

SURREY COUNTY COUNCIL

CABINET

DATE: 14 DECEMBER 2017

REPORT OF: MRS MARY LEWIS, CABINET MEMBER FOR EDUCATION

LEAD OFFICER: ROSE DURBAN, INTERIM DIRECTOR FOR CHILDREN, SCHOOLS & FAMILIES

SUBJECT: SCHOOLS' FORMULA FUNDING 2018-19



SUMMARY OF ISSUE:

This report sets out the recommended funding formula for Surrey schools in 2018/19 for approval by the Cabinet. All Surrey schools, including academies, are funded from the council's Dedicated Schools Grant (DSG) allocation. Each local authority is required to maintain a local funding formula to allocate DSG funding to individual schools. This funding formula is determined annually, ahead of the council's main budget decisions, in order to meet the Department for Education (DfE) deadline of 19 January 2018. It follows the annual funding consultation with all Surrey schools during October and the recommendations of the Schools Forum on 10 November 2017.

The DfE is to introduce a National Funding Formula (NFF) from 2020/21. During 2018/19 local authorities are expected to manage a smooth transition for schools by amending their local formula in the direction of the NFF. This report recommends transitional arrangements for 2018/19.

The transition to the NFF provides an extra £14m (2.4%) in 2018/19 and once fully implemented in 2020/21, a net increase of approximately £28.5m (4.8%) to Surrey schools. However, after two years with no inflation increases, schools are facing increasing pressures, including rising pay, national insurance and pension costs and funding the impact of the withdrawal of education service grants. Furthermore, the distribution of that funding is not consistent across all Surrey schools. In general, Surrey schools with higher levels of deprivation gain rather less from the NFF as Surrey's local formula currently allocates a higher proportion of funding to schools serving deprived communities.

RECOMMENDATIONS:

It is recommended that:

1. the Schools Forum's recommendations for the formula funding of Surrey schools in 2018/19, as set out in Annex 2, be approved
2. the proposed Surrey formula factors for 2018/19 as set out in Annex 3 are approved
3. authority is delegated to the Assistant Director, Schools & Learning, in consultation with the Leader and the Cabinet Member for Education to

approve amendments to the schools funding formula as appropriate following receipt of the DSG settlement and DfE pupil data in December 2017. This is to ensure that total allocations to schools under this formula remain affordable within the council's DSG settlement.

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:

Background

1. All Surrey schools, including academies, are funded from the council's Dedicated Schools Grant (DSG) allocation, with each local authority maintaining a local formula to determine the funding of individual primary and secondary schools. From 2020/21 the Department for Education (DfE) intends to introduce a national funding formula (NFF) for schools. During the next two years, local authorities are asked to manage this transition by adjusting their own local formulae in the direction of the NFF.
2. From 2018/19 Dedicated Schools Grant funding will be provided to the LA in four blocks covering:
 - Schools
 - Schools' Central Services
 - High Needs: special educational needs and disabilities (SEND) and
 - Early Years

The Schools block provides the funding for Surrey schools. Individual schools' budgets are allocated on the basis of a formula currently determined locally, albeit within DfE parameters. Continuing pressures in Surrey's High Needs block has necessitated transfers from both the Early Years and Schools blocks in the past, although no transfer was made in 2017/18, necessitating a savings target of £10m in 2017/18, of which £6m has been achieved to date. From 2018/19 local authorities must seek the approval of the School Forum for any transfer from the Schools block.

Dedicated Schools Grant (DSG)

3. Schools are funded from Dedicated Schools Grant (DSG). This is a ring-fenced grant that can only be used to fund the services set out below. Funding for 2018/19 will be announced in December 2017. The estimated DSG funding allocations for each block are shown below.
 - Schools £604.6m

All Surrey primary and secondary schools receive their revenue funding from the Schools block, via a funding formula currently determined by

their local authorities. This formula also applies to any academies in the area. The Schools block also funds additional support for growing schools i.e. those schools admitting bulge classes or increasing their published admissions number (PAN).

