

SURREY COUNTY COUNCIL**CABINET****DATE: 22 NOVEMBER 2016****REPORT OF: MRS LINDA KEMENY, CABINET MEMBER FOR SCHOOLS,
SKILLS AND ACHIEVEMENT****LEAD OFFICER: JULIE FISHER, DEPUTY CHIEF EXECUTIVE****SUBJECT: SCHOOLS AND HIGH NEEDS FUNDING 2017-18****SUMMARY OF ISSUE:**

This report sets out the recommended funding formula for Surrey schools in 2017/18 for approval by the Cabinet. This report is produced annually, ahead of the council's main budget decisions, in order to meet the DfE deadline of 20 January 2017. It follows the annual consultation with all Surrey schools during September and the recommendations of the Schools Forum on 7 October 2016.

All Surrey schools, including academies, are funded from the council's Dedicated Schools Grant (DSG) allocation. This is divided by the DfE into three blocks covering Schools, High Needs special educational needs and disabilities (SEND) and Early Years. Councils are permitted to move funding between blocks and continuing pressures in High Needs SEND provision in recent years have necessitated funding transfers from the Early Years and the Schools blocks.

As further unfunded SEND pressures totalling £10m are expected during 2017/18 and schools are reluctant to see further transfers from the Schools block, they were consulted on the scope for savings in SEND services in a series of events during 2016. A working group of Schools Forum members will meet with officers and CSF Cabinet members to finalise savings proposals during November.

This report provides details of the proposed funding formula for schools on the assumption that a transfer from the Schools block will not be necessary as planned savings in SEND services will be determined during November. Should savings plans be insufficient, then a further report – which could propose a transfer from the Schools block – will be presented to Cabinet on 13 December 2016, following discussions with the Schools Forum. A verbal update on progress will be presented to the Cabinet on 22 November 2016.

RECOMMENDATIONS:

It is recommended that:

1. Cabinet approves the approach to identifying and delivering £10m savings in SEND services in 2017/18, as described in paragraph 13 and delegates final approval of the savings to the Assistant Director, Schools and Learning, the Leader of the Council and the Cabinet Member for Schools, Skills and Achievement. Any proposal that requires a public consultation will be referred

to Cabinet.

2. Cabinet approves the following changes to the schools funding formula as recommended by the Schools Forum:
 - a) That following the DfE's removal of DSG sixth form funding as a permitted formula factor, the current allocation of £1.327m be allocated across all secondary schools in 2017/18.
 - b) That following changes in DfE regulations, DSG funding previously targeted to school improvement be allocated to all schools on a per pupil basis.
 - c) That a sum of £300,000 arising from a surplus on the risks contingency to which primary schools contributed, be returned to primary schools.
- 3 Cabinet approves the proposed Surrey formula factors for 2017/18 as set out in Annex 4.
4. Authority is delegated to the Assistant Director, Schools & Learning, in consultation with the Leader and the Cabinet Member for Schools, Skills and Achievement to approve amendments to the schools funding formula as appropriate following receipt of the DSG settlement and DfE pupil data in December 2016. This is to ensure that total allocations to schools under this formula remain affordable within the council's DSG settlement to be announced during December 2016.

REASON FOR RECOMMENDATIONS:

To comply with DfE regulations requiring formal council approval of the local funding formula for Surrey's primary and secondary schools, including academies.

DETAILS:

Dedicated Schools Grant (DSG)

- 1 Schools are funded from Dedicated Schools Grant (DSG), provided to the council by the Department for Education (DfE). The DSG received by the council is a ring-fenced grant and can only be used to fund the services set out below. The total DSG is split into three categories of educational provision, with notional funding allocated to each block, although this can currently be switched between blocks at the council's discretion to address local needs. Funding for 2017/18 will be announced in December 2016. The 2016/17 DSG funding allocation is shown below

- Schools £590.8m

All Surrey primary and secondary schools receive their revenue funding from the Schools block. Local authorities maintain a local funding formula for schools, which is also applied to any academies in the area. The Schools block also funds behaviour support, the admissions service and

any additional contributions approved by the Schools Forum (e.g. for school improvement).

In 2016/17, £11.65m was transferred from the Schools Block to the High Needs block to support pressures in providing for pupils with special educational needs (SEN).

- High Needs £125.6m

The High Needs block caters for pupils with special educational needs and disabilities (SEND). It funds Surrey special schools, SEN centres in mainstream schools, pupil referral units (PRUs) and the provision of education to those pupils with complex or severe needs requiring support in a non-maintained or independent special school (NMI). It provides additional funding to primary and secondary schools for pupils with SEND statements or Education Health Care Plans (EHCPs). It also funds specialist support services (eg physical and sensory support, speech & language therapies).

