inflation on tariffs A - C (2%) D-F (+5%)
 - £0.2m autism places from September 2023
 - £0.2m PRU site leads and increase in tariffs
 - £0.05m increase in behaviour based tariffs re Brookfield
 - £0.03m Early Years high needs tariffs increases re parity with schools.
- In addition an urgent budget pressure of £0.12m for an increase in primary intervention places has been identified to respond to increasing numbers of primary exclusions.
8. The SEN protection scheme was expanded to include secondary schools in 2020/21 and was supported by a transfer of £0.5m from the schools block in 2022/23. The cost of the scheme continues to grow each year and the scheme is hugely supported by schools. Current expenditure in 2022/23 is forecast at £699k but expected to grow further in 2023/24 to within a range of £750k-£800k depending on the value set for the scheme cap. Further work is necessary to ensure a robust estimate and Schools Forum will be asked to consider the final cap for 2023-24 on 17 March 2023.
9. The draft budget proposals for 2023/24 set out within the autumn schools budget consultation indicated the National Funding Formula would be affordable with a MFG at 0.5% and capping

and scaling of school gains to provide a surplus of £275k which when taken together with the expected surplus of £350k from the schools growth fund would have supported the maximum transfer of £615,000 to the high needs block. This would have permitted the funding of the SEN protection scheme at the maximum 0.5% transfer value of £615,000 with the agreement of Schools Forum.

10. However the final October pupil census has significantly increased the cost of deprivation and FSM by +£333k due to an extra 564 pupils (+4.3%), EAL/Mobility costs by +£211k due to an extra 245 pupils (+26%), an increase in the Minimum Funding Guarantee by +£291k and it is no longer possible to cap school NFF gains which means expected savings of £252k are no longer available. Overall this results in increased costs of £1,087k, which offset by a much smaller level of savings on other factors of £181k, gives an overall net cost increase of £906k. This makes the original budget proposal to transfer £615k to the high needs block whilst funding schools at the full NFF values impossible to deliver.
11. Additionally schools have been given a supplementary grant allocation of £4.15m for 2023-24 compared with a similar allocation of £3.3m in 2022-23. It is expected that this additional grant will be allocated using NFF factors but final details are not yet available. Given the 2023-24 grant is 25% greater than 2022-23 it is likely to be distributed as approximately £120 per primary pupil, £170 per Key Stage 3 pupil, £190 per Key stage 4 pupil plus £100 per primary FSM pupil, £150 per secondary FSM pupil and an additional £4,500 on the lump sum but further details are awaited.
12. By comparison the recommended 1% reduction in the NFF would reduce per pupil funding by £33 for primary, £48 for Key Stage3 and £54 for Key Stage 4, £5 per pupil in FSM funding and £1,300 in the lump sum. The proposed reduction in NFF factors creates a surplus of £616,000 to transfer to the high needs block effectively reducing the £4,15m additional grant to £3.5m, which is broadly comparable to the £3.3m supplementary grant allocated in 2022-23.
13. Further detailed work will be undertaken on the high needs budget during the spring term. The final high needs budget plan will be agreed with the Budget Working Group and Schools Forum in March 2023. However it seems probable that the DSG deficit will increase during 2023/24.

EARLY YEARS BLOCK

14. The government has announced an inflationary increase in early years funding of 5.64% for three and four year old per hour funding (from £4.61 to £4.87) and a 1.01% increase in two year old per hour funding (from £5.57 to £5.63). As with previous inflationary increases allocated by DfE, it is proposed the funding rate for will increase in line with the inflation for 2023/24.
15. Hence, subject to consultation, the Nursery Education Formula (NEF) for 2023-24 will be;
 - Rurality supplement of £57 per week (pro-rata for less than 100 hours per week)
 - Base hourly rate of £4.48 for 3 and 4 year olds
 - Base hour rate of £5.63 for 2 year olds
 - Deprivation supplement of 38p per hour for all Early Years Pupil Premium eligible childcare
16. Early Years central costs will be increased as follows;
 - a. Nursery Education Funding Team £43,000
 - b. Early Years advisory team £340,000

c. Multi Agency Safeguarding Hub £10,000

CENTRAL SCHOOL SERVICES BLOCK

17. The central block has increased slightly from £785k to £810,321. Small inflationary increases are proposed as follows. In addition to the statutory retained duties formerly funded by Education Services Grant (£387k), funding allocations will be Schools Forum administration costs (£19.5k), school admission costs (£130.6k plus an extra £5k for in-year transfers), national licence costs (£153k), SACRE (£6,120 plus an extra £2k for increased in contract costs for RE technical advice), SEN Casework (£27k) and a transfer to high needs (£80k).