- Schools Central Services £6.2m

This new block, to be introduced from April 2018 funds local authorities for their strategic Education responsibilities for all schools (including academies). These responsibilities include whole service planning and leadership, school admissions, management of the capital programme, education welfare, and formula funding. In 2017/18 this was part of the Schools Block.

- High Needs SEND £141.6m

The High Needs block caters for pupils with special educational needs and disabilities (SEND). It funds Surrey's special schools, SEND centres in mainstream schools, pupil referral units (PRUs), post 16 SEND provision and 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 (e.g. 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 funding transfers from the Early Years and Schools blocks. In 2017/18 following concerns by schools at any further transfers from the Schools block, the Schools Forum agreed to establish a working group to work with the LA to develop savings totalling £10m.

The growing pressures on High Needs SEND budgets have proven to be a national issue necessitating many LAs transferring funds from their Schools blocks. Although Surrey did not transfer funds from Schools to High Needs SEND in 2017/18, instead working in partnership to make savings, 77 (of 150) local authorities transferred a total of £110m from Schools to High Needs SEND.

Following a change in DfE regulations, the approval of the Schools Forum is now required prior to any transfer from the Schools block.

- Early Years £67.7m

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.

4. This report concentrates on Cabinet decisions relating to schools funding required by 19 January 2018 and therefore does not address:

- the pupil premium or sixth form funding as these are central government allocations, distributed via formula mechanisms determined by the DfE.
- funding allocations to Early Years providers, as data on take-up of places is yet to be published and accordingly the January deadline for submission to the DfE does not apply.

Schools Forum

5. 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, including the transfer of funding from 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.

Formula Funding

6. Schools are funded on a formula basis – comprising a number of indicators specified by the DfE. Funding is allocated to schools on the basis of pupil numbers with additional funding provided to address relative needs including the incidence at individual school level of deprivation, low prior pupil attainment and English as an additional language. Each local authority currently sets its own local funding formula within the DfE's parameters.

National Funding Formula (NFF)

7. From 2020/21 the DfE is to introduce a National Funding Formula. This will replace the individual funding formulae of 150 local authorities. For 2018/19 and 2019/20, local authorities will receive the funding allocations for their schools, calculated at school level on the new NFF funding basis, but will be expected to utilise their own local funding formula to allocate the funding in order to manage a smooth transition and avoid unnecessary turbulence.
8. Surrey schools will gain from the introduction of the NFF as funding levels are higher. The NFF provides an extra £14m in 2018/19 and once fully implemented in 2020/21, a net increase of approximately £28.5m. However, the distribution of that funding is not consistent across all Surrey schools. In general, Surrey schools with higher levels of deprivation gain rather less. That is because Surrey's local formula currently allocates a higher proportion of funding to deprivation than the NFF. However, the NFF allocates a higher proportion of Prior Year Attainment funding which benefits many primary schools. (Annex 1 provides details of the allocation of schools' funding across the formula factors.)

Consultation with Surrey schools

9. In September 2017 the DfE published its provisional NFF funding rates for 2018/19. Each local authority is expected to manage the transition to the NFF for its schools by adjusting the local funding formulae towards the NFF in

2018/19. Therefore, during October 2017 all Surrey primary and secondary schools (including academies) were consulted on a number of options for the 2018/19 local funding formula.

10. Following discussions at Schools Forum on 29 September, all the options were calculated on the basis of:
- A Minimum Funding Guarantee (MFG) of zero – i.e. no school would lose funding per pupil in 2018/19. In recent years the MFG has been set by the DfE at -1.5%, meaning schools could lose funding to the level of 1.5% per pupil. In order to fund the MFG, a ceiling on the gains of other schools is usually necessary.
 - The Minimum Pupil Levels (set by the Secretary of State at £3,300 per primary school pupil and £4,600 per secondary pupil in 2018/19), would be applied.

