

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

Meeting: Herefordshire Schools Forum

Meeting date: Friday 20 March 2026

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

Classification

Open

Decision type

This is not an executive decision

Wards affected

(All Wards)

Purpose

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

Recommendation(s)

That:

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

Alternative options

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

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

Key considerations

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

Recommendations

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

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

Community impact

15. In accordance with our code of corporate governance, Herefordshire Council is accountable for how it uses the resources under its stewardship, including accountability for outputs and outcomes achieved. In addition, the council has an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. The council is committed to ensuring openness and transparency and the recommendations of this report demonstrate the reasons for a policy change being made.

Environmental impact

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

Equality duty

17. The Public Sector Equality Duty requires the Council to consider how it can positively contribute to the advancement of equality and good relations and demonstrate that it is paying 'due regard' in our decision making in the design of policies and in the delivery of services.
18. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows: A public authority must, in the exercise of its functions, have due regard to the need to – (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act; (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
19. In relation to school finance, it is the responsibility of individual governing bodies to commit expenditure according to individual pupil need. Changes in high needs provision will require consultation with users, and further advice from legal services will be sought should this be necessary. However, the decisions of the school forum should have regard to this duty and the potential implications of any decisions made.

Resource implications

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

Legal implications

21. The recommended amendments to the Scheme are in accordance with updates to the Department for Education (DfE) guidance to reflect changes in the Schools and Early Years Finance (England) Regulations 2025.

Risk management

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

Consultees

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

Appendices

Appendix A - Factor Values

Background papers

None.

Glossary of terms, abbreviations and acronyms used in this report

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