In recent years the DSG allocated by the DfE to High Needs SEND has proven to be insufficient to support the increasing pupil numbers and levels of need. This has necessitated transfers from the Early Years and Schools blocks. In 2016/17 a transfer of £11.65m was necessary, which was further supported by a contribution from council tax of £1.65m. This raised the total spending on High Needs SEND to £138.9m in 2016/17.

The growing pressures on High Needs SEND budgets have proven to be a national issue necessitating many other LAs transferring funds from their Schools blocks. Consequently, the DfE has re-based the three DSG blocks for 2017/18 to reflect better the spending on the various functions rather than their original DSG allocation. The Government settlement due in December 2016 will provide the values of the three blocks.

- Early Years £48.9m

The Early Years block funds nursery education for 2-4 year olds in maintained schools, maintained nurseries, academies and private, voluntary and independent (PVI) settings. The DfE has recently consulted on a new Early Years funding formula and is expected to issue proposals for implementation during 2017/18 during the spring of 2017.

Funding Decisions

- 2 Individual schools are currently funded based on a formula determined by each local authority within parameters set by the Department for Education (DfE). The DfE requires the council to approve the formula factors and values to be used in 2017/18 for primary and secondary school funding in Surrey by 20 January 2017. This report therefore addresses:
 1. The need to make savings in the High Needs budget in 2017/18 to avoid top-slicing the total Schools block and therefore individual schools' budgets in 2017/18.

2. The proposed formula factors and values to be applied in the funding of Surrey schools in 2017/18. These incorporate minor amendments necessitated by changes to DfE regulations.
- 3 This report concentrates on Cabinet decisions relating to schools funding required by 20 January and therefore does not address:
 - Funding allocations to Early Years providers, as the DfE's final proposals for a new Early Years funding formula are still awaited. These will be considered as part of the county council's budget report in February 2017.
 - The pupil premium or sixth form funding as these are central government allocations, distributed via formula mechanisms determined by the DfE.

Schools Forum

- 4 The Schools Forum is a statutory body which must be consulted on the allocation of Dedicated Schools Grant (DSG). Membership is prescribed by regulations, and comprises headteachers, governors, academy representatives and 'non-school' representatives from Early Years providers, diocesan bodies, teaching unions, post-16 providers and SEND (Family Voice in Surrey). The Forum has a largely consultative role but with decision making powers in specific areas, relating largely to funding within the Schools block. Forum members can vote only on issues impacting on their sector. For example, academies cannot vote on issues relating to maintained schools only. Decisions relating to the allocation of total DSG funding between the three DSG blocks are currently the responsibility of the local authority.

Consultation on Proposed Changes to Surrey Schools' Funding in 2017/18

- 5 During September 2016, all primary and secondary schools were consulted on a number of proposed changes to the funding formula for 2016/17. The consultation covered two main areas:
 1. Identifying potential savings in High Needs SEND budgets – following a series of stakeholder events which commenced in February 2016.
 2. Changes to the Schools funding formula 2017/18 necessitated by recent changes to Government regulations.

SAVINGS IN HIGH NEEDS SEND BUDGETS

- 6 Government funding for High Needs SEND has been constrained and when compared to other local authorities, Surrey is a relatively high spender – most notably in spending on pupils in non-maintained and independent (NMI) placements. In 2013/14 and 2014/15, funding from the Early Years block of £5m and £6.5m respectively was transferred to support the High Needs budget. In 2015/16, following government reductions to Early Years DSG funding, High Needs budgets were supported by £10m transferred from the Schools block. This transfer increased by £1.65m to £11.65m in 2016/17, with the County Council contributing a further £1.65m, to meet pressures totalling £13.3m.

Re-basing of DSG blocks

- 7 Following the DfE's exercise to match the funding of each DSG block more accurately to spending in local authorities, the 2017/18 DSG settlement will provide 're-based' funding levels for each block. This is expected to incorporate the £11.65m transferred from the Schools block DSG in 2016/17 into the new High Needs block base. Although local authorities are permitted to transfer funds between DSG blocks in 2017/18, the Schools block is expected to be ringfenced from April 2018.
- 8 Pressures in the High Needs SEND block continue to increase, due largely to demographic growth, enhanced entitlements to SEND provision for young people aged 16-25 and funding levels that do not fully recognise these pressures. The estimated funding gap is £10m for 2017/18. This estimation is based on assumptions regarding the December 2016 DSG settlement; adequate progress in achieving 2016/17 and 2017/18 planned savings targets; and demands for post-16 SEND provision, where trends are difficult to predict.