The subsequent consultation with all schools confirmed widespread support for both these proposals.

Phasing of the transition to the NFF

11. The consultation proposed options which varied depending on how quickly the new NFF factors were introduced. Every school was provided with an illustration of the potential impact of each option on their funding. Note however these estimates were necessarily based on 2016/17 pupil data whereas the actual funding allocations to be notified to schools in February 2018 will be based on pupil census data to be published by the DfE during December 2017.

- **Option 1: An Even -Paced transition to the NFF**

The LA would allocate funding in 2018/19 based on:

1/3 NFF values + 2/3 Surrey formula values

This option provides a transition at a relatively slow pace and as more funding is allocated to Surrey schools in 2018/19, there is no need for a ceiling on gainers. However this creates temporary gains in some primary schools – as a result of removing the ceiling. These gains are not sustainable as the proportion of NFF factors will increase in future years.

This option was supported by 29.4% of primary schools and 15.4% of secondary schools in the consultation.

- **Option 2: A speedier transition to the NFF**

The LA would allocate funding in 2018/19 based on:

50% NFF values + 50% Surrey formula values

This option provides a faster transition to the NFF but more schools would require the protection of the minimum funding guarantee. These would typically be small schools and those with a relatively high level of

deprivation (as the NFF funds deprivation at a lower rate). A ceiling of 5% on any gainers would be necessary in order to fund the MFG.

This option was supported by 29.4% of primary schools and 33.3% of secondary schools in the consultation.

- **Option 3: Fastest move towards the NFF**

The council would move as far as possible towards the NFF in 2018/19. However, moving all the way is not possible as the full NFF funding is not yet available. This option was calculated based on a maximum affordable weighting for NFF factors of 58%, assuming additional funding of £14m will be received in 2018/19.

58% NFF values + 42% Surrey formula values

This option provides a faster transition to the NFF. However, as more schools would require funding protections, a ceiling of 3.68% on any gainers is necessary. Comments from those schools favouring this option centred around the inevitability of the NFF and the additional funding now provided to ensure that no schools lose funding. As such, there was a desire to move forward swiftly.

This option was supported by 41.2% of primary schools and 51.3% of Surrey secondary schools in the consultation.

12. In discussing the outcome of the schools' consultation on 10 November, Schools Forum members had varying views on the preferred phasing options. However, they acknowledged that all options lead to the same NFF by 2020/21. The Forum recognised the efforts made by many schools to respond to the consultation and they wished to give due regard to those responses. As Option 3 was the most popular option in both the primary and secondary sectors, it was recommended by the Schools Forum to the Cabinet for implementation.
13. On 23 November 2017 the DfE notified local authorities of its intention to amend schools funding regulations to provide further flexibility by permitting LAs to set a minimum funding guarantee (MFG) of up to 0.5%. This had previously been limited to a maximum of 0% in 2018/19. The DfE is also intending to relax other regulations in order to enable a swifter move to the NFF, should LAs wish to adopt this. As further changes to the local formula would require another full consultation with all Surrey schools and the Schools Forum, and in view of the DfE's deadline for submission of the formula – which remains at 19 January 2018 - it was decided, after discussions with the Chair and Vice-Chair of Schools Forum, that the recommendations to the Cabinet shall remain as consulted on with all Surrey schools and as set out in this report. A further review and a full consultation will be undertaken during autumn 2018, prior to setting the 2019/20 formula.

Pressures in High Needs SEND

14. 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. Savings of between £8m - £9m have already been achieved in 2017/18 through a number of measures developed in partnership with the High Needs Working Group – a group that includes headteacher representatives from Schools Forum. However, a rise of over 1,000 children and young people with Education Health Care Plans in the last year has created an increase in demand for all types of provision.