NATIONAL FUNDING FORMULA – HEREFORDSHIRE SCHOOLS BUDGET

18. Herefordshire's school funding proposals for 2023/24 are to adopt the national funding formula values less a 1% reduction which will be used to fund the continuation of the SEN Protection scheme in the high needs block in 2023-24 as follows:

Note: the 1% reduction is already included in the figures below.

- | | | |
|----|--|---------------------|
| a) | Basic Entitlement per pupil (2022/23 factor values for comparison): | |
| | i. Primary KS1/2 - £3,361 | (£3,217) |
| | ii. Secondary KS3 - £4,738 | (£4,536) |
| | iii. Secondary KS4 - £5,340 | (£5,112) |
| b) | Low prior attainment (low cost, high incidence special education needs) | |
| | i. Primary funding per pupil | £1,143.45 (£1,130) |
| | ii. Secondary funding per pupil | £1,732.50 (£1,710) |
| c) | Free School Meals per pupil | |
| | i. Primary | £475.50 (£470) |
| | ii. Secondary | £475.50 (£470) |
| d) | Deprivation per Ever-6 Free Meal pupil | |
| | i. Primary | £697.95 (£590) |
| | ii. Secondary | £1,019.70 (£865) |
| e) | Socio-economic deprivation Income Deprivation Affecting Children Index (IDACI)
- updated values published by government in September 2019 | |
| | • Band A (2.5% LSOAs) primary £663.30 (£640) secondary £920.70 (£890) | |
| | • Band B (5%) primary £504.90 (£490) secondary £722.70 (£700) | |
| | • Band C (5%) primary £475.20 (£460) secondary £673.20 (£650) | |
| | • Band D (5%) primary £435.60 (£420) secondary £613.80 (£595) | |
| | • Band E (10%) primary £277.20 (£270) secondary £440.55 (£425) | |
| | • Band F (10%) primary £227.70 (£220) secondary £331.65 (£320) | |
| | • Band G (62.5%) primary £0 secondary £0 | |
| f) | English as Additional Language (EAL3) for all eligible pupils within last three years | |
| | i. Primary | £574.20 (£565) |
| | ii. Secondary | £1,549.35 (£1,530) |
| g) | Lump sums – Primary and Secondary | £126,720 (£121,300) |
| g) | Sparsity | |
| | i. Tapered lump sum of £56,018.50 (£55,000) for qualifying primary schools with an average year group size of 21.4 | |

- ii. Tapered lump sum of £81,081 (£80,000) for qualifying secondary schools with an average year group size of 120 pupil
- h) Business Rates – no change, funded at cost with a nil increase in the business rates multiplier. It is expected that the council will participate in the DfE's scheme for business rates payments to be paid centrally by the DfE.
- i) Looked After Children – £0 as funding has been transferred to the pupil premium grant
- j) Mobility – Primary per pupil £935.55 (£925) Secondary per pupil £1,346.40 (£1,330) above a threshold of 6% pupil turnover
- k) Exceptional premises factor – increased by 2.4% inflation to £9,556 (£9,332) to meet rent costs for Eastnor Primary School subject to DfE approval
- l) PFI factor – increased by 5% to £336,104 (£320,703) to meet as far as possible the PFI contract requirements which uses the RPI(X) as at February 2023.
- m) Minimum per pupil funding level – April 2023
 - (i) Secondary £5,715 per pupil (£5,525)
 - (ii) Primary £4,405 per pupil (£4,265)
- (iii) The Minimum funding guarantee (MFG) can be set between 0.0% and 0.5%. Herefordshire will aim to set the MFG at the maximum 0.5% and although it has not been possible to use the capping and scaling provisions to provide a further £616k, other arrangements are recommended to ensure that the SEN Protection scheme is funded at the maximum 0.5% of the schools block i.e. £615k.

19. De-delegation and Education Management proposals for locally maintained schools by a small inflation allowance (1.9%) as follows;

- computer licences for the school budgeting software to increase to £422.89 from £415;
- Free school meals eligibility checking, primary to increase to £1.31 per pupil (from £1.29) and secondary to increase to £0.99 per pupil (from £0.97)
- Support for underperforming ethnic minority groups and bilingual learners to provide EAL services for initial assessments, YR observations and follow-up advisory and monitoring visits funded by de-delegation costs as follows;
 - Increase per pupil amount to £1.17 from £1.15
 - increase per Ever6 FSM pupil to £6.93 from £6.80
 - change to EAL 3 year factor at £36.50 per pupil from £36
- A small increase to Trade union facilities agreement by 5p to £2.65 per primary pupil to reflect expected cost pressures.
- Education Management – a small increase to £12.50 from £12.25 for local authority maintained schools.
- Behaviour support services – to continue with £4.08 per pupil for primary schools (including the 1.09% increase as above)
- School Improvement Services at £6 per pupil to include
 - Headteacher support
 - Ofsted/School Improvement support
 - General education management advice and support

20. Contingencies at £1 per pupil to fund unexpected costs such as pupil census errors, unavoidable redundancies from small school closures and costs from Employment Tribunals for a period of nine years subject to no claims on the fund.