SEND Events

- 9 Approximately 20% of the High Needs block is spent supporting pupils in Surrey mainstream primary schools, secondary schools and centres, with 31% funding special schools and 5% to PRUs. SEND support services (including physical & sensory support, speech and language therapy) account for a further 10% of spending. (The remaining 34% funds independent placements and post 16 provision.) Accordingly, Surrey schools have an important role in identifying the scope for potential savings in SEND.
- 10 The views of schools and other stakeholders (e.g. Family Voice) were sought in a series of events during the year, commencing in February and continuing over the summer. The three Phase Councils, comprising headteachers of the primary, secondary and special schools sectors, have also been consulted, as have the Schools Forum. The consultation paper issued to all schools in September proposed savings based on the principles established by schools and other stakeholders during the year.
- 11 The September consultation sought schools' views on specific savings proposals totalling £5m. All schools were then asked to suggest other savings towards the remaining £5m. Annex 1 lists the savings proposals and summarises schools' responses.
- 12 The consultation received responses from 46% of all schools – a reduction on the response rate of 58% last year. This perhaps indicates the challenges faced by many schools in proposing savings. The views of primary, secondary and special schools were not always consistent and although there was general support for a new operating model for the SEN pathway and introducing traded models for some support services, there were contrasting views between sectors on other proposals including reviewing the top-up for special schools and no longer funding inflation on individually stated pupil support budgets (ISPSB).

Approach to delivering SEND savings : Schools Forum Working Group

- 13 Schools Forum has expressed reluctance to any further transfers from the Schools block in 2017/18 and at its meeting on 7 October, Forum members

emphasised their commitment to developing a savings plan to meet the additional £10m pressures in SEND. Taking as its starting point, the savings proposals supported by schools and further suggestions arising from the consultation, the Forum proposed a small working group of its members to ensure a focused approach to formulating deliverable savings. The group will work alongside council officers and Cabinet members in a series of meetings during November. A verbal update on progress will be provided to the 22 November Cabinet meeting. Should sufficient deliverable savings not be found, a report considering other options will be provided to the 13 December 2016 Cabinet. Options may include a funding transfer from the Schools block. This issue will be discussed with Schools Forum on 7 December.

CHANGES TO THE SCHOOLS FUNDING FORMULA 2017/18

- 14 Surrey primary and secondary schools' revenue budgets are funded from Dedicated Schools Grant (DSG) and distributed via a formula devised by the local authority, within regulations set by the DfE. Academies are also funded based on the local authority's schools' formula but will receive their funding notifications from the Education Funding Agency (EFA), adjusted to an academic year basis and with additional funding to meet the costs of services for which responsibility transfers from the local authority to the academy on conversion.
- 15 Funding at individual school level is based largely on pupil numbers, with a 'basic entitlement' paid per pupil on roll. Schools then receive additional funding to reflect the varying needs of pupils attending that school – for example, social deprivation and SEN. Details of the funding allocated to the various formula factors in 2016/17 are set out in Annex 2. The current value of individual formula factors are set out in Annex 4, with proposed values for 2017/18.

National Funding Formula

- 16 The DfE intends to replace local authorities' schools funding formula with a National Funding Formula (NFF) and expects each local authority to manage the transition by bringing their local funding formula into line with the NFF over a two-year period. The introduction of the NFF was scheduled for April 2019, with local authorities operating a 'Soft' NFF from April 2017.
- 17 However, following changes at Ministerial level, the DfE announced in July that the introduction of a NFF would be deferred for a year and local authorities would retain the freedom to determine their own funding formula for 2017/18. However, to avoid potential turbulence at school level by introducing changes which could be overridden by the NFF, only minor changes are proposed to the Surrey local formula in 2017/18. These are required to reflect recent changes in DfE regulations.

Minor funding formula changes

- 18 All changes to the Surrey schools funding formula are consulted on with schools during September each year. The proposals are set out below and a summary of schools' support for each proposal is set out in Annex 3:

- **Sixth Form funding factor**

Schools' block DSG is intended to fund only pupils aged 16 and under, as the Education Funding Agency is responsible for funding sixth forms. In 2012 several government grants were transferred into DSG, including some previously allocated on pupil numbers including sixth forms. To mitigate funding losses in schools with sixth forms arising from the re-distribution of this grant, authorities were permitted to create a 'sixth form funding factor'. However, the DfE will not permit its continued use from 2017/18.