15. In light of rising pressures in High Needs budgets, schools views were sought regarding a transfer of £3m from the Schools block to High Needs SEND. This is the maximum percentage transfer available without the approval of the Secretary of State. This would reduce the additional funding available for primary and secondary schools in 2018/19 from £14m to £11m. Options 1 and 2 were re-worked to show the impact of the transfer to produce two further options (4 and 5). The lower funding increase would not permit a faster move to the NFF than proposed in Option 5.
16. The proposal to transfer funds from the Schools block to High Needs SEND was opposed by 50.6% of primary schools and 70.7% of secondary schools responding to the consultation. Special schools are funded from the High Needs SEND block and voted 92.9% in favour. (Appendix 2). The Schools Forum have decision making powers on this issue and voted not to transfer funds from the Schools block to High Needs SEND. However, the Forum is keen to work with the local authority to identify savings in SEND costs across all sectors and has committed to supporting the local authority in addressing the High Needs budget pressures. The Schools Forum has agreed to carry forward any deficits from 2017/18 within the High Needs DSG budget and to continue the High Needs Working Group with a slightly extended membership to address these issues.
17. The Schools Forum acknowledged that savings of between £12m - £15m are likely to be required for 2018/19 in addition to those already planned. The scale of savings is such that it requires a fundamental reworking of the way in which services are delivered, involving a wider range of colleagues. The working group will work on delivering sustainable solutions and ways of involving both children and young people, and health and social care partners will be considered. Work will need to have regard to other change programmes, including the transforming care programme (joint with health and social care), the sustainable transformation plans, and the wider review of learning difficulties provision across all age groups.

OTHER CHANGES TO THE SCHOOLS FUNDING FORMULA 2018/19

Minor Changes necessitated by the new National Funding Formula

18. Minor changes to the Surrey funding formula in 2018/19 are necessary, largely to ensure a smooth transition to the NFF. These cover:
 - Proposed changes to top-up funding in SEN centres
The DfE is to change the way in which SEN centres in schools are funded. The local authority has proposed amendments to minimise any negative impacts of these changes on schools.
 - Ceasing the Reception uplift

The proposal is to cease the Reception uplift to schools with pupils joining between October and January each year as it is not permitted in the NFF and in practice most schools do not receive any additional funding due to the protection mechanisms already in place via the minimum funding guarantee (MFG) and the ceiling.

- Retaining a Looked After Children (LAC) factor in the Surrey funding formula in 2018/19 but reducing its value by £400 to recognise the increase of £400 in pupil premium funding for LAC. The DfE will no longer include a LAC factor once the NFF is fully implemented.
- Technical changes to the definition of the Level 2 'notional SEN' budget resulting from changes by the DfE in the deprivation indices to be used in the NFF.

These proposals were supported by schools and the Schools Forum and are recommended to the Cabinet.

OTHER PROPOSALS IN THE SCHOOLS' CONSULTATION

19. In recent years the Schools Forum, supported by schools, has approved the central retention of funds from schools' budgets in specific instances as set out below. Following changes to government regulations ahead of the introduction of the National Funding Formula, this funding must now be allocated to schools. Schools were consulted on the proposed mechanisms by which this funding would be distributed.

- **Distribution of Confederation funding**

Funding of £0.6m has historically been top-sliced from schools and allocated directly to confederations and partnerships, under combined services powers, with the annual approval of the Schools Forum. As this funding no longer meets the DfE's revised combined services criteria, it is proposed to delegate the funding to individual primary schools using a combination of pupil number and deprivation factors as these provide the best link to the former direct allocations. Schools can then opt to continue to support confederations in their area should they so wish.

Schools Forum recommendation: That the former confederation funding should be delegated to primary schools using a mixture of pupil numbers, FSM6 and IDACI (deprivation data);

- **Delegation of school improvement funding**

In recent years DSG funding has been allocated by the Schools Forum, under combined services powers, to support the local authority's school improvement activities. This was an annual agreement between the Schools Forum and the local authority in which £430,000 was provided in 2017/18. As this arrangement no longer meets the revised DfE criteria for combined services, this funding will be delegated to schools in 2018/19. It is proposed that this is allocated on the basis of pupil numbers, weighted to maintain the current secondary: primary funding ratios.