Transfers of funding from Schools Block to High Needs.

21. After fully funding the National Funding Formula for schools, and after allocating growth funding, it is proposed to use the available £0.616m available funding from the schools block as follows:

22. transfer £616,000 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 albeit with a revised funding cap at £170 x Number on Roll for 2023/24. The SEN protection scheme expenditure is currently forecast to spend £650k significantly over the budget at £517k per year due to a 10% increase in Education, Health and Care Plans since September 2021 and costs are expected to continue to increase in 2022/23. The cap in the SEN protection scheme will need to increase to at least £170 to ensure expenditure remains within the proposed budget. This will be reviewed at the March meeting of Schools Forum when the high needs budget is set.

23. 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, a transfer of £300k (0.3%) was agreed for 2020/21, a transfer of £300k (0.3%) was agreed for 2021/22 and a transfer of £517k in 2022/23 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 £105k in 2021/22 and further provision of £2m has been made to provide for the costs arising from known pupils expected to receive placements in 2022/23. Without a funding transfer to the high needs block in 2023/24, the high needs deficit will continue to increase and the SEN Protection scheme will have to be cut back. Herefordshire special schools are full. The new Beacon College Special Academy has opened with 50 places, aged from 16 to 19, with severe and complex learning difficulties. A further bid for a new free school has been submitted to the DfE for a potential opening in 2025.

- *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.*

A DSG deficit management plan is on School Forum's agenda. 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 keeps the current deficit as small as possible.

- *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 2023 to 2024 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 spending £350k pa on introducing 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. It 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.*

Previous consultations with schools have been very supportive of proposals for a modest transfer from the schools block to high needs in order to fund the SEN protection scheme. COVID has significantly reduced the responses from schools for the 2022/23 budget consultation although the few replies received continue to be very supportive of the block transfer to support the SEN protection scheme

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 2023/24 is a balanced budget in accordance with existing policy of ring fencing the separate DSG blocks.

24. Further more detailed work will be undertaken on the high needs budget during the spring term, and an updated budget plan will be discussed with the Budget Working Group in March 2023. The final high needs budget plan will be agreed with Schools Forum in March 2023.

Community impact

25. 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.
26. 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

27. 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

28. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:
29. 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.
30. 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

31. The recommendations, if agreed, aim to set Individual School Budgets and the School Block budgets within the available funding of £123,212,801 whilst continuing to provide support for school inclusion through the SEN Protection scheme. This requires a transfer of £0.616m from the Schools Block to the High Needs Block for 2023-24. Additional DSG high needs funding of £2.7m has been allocated by DfE for 2023/24 in recognition by government of the cost pressures within the high needs block and this will be considered further by Schools Forum on 17th March 2023.prior to determination by the Cabinet Member. The Early Years Block and Central School Services Block budgets are set within the DSG allocations announced by DfE.
32. 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 £0.616m 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

33. 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.

34. 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

35. 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

36. All maintained schools and academies in Herefordshire have been consulted on the final budget proposals for 2023/24. 11 responses were received prior to the 11 November 2022 deadline. This is a poor response rate of 12% 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.
37. The Budget Working Group has been consulted at their meeting on 2 December 2022 and revised proposals for School Improvement, reduced from £12 per pupil to £6 per pupil, and contingencies, reduced from £3 per pupil to £1 per pupil but over an extended number of years.

Appendices

Appendix 1 - School Budget Consultation paper Autumn 2022

Background papers

DfE announcement of Dedicated Schools Grant on 16 December 2022

DfE provided APT schools budget modeller for 2023-24

DfE – national funding formula for schools and high needs 2023-24 published July 2022

Report Reviewers Used for appraising this report:

Governance	Sarah Buffrey	Date 09/12/2022
Finance	Louise Devlin	Date 29/12/2022
Legal	Click or tap here to enter text.	Date Click or tap to enter a date.
Communications	Luenne Featherstone	Date 03/01/2023
Equality Duty	Carol Trachonitis	Date 12/12/2022
Procurement	Lee Robertson	Date 29/12/2022
Risk		Date

Approved by

Darryl Freeman

Date 03/01/2023

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

BWG Budget Working Group (of Schools Forum)

CAMHS Children and Adolescent Mental Health Service

DSG Dedicated Schools Grant

DfE Department for Education

EHCP Education Health Care Plan

ESFA Education and Skills Funding Agency

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