Schools were consulted on whether this funding of £1.327m should now be allocated to all schools across all years (Reception to Year 11) or to secondary schools only. 95% of primary schools responding favoured the former option with 93.5% of secondaries supporting the latter. The Schools Forum considered that as several other grants had been assimilated into DSG in 2012 and directed to the relevant sectors, it is more appropriate that funding is now retained within the secondary sector. This would also mitigate the sizeable losses in EFA sixth form funding of recent years.

Schools Forum recommendation: That following the DfE's removal of DSG sixth form funding as a permitted formula factor, the current allocation of £1.327m be allocated across all secondary schools in 2017/18.

- **Redistribution of school improvement funding**

In recent years, £1.292m of DSG funding has been allocated by the Schools Forum each year to support the local authority's school improvement activities, under Combined Services regulations. The role of local authorities in school improvement was intended to cease from September 2017 although there is considerable uncertainty following the recent withdrawal of the Education Bill.

Schools Forum approved the allocation of £0.430m to fund school improvement until September 2017, should the LA also be able to support the combined service during this period. County council funding decisions will be taken in February 2017.

Two options were proposed to schools for the distribution of the remaining £0.862m funding. (This will increase to £1.292m if county council funding is unavailable in 2017/18 as the combined service ceases.)

- Option A: To allocate to all schools on a per pupil basis (Reception Year to Year 11), whilst maintaining the current primary :secondary sector differential
- Option B: To allocate 50% of the funding to all schools on a per pupil basis and 50% based on numbers of pupils eligible for free school meals.

Option A was supported by 75.8% of primary schools and 71% of secondaries. (Annex 3)

Schools Forum recommendation: That DSG funding previously targeted to school improvement be allocated to all schools on a per pupil basis.

- **Primary contingency**

Maintained primary schools contribute to a contingency for unforeseeable and unavoidable expenditure which could not reasonably be met by a school from its normal funding. The decision to retain the contingency is made by the maintained primary representatives on the Schools Forum annually. Secondary schools no longer hold a contingency.

The nature of such costs is unpredictable and the contingency is monitored with funds returned to those schools having contributed if balances rise. The LA proposes returning £300,000 to primary schools in 2017/18 via a per pupil allocation to those schools which contributed to the surplus. This was supported by 99.2% of primaries responding to the consultation.

Schools Forum recommendation: That a sum of £300,000 arising from a surplus on the primary risks contingency be returned to primary schools.

Impact on the Funding Formula 2017/18

- 19 Annex 4 lists the current formula factors, their values in 2016/17 and their proposed values in 2017/18.

Minimum Funding Guarantee (MFG)

- 20 The DfE requires local authorities to deliver a Minimum Funding Guarantee (MFG) to schools. This places a limit on any funding reductions incurred by schools to a maximum of 1.5% per pupil. This protection is funded by a ceiling placed on the gains of other schools. The MFG is expected to continue but the precise level and the potential scope for local authorities to vary this, is to be set out in the second stage of the National Funding Formula consultation.

Fine-tuning of schools' formula following DSG settlement

- 21 At this stage, these formula values can only be provisional as DSG funding will be based on pupil numbers and characteristics collected in the October 2016 pupil census – data which is unavailable to local authorities until December 2016. The DfE therefore enables local authorities to fine-tune these values by 20 January 2017, to ensure that the formula is affordable within the funding settlement.
- 22 Fine-tuning of the formula at that time will be considered by the Assistant Director, Schools & Learning, in consultation with the Cabinet Member for Children & Learning, the Leader of the County Council and where appropriate, the Schools Forum.

Education Services Grant

- 23 The Council currently receives £7m in General Education Services Grant (ESG) to provide support to maintained schools. As schools convert to academies, this sum reduces and is transferred to the Education Funding Agency, which then pays academies directly. General ESG is intended to fund a number of responsibilities including finance and HR policies, school improvement, schools' redundancies, health and safety monitoring, building condition surveys and statutory returns including teachers' pension administration.
- 24 The Government announced in November 2015 that General ESG will cease from September 2017. From this date academies will receive no additional funding for the responsibilities transferred from local authorities. Furthermore, local authorities will no longer be funded for these activities, despite their continued responsibilities for maintained schools. Councils will be permitted to place a levy on maintained schools from September 2017, to be negotiated with Schools Forum. The DfE is in the process of developing regulations to determine the precise activities for which a levy is permissible, to be produced in late autumn.
- 25 It should be noted that both the levy on maintained schools and the loss of ESG to academies represent a cut in schools' funding as no resources have been transferred to schools for this purpose.