In a separate arrangement, under de-delegation powers, maintained primary school representatives have opted to de-delegate £1.0m to support the LA's school improvement activities in primary schools in 2018/19. Secondary maintained schools do not contribute to central school improvement funding. The LA is not permitted to de-delegate sums from academies and special schools.

Schools Forum recommendation: That DSG funding previously targeted to school improvement be allocated to all schools on a per pupil basis, maintaining the current secondary: primary funding ratios.

- **Delegation of surplus Primary schools' 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 £330,000 to primary schools in 2018/19 via an allocation based on individual maintained schools' October 2014 and October 2015 pupil numbers as this reflects the relative contributions made by individual schools. This mechanism was supported by 90.3% of primary schools responding to the consultation.

Schools Forum recommendation: That the sum of £330,000 arising from a surplus on the primary risks contingency be returned to primary schools.

20. A summary of the Schools Forum's recommendations to Cabinet is set out in Annex 2.

Fine-tuning of schools' formula following DSG settlement

21. At this stage, proposed formula values can only be provisional as DSG funding will be based on pupil numbers and characteristics collected in the October 2017 pupil census – data which is unavailable to local authorities until late December 2017. The DfE therefore enables local authorities to fine-tune these values by 19 January 2018, to ensure 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 Education and the Leader of the County Council.

<u>CONSULTATION:</u>

23. Following the DfE's September 2017 updated guidance on the introduction of the National Funding Formula, options for the phasing of the transition from the local Surrey funding formula were discussed at the Schools Forum on 29 September and later with the Cabinet Member. A Schools Funding Consultation was distributed to all schools during October 2017. A total of 209 schools submitted responses, representing 53.6% of schools. Schools'

collective responses were discussed at the Surrey Schools Forum on 10 November 2017. The recommendations of the Schools Forum are set out in this report.

RISK MANAGEMENT AND IMPLICATIONS:

24. Schools are funded by Dedicated Schools Grant (DSG). Primary and Secondary schools are funded from the Schools block within DSG, with the High Needs block funding special schools. The proposals in this report recognise and address continuing demographic and inflationary pressures in the High Needs block. Agreement has previously been reached with the Schools Forum to carry forward to 2018/19 any overspends on High Needs. There is a clear need and a firm commitment for partnership working between schools, Schools Forum members and the local authority to identify savings and traded options. Where traded options for council services are proposed, there is a potential risk of redundancies, which would fall on council budgets, if services could not be successfully traded.

Financial and Value for Money Implications

25. 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.
26. As at 1 November 2017, a total of 131 schools have converted to academy status (85 primary, 40 secondary and 6 special) and there are 4 free schools in Surrey. Responsibility for the financial viability of academies and free schools lies with the Government's Education & Skills Funding Agency (ESFA) rather than the county council.

Section 151 Officer Commentary

27. The Government plans to introduce a National Funding Formula (NFF) in 2020/21. Once fully implemented this should increase the funding to Surrey's primary and secondary schools by approximately £28.5m, although schools - at a national and local level – highlight that cost pressures will absorb the funding increases.
28. During 2018/19 the additional funding is estimated at £14m and the government expects local authorities to manage the transition to the NFF by allocating this funding on a fair basis to its schools. In setting the minimum funding guarantee at zero, the LA is ensuring that no individual school will lose funding during 2018/19 (assuming no significant drop in pupil numbers). By adopting the minimum per pupil funding level announced by the Secretary of State, the council is also meeting the expectations of headteachers and school business managers. All schools and the Schools Forum have been

consulted on their preferred pace of transition and accordingly this report recommends the fast transition supported by schools.

