

Appendix 1

NATIONAL SCHOOL FUNDING FORMULA 2025/26

CONSULTATION FOR HEREFORDSHIRE SCHOOLS

1.0 SUMMARY

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

2.0 SCHOOLS BLOCK STRATEGY 2025/26

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

3.0 HIGH NEEDS BLOCK STRATEGY 2025/26

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

4.0 EARLY YEARS BLOCK

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

5.0 CENTRAL SCHOOL SERVICES BLOCK

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

6.0 NATIONAL FUNDING FORMULA – HEREFORDSHIRE PROPOSALS

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

a) National Funding Formula Values

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

Question:

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

Yes/No

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

b) The Level of Minimum Funding Guarantee (MFG)

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

Question:

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

Yes/No

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

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

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

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

Question:

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

Yes/No

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

d) The De Delegations

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

- computer licences for the school budgeting software £431
- Free school meals eligibility checking £1.33 primary and secondary £1.01
- Support for underperforming ethnic minority groups and bilingual learners to provide EAL services for initial assessments, YR observations and follow-up advisory and monitoring visits funded by de-delegation costs as follows;
 - Per pupil amount = £1.19
 - Ever6 FSM pupil = £7.06
 - EAL 3 year factor = £36.68
- A small increase to Trade union facilities £2.70 per primary pupil to reflect expected cost pressures.
- Education Management – £12.74 for local authority maintained schools.
- School Improvement Services at £6.11 per pupil to include
 - Headteacher support
 - Ofsted/School Improvement support
 - General education management advice and support
- Contingencies at £1.02 per pupil to fund unexpected costs such as pupil census errors, unavoidable redundancies from small school closures and costs from Employment Tribunals

There are NO new dedelegation proposals this year.

Question:

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

Yes/No

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

7.0 TIMESCALES

7.1 The budget process and expected timeline is:

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

8.0 CONSULTATION RESPONSES BY 6th December 2024

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

8.2 Please respond to this consultation, as all views are important and do contribute towards the budget decision, which aims to achieve the best possible schools budget for Herefordshire within the funding allocated by government.

9.0 FURTHER INFORMATION

9.1 If you have any questions regarding the detailed content of this consultation paper please contact either Clare Bellis-Powley, Senior Finance Business Partner (clare.bellis-powley@herefordshire.gov.uk)