CONSULTATION:

- 26 Following a series of stakeholder events during the year which considered the scope for savings in SEND services, proposals were consulted on with all Surrey primary schools, secondary schools, special schools and PRUs during September 2016. The consultation also included proposed changes to the schools funding formula. Schools were given budget illustrations of the impacts of the various formula options based on the latest published pupil data.
- 27 A total of 177 schools submitted responses, representing 46% of schools. Schools' collective responses were discussed at the Surrey Schools Forum on 7 October 2016. The recommendations in this report reflect the views of the Schools Forum.

RISK MANAGEMENT AND IMPLICATIONS:

- 28 Schools are funded by Dedicated Schools Grant (DSG). Primary and Secondary schools are funded from within the notional Schools block, with High Needs DSG funding special schools. The proposals in this report recognise and address continuing demographic and inflationary pressures in the High Needs block by recommending savings of £10m. Savings, which are likely to require the trading of some SEN support services will be considered, to enable rising costs to be contained within Dedicated Schools Grant funding. There is a potential risk of redundancies, which would fall on council budgets, if services cannot be successfully traded.

Financial and Value for Money Implications

- 29 Schools are expected to operate within the funding provided. Where an individual maintained school faces financial problems the local authority can approve a licensed deficit and will develop a recovery plan for repayment in a specified term – usually from one to three years. If a maintained school became financially unviable then the council would be required to step in to address issues. This could involve a review of the school’s management and/or a review of wider educational provision in the area. Schools are subject to regular monitoring and the local funding formula is reviewed on an annual basis to assess scope for potential amendments within DfE controls.
- 30 As at 1 October 2016, a total of 104 schools have converted to academy status (66 primary, 35 secondary and 3 special) and there are 3 free schools in Surrey. Responsibility for the financial viability of academies and free schools lies with the Government’s Education Funding Agency rather than the County Council.

Section 151 Officer Commentary

- 31 Increases in pupil numbers, pupil needs and legislative changes which extend entitlement are creating significant pressures in High Needs SEND budgets. A prudent assessment of the additional funding required in 2017/18 has highlighted the need for £10m, though uncertainties in funding and costs make this difficult to predict accurately.
- 32 The Schools Forum is to work with council officers and Members to recommend a number of savings in high needs budgets to avoid any further transfers from the Schools block. This will necessitate further reductions in SEN support – some of which may be mitigated if trading arrangements are established - and vigorous management of increasing pressures.
- 33 In line with the requirements of Equalities legislation, savings proposals will require consultation with relevant parties. This needs to be planned into the service implementation timeline to ensure full year service reductions and therefore savings are realised.

Legal Implications – Monitoring Officer

- 34 The decision sought in this report is a decision of the County Council and must be taken by Cabinet, a Cabinet Member or officer acting under delegated powers. The proposals comply with DfE requirements and legislation and have been arrived at following consultation with schools and the Schools Forum.
- 35 The public sector equality duty (Section 149 of the Equality Act 2010) applies to the decision to be made by Cabinet in this report, in particular those relating to the SEND savings. There is a requirement when deciding upon the recommendations to have due regard to the need to advance equality of opportunity for people with protected characteristics, foster good relations between such groups, and eliminate any unlawful discrimination. Equalities Impact Assessments will need to be provided to the decision maker in respect of the proposals and taken into account in reaching a decision.

Equalities and Diversity

- 36 Equality Impact Assessments (EIA) have been completed and set out in Annex 5.

Safeguarding responsibilities for vulnerable children and adults

- 37 Strong safeguarding policies and procedures are in place which are robustly monitored and audited. Additionally, schools actively manage the impact of any proposed changes on vulnerable children in their care.

Other Implications:

- 38 The potential implications for the following council priorities and policy areas have been considered. Where the impact is potentially significant a summary of the issues is set out in detail below.

Area assessed:	Direct Implications:
Corporate Parenting/Looked After Children	Additional funding is provided to all schools with looked after children. Funding levels will be maintained and no changes are proposed to unit rates.
Public Health	No significant implications arising from this report
Climate change	No significant implications arising from this report
Carbon emissions	No significant implications arising from this report

WHAT HAPPENS NEXT:

- 39 The next steps are as follows:

SEN Savings

- The Schools Forum working group will meet during November 2016 with officers and Cabinet members to propose savings in SEND costs totalling £10m. Should the group be unable to identify robust, deliverable savings, the Cabinet will receive a further report on 13 December to consider other options including a potential transfer of funds from the Schools block, to be determined ahead of the DfE's deadline of 20 January 2017.

Schools' Funding Formula

- The DfE will provide local authorities with updated pupil data at school level by mid-December 2016 and an indication of likely DSG funding. The council may then make fine-tuning adjustments to its schools' funding formula to ensure it is deliverable within the funding constraints, by 20 January 2017.
- Surrey maintained schools will receive their individual schools budgets from the council by 27 February 2017. Academies will be notified of their

funding separately by the Education Funding Agency (EFA). This will be based on the council's funding formula.