29. High Needs SEND budgets are under significant pressure following increases in pupil numbers, pupil needs and legislative changes. The Schools Forum has agreed to continue 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. The potential shortfall in high needs funding in 2018/19 is estimated at £12m - £15m and the scale of the budget challenges will necessitate a fundamental review of SEN provision with potentially widespread implications. The involvement of a wider range of stakeholders in the High Needs Working group should contribute to robust and sustainable savings recommendations. Future sustainability must be the key focus as High Needs block funding is likely to reduce in future years as temporary funding protections are to be reviewed within five years.
30. Savings could include further reductions in SEN support – some of which may be mitigated if trading arrangements are established - and with vigorous management of increasing pressures.

Legal Implications – Monitoring Officer

31. The proposals comply with the Department for Education Regulation requirements and legislation and have been arrived at following consultation with Schools Forum. There are no significant legal implications arising from this report.
32. Cabinet should give due regard to the responses to the consultation before considering the recommendations put before Cabinet.
33. The public sector equality duty (Section 149 of the Equality Act 2010) applies to the decision to be made by Cabinet in this report. 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. These matters are dealt with in the equalities paragraphs of the report and in the attached equalities impact assessment.

Equalities and Diversity

34. Equality Impact Assessments (EIA) have been completed and set out in Annex 4.

Corporate Parenting/Looked After Children Implications:

35. Additional funding is provided to all schools with looked after children. Although changes to unit rates are proposed, these are matched by increases in pupil premium rates. Funding levels will therefore be maintained.

WHAT HAPPENS NEXT:

The next steps are as follows:

Schools' Funding Formula

36. The DfE will provide local authorities with updated pupil data at school level during December 2017 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 19 January 2018.
37. Surrey maintained schools will receive their individual schools budgets from the council by 28 February 2018. Academies will be notified of their funding separately by the Education and Skills Funding Agency (ESFA). This will be based on the council's funding formula as set out in this report.

High Needs SEND

38. The Schools Forum has committed to work with local authority officers and elected members to identify further sustainable savings in High Needs budgets. The membership of the High Needs Working Group is to be expanded and a schedule of meetings, targets and deadlines will be established.

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Consulted:

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 The Surrey Schools Forum
 All Surrey schools – via the Schools Funding Reform Consultation, issued October 2017

Annexes:

Annex 1 Allocation of Schools Funding Across Formula Factors
 Annex 2 Schools Forum Recommendations to Cabinet
 Annex 3 Proposed Surrey Schools Funding Formula Factors 2018/19
 Annex 4 Equalities Impact Assessment

Sources/background papers:

The National Funding Formula for Schools and High Needs. Policy document.
 Department for Education, Sept 2017
 20189/19 Schools revenue funding. Operational Guide. DfE Sept 2017.
 The School & Early Years Finance (England) Regulations 2017
 The Education Act 2002
 The Education Act 2011
 The Schools Standards & Framework Act 1998
 Schools Forum – Minutes of meeting on 10 November 2017
 Schools' Funding Consultation: Proposals for Changes. Surrey County Council,
 October 2017

ALLOCATION OF SCHOOLS FUNDING ACROSS FORMULA FACTORS

The table below lists the main formula factors used in the schools' funding formula; the amounts allocated to Surrey schools under the local formula in 2017/18; the estimated allocations under the Schools Forum's recommended option and the sums anticipated once the National Funding Formula is fully implemented in 2020/21.

