



Title of report: Schools Budget 2026/27

Decision maker: Cabinet member children and young people

Decision date: 13 February 2026

Report by: Head of Strategic Finance (Deputy S151)

Classification

Open

Decision type

Key

This is a key decision because it is likely to result in the council incurring expenditure which is, or the making of savings which are, significant having regard to the council's budget for the service or function concerned. A threshold of £500,000 is regarded as significant.

This is a key decision because it is likely to be significant having regard to: the strategic nature of the decision; and / or whether the outcome will have an impact, for better or worse, on the amenity of the community or quality of service provided by the authority to a significant number of people living or working in the locality (two or more wards) affected.

Notice has been served in accordance with Part 3, Section 9 (Publicity in Connection with Key Decisions) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

Wards affected

(All Wards);

Purpose

To approve school forum's recommended budget proposals for school budgets, central school services and early years within the Dedicated Schools Grant (DSG) for 2026/27.

Recommendation(s)

That:

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

Alternative options

1. Herefordshire Council has fully implemented the National Funding Formula (NFF) methodology, so alternative options are limited. Given the growing national issue of High Needs Block (HNB) deficits, the NFF allows for the top slice of the funding blocks to redirect to the HNB. The Schools Block top slice for SEN Protection Scheme has ceased for 2026/27 as reported at the Schools Forum meeting on 11 July 2025, following recommendation from Budget Working Group (BWG) on the 27 June 2025.
2. In considering the proposals set out in the report, the Council has consulted with Budget Working Group (BWG), schools and early years providers.

Key considerations

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

Schools Block

6. Total funding for mainstream schools through the schools NFF will total £50.9 billion in 2026/27. This includes funding that was allocated in 2025/26 through the Schools Budget Support Grant (SBSG) and National Insurance Contributions (NICs) Grant, which has been “rolled in” to the schools NFF in 2026/27 to help simplify the funding system.
7. The rolling in of these grants into the schools’ notional NFF allocations will affect the core budgets that maintained schools will receive from April 2026, and that academies will receive from September 2026. Because of this, academies will receive further grant payments for the period April 2026 to August 2026.
8. For 2026/27, there are no changes to the structure of the schools NFF, with the same factors used in the formula as in 2025/26.

9. The pupils counted for the purpose of calculating the DSG Schools Block allocation are those recorded in the School Census in maintained schools and academies going through recoupment in National Curriculum Year Groups R-11 aged 4 or above including those pupils in SEN (Special Education Needs) units or Resourced Provision within such institutions. Any pupils recorded as Year R but who are less than 4 years old are not counted, because funding for these pupils is provided under the Early Years Block.
10. The Schools Block allocation is derived from the October 2025 School Census pupil count.
11. For 2026/27 the Schools Block Units of Funding for primary and secondary sectors which determine the Schools Block element of the DSG are £5,953.32 and £7,211.85 respectively.
12. Herefordshire is mirroring the National Funding Formula and will guarantee a maximum level of Minimum Funding Guarantee (MFG) of 0.0%, which will be confirmed to schools on approval of the Authority Proforma Tool (APT) by the DfE.
13. Where a mainstream school has a number of funded places in a SEN unit or resourced provision, then funding will be allocated as follows:
 - Funding for pupils recorded on October 2025 School Census as registered at a school and taking a place at that school will be funded through the schools delegated budget, and additional funding of approximately £6,000 per pupil will be made available from the High Needs Block.
 - Funding for pupils not recorded on October 2025 School Census as registered at the school and taking up a place will be funded at £10,000 per place from the High Needs Block.
14. The Schools Block funding covers:
 - Mainstream Schools delegated budgets (but excludes High Needs top up funding which will be funded from the High Needs Block).
 - Items that may be removed from maintained schools' budget shares are De-delegated services, as approved by Schools Forum at the meeting on 21 November 2025.
15. Funding through the mainstream schools NFF is increasing by 2.47% per pupil in 2026/27 (2.36% 2025/26).
16. Herefordshire's pupil numbers have dropped year on year by 274 (before any implicit/explicit growth in pupils), which means an overall reduction in funding.
17. Herefordshire's approach to Schools Block funding for 2026/27 will therefore be as follows:
 - To fund schools at the maximum permitted Minimum Funding Guarantee of 0.0%
 - We will continue to fund the £17k lease for Eastnor Primary school to provide additional classroom space which has been approved via the DfE disapplication process.
 - Split site funding continues for Hampton Dene School at £82,700 for 2026/27, as set out in the Authority Proforma Tool (APT) at Appendix B.
 - No growth funding included in the APT for 2026/27

18. The Basic Entitlement Factor Values have been adjusted in order to balance the APT. The Entitlement Factors for Primary, KS3 & KS4 have been reduced by 0.6%. This modelling option is in line with 2025/26. After the adjustment to 2026/27 figures, this still gives an increase on the Basic Entitlement of £3% overall