Contact Officer:

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Consulted:

Lynn McGrady, Finance Manager, Funding & Planning
 Paula Chowdhury, Strategic Finance Manager, Children, Schools & Families
 The Surrey Schools Forum
 All Surrey schools – via the Schools Funding Reform Consultation, issued Sep 2016

Annexes:

- Annex 1 SEND Savings: Responses to Schools' Consultation 2016
- Annex 2 Surrey Schools Funding Formula Factors 2016/17
- Annex 3 Schools Funding: Responses to Schools' Consultation 2016
- Annex 4 Proposed Surrey Schools' Funding Formula Factors for 2017/18
- Annex 5 Equalities Impact Assessments

Sources/background papers:

- School and High Needs Funding Reform, Department for Education (DfE), March 2016
- 2017/18 Schools revenue funding. Operational Guide. DfE July 2016.
- The School & Early Years Finance (England) Regulations 2015
- The Education Acts 2002 and 2011
- The Schools Standards & Framework Act 1998
- Schools Forum – Minutes of meeting on 7 October 2016
- Schools' Funding Consultation– Surrey County Council, Sep 2016

SEN SAVINGS – RESPONSES TO SCHOOLS’ CONSULTATION

In 2017/18 unfunded pressures totalling approximately £10m have been identified. This estimate will be reviewed once the annual funding settlement is announced in December 2016.

Cost pressures are due largely to demographic growth, inflation and changes in the entitlement of young people aged 16-25 with SEND to continuing educational provision. To mitigate these cost pressures, savings of £10m are sought.

Following a series of discussions and a partnership event on 10 June 2016 which established a range of principles, the consultation with schools proposed the follow savings totalling £5m. The table shows the extent of support from schools’ responses to the consultation. Schools were also asked for suggestions for further savings of £5m to achieve the £10m target.

Options	Proposal	Total budget £m	Savings £m	Comments						
A	New Operating Model for SEN Pathway	4.1	-0.5	<p>Review quadrant SEND team structures and pathways to release efficiencies. The SEND pathway provides the assessment and review process and a case manager for those requesting SEN support and/or a statutory plan. (LA funded service).</p> <p>Consultation responses – across all sectors (%)</p> <table border="1"> <thead> <tr> <th>Yes</th> <th>No</th> <th>No views</th> </tr> </thead> <tbody> <tr> <td>93.3</td> <td>4.5</td> <td>2.2</td> </tr> </tbody> </table> <p>Strong support across all sectors</p>	Yes	No	No views	93.3	4.5	2.2
Yes	No	No views								
93.3	4.5	2.2								
B	Traded Model for SEN support services	4.3	-1.1	<p>Trade specialist learning and language teachers and educational psychologists with schools in areas where schools have the option to buy additional services. Excludes core statutory and preventative activities. (LA & HNB funded)</p> <p>Consultation responses – across all sectors (%)</p> <table border="1"> <thead> <tr> <th>Yes</th> <th>No</th> <th>No views</th> </tr> </thead> <tbody> <tr> <td>87.6</td> <td>9.0</td> <td>3.4</td> </tr> </tbody> </table>	Yes	No	No views	87.6	9.0	3.4
Yes	No	No views								
87.6	9.0	3.4								
C	Service Cost reduction and /or recommissioning	4.2	-0.7	<p>Services to be reviewed. Services in scope: Physical & Sensory Support Service (PSSS), Special schools / SEN outreach, portage, training, secondary school learning support units.</p>						