	Allocated to Surrey schools	Recommended Allocation to Surrey schools	National Funding Formula
	2017/18	2018/19	When fully implemented in 2020/21
	£m	£m	£m
Basic Entitlement	453.8	470.3	480.4
Deprivation funding	45.0	33.7	25.2
Lump sum (flat rate)	50.4	45.1	41.3
Low prior attainment (SEND indicator)	19.5	34.2	42.3
Looked after children	0.2	0.1	0.0
English as an Additional Language	2.7	4.3	5.4
Split site funding	0.7	0.7	0.7
Rates, rent and other premises factors	7.1	7.1	7.1
Pupil mobility	0.3	0.2	0.2
Sparsity (new factor)	-	-	0.1
Additional funding to reach minimum per pupil level (MPPL) (new factor)	-	0.7	1.9
Minimum Funding Guarantee	-	0.1	6.4
Total	579.9	596.5	611.0

Once fully implemented in 2020/21, it is estimated that an additional £28.5m will be allocated to Surrey schools through the National Funding Formula. In phasing in the NFF from 2018/19, an additional £14m is anticipated. This sum will be confirmed in the December DSG Settlement.

The figures above also include the impact of a change in the DfE funding mechanism for SEN centres from 2018/19, whereby SEN centre pupils will be accounted for in the Schools block. They were previously included within the High Needs block and a transfer of £2.6m has been made by the DfE for this purpose.

SCHOOLS FORUM RECOMMENDATIONS TO THE CABINET

At its meeting on 10 November 2017, the Schools Forum agreed that the following recommendations for the funding of Surrey schools in 2018/19 be made to the Surrey County Council Cabinet:

1. The minimum funding guarantee (MFG) for schools should be set at zero
2. The council should implement the Minimum Per Pupil Level of £3,300 per primary pupil and £4,600 per secondary pupil in Surrey
3. The council should implement a fast transition to the National Funding Formula, as set out as Option 3 in the autumn 2017 Schools Funding Consultation. This is currently estimated at 58% NFF factors and 42% Surrey factors.
4. All minor formula changes necessitated by the move towards the National Funding Formula are implemented
5. Sums previously distributed to primary school confederations should be distributed to primary schools using pupil numbers on roll, Free Schools Meals (FSM6) and IDACI factors, as these most closely match the current funding distribution.
6. Former school improvement funding no longer permitted to be maintained centrally under combined services powers should be distributed to schools using the mechanisms set out in the consultation – i.e a sum per pupil, retaining the existing secondary : primary ratio (1.3023) and Key Stage 4: Key Stage 3 funding ratio (1.23488)
7. The surplus on the delegated primary schools' contingency be distributed to primary schools reflecting the origin of the funds.

PROPOSED SURREY SCHOOLS' FUNDING FORMULA FACTORS 2018/19

The table lists the proposed values of the Surrey formula factors for 2018/19:

	2018/19 Provisional Values		2017/18 Values	
	Primary £	Secondary £	Primary £	Secondary £
Basic entitlement per pupil				
• Key stages 1 & 2	2,845.08	-	2,772.40	-
• Key stage 3	-	3,916.64	-	3,699.47
• Key stage 4	-	4,601.99	-	4,568.40
Deprivation:				
Per pupil on free schl meals	1,963.96	1384.59	4,009.67	2,640.01
Per "Ever 6" FSM pupil	328.74	477.90	0	0
Per pupil in IDACI* band F	121.76	546.49		874.57
Per pupil in IDACI band E	146.11	904.65		1577.34
Per pupil in IDACI band D	219.16	980.74		1577.34
Per pupil in IDACI band C	237.43	1008.14		1577.34
Per pupil in IDACI band B	255.69	1032.49		1577.34
Per pupil in IDACI band A	332.38	1160.34		1577.34
Lump sum per school	124,072	140,992	135,000	175,000
Low prior attainment:				
Per low attainer based on Foundation Stage Profile	1002.12		857.89	
Per secondary pupil scoring below level 4 in either maths or English at key stage 2		1400.52		1080.12
Per Looked After Child	396.17	396.17	796.17	796.17
English as an Additional Language:				
Per pupil with EAL in school system less than 3years	430.25	1127.84	275.95	672.95
Pupil mobility:				
Per mobile child above 10% of roll	629.00	774.00	629.00	774.00

* 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 2017 pupil census is known, to ensure they are still affordable within the available funding.