De-delegated Services/Education Management Function

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

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

Education Management Functions	APT calculation basis	Rate £		Total Amount £
Education Management Functions	Combined primary & secondary pupil number	13.36	10,481.00	140,056.54
Total Education Management Functions				140,056.54

Central School Services Block (CSSB)

21. For 2026/27 the Central School Services Block (CSSB) will continue to be made up of 2 elements: ongoing responsibilities and historic commitments (Herefordshire Council has £0 historic commitments within their funding allocation). Final allocations of CSSB funding for 2026/27 have been calculated based on the latest pupil data, for inclusion in Herefordshire's DSG allocations.
22. Overall, for 2026/27, the CSSB is increasing from £933,855 in 2025/26 to £963,465 in 2026/27. The funding is to be allocated as follows:

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

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

Early Years Block

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

- 2 Year Old Families Receiving Additional Support (FRAS): 15 hours for families with 2 year olds receiving additional forms of support (formerly known as the 2YO disadvantaged entitlement).
- 2 Year Old Working Parents: 30 hours for eligible working parents of 2 year olds (increased hours introduced September 25).
- 3 & 4 Year Olds: the universal 15 hours for all 3 & 4 year olds and the additional 15 hours for working parents of 3 & 4 year olds.

25. Depending on the individual provider, these hours can be used over 38 weeks of the year (during school term time), or up to 52 weeks if you use fewer than your total hours per week. Full details and rates are provided in the early years briefing note in Appendix C.
26. The total Early Years Block funding for Herefordshire has increased by £3.4m, from £24.1m to £27.5m. This is due to inflation and the additional funding for the 30 hour entitlement. The funding will be allocated as follows:

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

27. The main points to note for the 2026/27 Early Years budget are as follows, with a more detailed breakdown included in Appendix C:

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

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

High Needs Block

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

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

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

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

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

Herefordshire's provisional Dedicated Schools Grant 2026/27 at December 2025[illegible]

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

Dedicated Schools Grant and Academy School Budgets

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

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

Community impact

36. The government's national funding formula determines the allocation of funding to schools and the DSG is essential in helping the council achieve its priority to keep children and young people safe and give them a great start in life. The school funding formula must meet the national requirements of the DfE. Within these national guidelines the funding is targeted to support the achievement of improved outcomes for all Herefordshire pupils in accordance with a carefully considered strategy that is subject to annual consultation with schools and governors.
37. Governing bodies of schools are responsible for decision making to commit expenditure to meet pupils' individual needs.

Environmental impact

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

Equality duty

39. The Public Sector Equality Duty requires the Council to consider how it can positively contribute to the advancement of equality and good relations and demonstrate that it is paying 'due regard' in our decision making in the design of policies and in the delivery of services.
40. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows: A public authority must, in the exercise of its functions, have due regard to the need to – (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act; (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
41. The DfE's equality assessment published in September 2017 is that the introduction of the national funding formulae will create a fairer and consistent distribution of funding that is more closely aligned to need and is essential to supporting opportunity for all children, irrespective of their background, ability, need, or where in the country they live. Our funding system will target funds to those pupil groups where the evidence is clear that they need additional support. It does not seek to target funding by reference to particular protected characteristics under the Equality Act 2010, but instead targets funding to those groups which the evidence demonstrates face barriers to their educational achievement. The DfE believe that all pupils will benefit from the clearer and fairer distribution of funding that these reforms will produce.

Resource implications

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

Legal implications

43. The Schools Forum Regulations 2012 states that the School Forums generally have a consultative role. However, there are situations in which they have decision-making powers, as detailed in Regulation 10. The Regulations state that the council must consult the Schools Forum annually in connection with amendments to the school funding formula, for which voting is restricted by the exclusion of non- school members except for private, voluntary, independent representatives. Voting on de-delegation and the education functions for maintained schools is restricted to maintained school members only.
44. The decision making powers of the Schools Forum are limited, as detailed in the Education and Skills Funding Agency guidance sheet 'School Forum Powers and Responsibilities' published in March 2020.
45. This budget has been set in accordance with the Schools and Early Years Finance (England) Regulations 2023.

Risk management

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

Consultees

47. Budget Working Group (BWG) was consulted on 7 November 2025 and 9 January 2026 regarding the overarching principles for setting the 2026/27 Dedicated Schools Grant budget and recommended approval of all the proposals to Schools Forum. On 20 January 2026 Schools Forum recommended all proposals in Appendix A for Cabinet Member Decision.

Appendices

Appendix A – Summary of Recommendations 2026/27

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

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

Background papers

None.

Glossary of terms, abbreviations and acronyms used in this report

ACA	Area Cost Adjustment
APT	Authority Pro-forma Tool
BWG	Budget Working Group
CSBG	Core Schools Budget Grant
CSSB	Central School Services Block
DAF	Disability Access Fund

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