				<p>Consultation responses – across all sectors (%)</p> <table border="1"> <tr> <td>Yes</td> <td>No</td> <td>No views</td> </tr> <tr> <td>86.0</td> <td>9.6</td> <td>4.5</td> </tr> </table>	Yes	No	No views	86.0	9.6	4.5
Yes	No	No views								
86.0	9.6	4.5								
D	Alternative Provision	10.7	-0.5	<p>Review Alternative Learning Provision (including PRUs) reducing some non-statutory services and providing statutory services at a lower cost</p> <p>Consultation responses – across all sectors (%)</p> <table border="1"> <tr> <td>Yes</td> <td>No</td> <td>No views</td> </tr> <tr> <td>21.3</td> <td>32.6</td> <td>46.1</td> </tr> </table> <p>There was strong opposition to reducing provision from the secondary and special school sectors, although the majority of primary schools had no views.</p>	Yes	No	No views	21.3	32.6	46.1
Yes	No	No views								
21.3	32.6	46.1								
E	Post 16 SEND	10.3	-0.9	<p>Assume recent trends in take-up continue (i.e. lower than previously budgeted for). There is a risk this could change as there is considerable uncertainty in this area.</p> <p>Consultation responses – across all sectors (%)</p> <table border="1"> <tr> <td>Yes</td> <td>No</td> <td>No views</td> </tr> <tr> <td>22.5</td> <td>15.2</td> <td>62.4</td> </tr> </table> <p>75% of primary schools and 71% of special schools had no views on this issue. 55% of secondary schools opposed reductions. Schools Forum acknowledged this to be a risk area in view of uncertainties in pupil numbers but considered savings to be possible in view of recent trends and increasing efforts to increase the use of local FE College provision.</p>	Yes	No	No views	22.5	15.2	62.4
Yes	No	No views								
22.5	15.2	62.4								
F	<p>Individually Statemented Pupil Support Budget (ISPSB):</p> <p>To cease payment of inflation on ISPSB* funding in mainstream</p>	14.4 (total ISPSB funding)	-0.9	<p>No Government funding is currently provided for inflation so the continued funding of inflation on ISPSB and special schools' support staff is not affordable.</p> <p>Consultation responses – across all sectors (%)</p> <table border="1"> <tr> <td>Yes</td> <td>No</td> <td>No views</td> </tr> <tr> <td>48.9</td> <td>38.8</td> <td>12.4</td> </tr> </table> <p>90% of special schools opposed these cuts, although 90% of secondary schools supported them. The primary sector was</p>	Yes	No	No views	48.9	38.8	12.4
Yes	No	No views								
48.9	38.8	12.4								

	& special schools			largely divided. <i>The Schools Forum has requested that the working group address this issue</i>						
G	Special Schools: reduce top-up funding	40.0	-0.4	<p>Proposal is to reduce special schools' total funding by an average of 1% in 2017/18. A targeted approach will be developed.</p> <p>Consultation responses – across all sectors (%)</p> <table border="1"> <thead> <tr> <th>Yes</th> <th>No</th> <th>No views</th> </tr> </thead> <tbody> <tr> <td>21.3</td> <td>29.8</td> <td>48.9</td> </tr> </tbody> </table> <p>Strong opposition from special schools and 55% of secondaries. Primaries had largely no views.</p> <p><i>The Schools Forum has requested that the working group address this issue</i></p>	Yes	No	No views	21.3	29.8	48.9
Yes	No	No views								
21.3	29.8	48.9								
	Total savings for 2017/18 (part year impact)		-5.0							

Further Savings

Schools' responses to suggestions for areas to review for further savings included:

- Review provision of SEND support to Early Years providers. This service provides SEND advice, largely to private, voluntary & independent nurseries. Total budget £1.3m
- Review of residential provision in special schools (Budget £2.8m)
- Trade more non-statutory services (ie extend Option C in table above)
- Review top-up funding for special schools (Option G in table above) (Budget £20m). This could involve development of a resource allocation model linking funding more explicitly to need.
- Ensuring full occupancy of special schools (Already under review)
- Reduce all budgets by a standard percentage
- Audit the use of ISPSB (ie additional support to schools for individual SEND pupils)
- Reduce non-maintained & independent placements (NMIs) (Already under review with agreed savings targets. (Budget £36m)
- Review and share costs with health & social care
- Transfer additional funds from the Schools DSG block to High Needs

A Working Group of Schools Forum members and officers is to consider the above suggestions and identify savings totalling £10m. The group will discuss proposals with Cabinet members prior to the Cabinet meeting.

Areas excluded from review to date

Areas excluded from review to date following feedback from stakeholders at the SEND events include school SEN centres, statutory services, early help services and speech & language therapy.

Annex 2

SURREY SCHOOLS FUNDING FORMULA FACTORS

In 2016/17, schools' delegated funding was allocated on the following basis:

	Total allocated to schools £m	% of total funding allocated on this basis
Basic Entitlement	443.7	77.9
Deprivation funding	44.4	7.8
Lump sum (flat rate)	50.4	8.8
Low prior attainment (SEND indicator)	20.1	3.5
Looked after children	0.3	0.1
English as an Additional Language	2.5	0.5
Split site funding	0.7	0.1
Rates, rent and other premises factors	6.2	1.1
Pupil mobility	0.2	0
Sixth Form Support	1.3	0.2
Total	569.8	100

Formula factors (some prescribed by the DfE) are developed for each category, with values calculated at a level appropriate to keep funding within the total sum available. Current formula values and those proposed for 2017/18 are set out in Annex 5.

This total is funded from within the Schools block total of £590.8m described in paragraph 1. The Schools block also funds behaviour support, the admissions service and any additional contributions to combined services (e.g. school improvement) approved by the Schools Forum.

SCHOOLS FUNDING: RESPONSES TO SCHOOLS' CONSULTATION 2016

Summary of Responses to Formula Funding Proposals

1. Redistribution of 'Sixth Form factor' no longer permitted by DfE

Overall result - All Schools:

<i>% Support for:</i>	Yes	No	No views
	%	%	%
Allocate across all school years (Years R to Year 11)	65.2		12.4
Allocate to secondary sector only (Years 7 to 11)	22.5		

However there was a notable difference in views of primaries and secondaries.

<i>% Support for:</i>	Primaries	Secondaries	Special Schools	PRUs
	%	%	%	%
Allocate across all school years (Years R to 11)	95.0	6.5		
Allocate to secondary sector only (Yrs 7 to11)	5.0	93.5		100
No views			100	

2 Redistribution of DSG School Improvement Funding

Overall result - All Schools

<i>% Support for:</i>	Yes	No	No views
	%	%	%
Allocate to all schools based on pupil numbers	66.3		11.2
Allocate to all schools based on 50% pupil numbers and 50% Free School Meals entitlement	22.5		

This view was widely shared between sectors:

<i>% Support for:</i>	Primaries	Secondaries	Special Schools	PRUs
	%	%	%	%
Allocate to all schools	75.8	71.0		100

based on pupil numbers				
Allocate to all schools based on 50% pupil numbers and 50% Free School Meals entitlement	24.2	29.0	9.5	
No views			90.5	

3. Support for continuing School Improvement Funding in summer term 2017

Overall result - All Schools

<i>% Support for:</i>	Yes	No	No views
	%	%	%
Do you support continuing school improvement funding for summer term 2017	50.0	39.3	10.7

However the views of sectors varied:

<i>% Support for:</i>	Primaries	Secondaries	Special Schools	PRUs
	%	%	%	%
Yes	35.8	74.2	85.7	100
No	51.7	22.6	4.8	-
No views	12.5	3.2	9.5	-

All the above results were considered by the Schools Forum on 7 October 2016 and recommendations made to the Cabinet.

4. Primary Contingency

The maintained primary sector has opted to hold a central contingency for unexpected items of such significance that one governing body could not absorb the costs. This is used sparingly and funds are returned to primary schools periodically if the balance rises. Schools and the Schools Forum supported the proposal to return £300,000 to schools in April 2017. The secondary sector no longer holds a contingency.

Responses were received from a total of 177 schools:

Primary schools	120 schools (40% of sector)
Secondary schools	31 schools (56%)
Special schools	21 schools (95 %)
Pupil Referral Units	5 schools (56%)

Annex 4

PROPOSED SURREY SCHOOLS' FUNDING FORMULA FACTORS: 2017/18

The table below lists the provisional values of the proposed Surrey formula factors for 2017/18. The only changes from 2016/17 are due to the redistribution of former post 16 funding and school improvement funding, through increases to basic entitlement.

	2017 / 18 Provisional values		% change	2016/17 values	
	Primary £	Secondary £		Primary £	Secondary £
Basic entitlement per pupil					
• Key stages 1 & 2	2,766.46	-	0.2%	2,760.82	-
• Key stage 3	-	3,692.09	0.8%	-	3,661.67
• Key stage 4	-	4,559.29	0.8%	-	4,521.72
Deprivation:					
Per pupil on free schl meals	3,959.75	2,607.14	0	3.959.75	2,607.14
Per pupil in IDACI* band 1		863.58	0		863.58
Per pupil in IDACI* band2-6		1,557.71	0		1,557.71
Lump sum per school	135,000	175,000	0	135,000	175,000
Low prior attainment:					
Per low attainer based on Foundation Stage Profile	857.89		0	857.89	
Per secondary pupil scoring below level 4 in either maths or English at key stage 2		1080.12	0		1080.12
Per Looked After Child	796.17	796.17	0	796.17	796.17
English as an Additional Language:					
Per pupil with EAL in school system less than 3years	275.95	672.95	0	275.95	672.95
Pupil mobility:					
Per mobile child above 10% of roll	629.00	774.00	0	629.00	774.00
Sixth Form Support:					
Per post 16 learner		No longer permitted			181.43

* IDACI Income deprivation affecting children index

In addition, schools will also receive funding for rates at actual costs. A small minority of schools will also receive funding for split sites or exceptional rents. These are calculated individually for each school, based on actual costs.

The provisional amounts above may be amended once the outcome of the 2016 pupil census is known, to ensure they are still affordable within the available funding.

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