

SURREY COUNTY COUNCIL**CABINET****DATE: 17 DECEMBER 2024****REPORT OF CABINET MEMBER: CLARE CURRAN - CABINET MEMBER FOR CHILDREN, FAMILIES AND LIFELONG LEARNING****LEAD OFFICER: RACHAEL WARDELL, EXECUTIVE DIRECTOR OF CHILDREN, FAMILIES AND LIFELONG LEARNING****SUBJECT: SURREY SCHOOLS AND EARLY YEARS FUNDING 2025-26****ORGANISATION STRATEGY PRIORITY AREA: GROWING A SUSTAINABLE ECONOMY SO EVERYONE CAN BENEFIT****Purpose of the Report:**

The funding of all Surrey schools (including academies) and the funded entitlement to early years nursery provision are provided from the council's allocation of Dedicated Schools Grant (DSG). Each local authority is required to consult on and maintain local formula arrangements to allocate DSG to mainstream schools and early years providers. This report sets out the recommended funding formula principles for Surrey mainstream schools and early years providers in 2025/26.

The Safety Valve agreement includes a 1% block transfer from the schools' block of the DSG to the High Needs block in each year of the five-year term of the agreement. Although schools do not have formal right of approval over the request, the Council is required to consult schools and to share the outcome with the Secretary of State.

By proposing equitable funding arrangements for schools, this helps Surrey County Council meet its priority to grow a sustainable economy and support the 'Surrey way' purpose as a council to tackle inequality and make sure that no one is left behind.

Recommendations:

It is recommended that Cabinet approves the proposals below, namely that:

1. Cabinet notes and supports the application to the Secretary of State to transfer 1.0% (which was equivalent to £8.4m in 2024/25) from the schools' block DSG to the High Needs block DSG, as set out in the safety valve agreement with the Department for Education (DFE).
2. The Schools Forum's formula recommendations for schools as set out in Annex 3, be approved; and the decisions in Annex 4 implemented, subject to any changes required to comply with the DfE provisional schools funding settlement announced on 28 November 2024³. The proposals agreed by the Schools Forum for additional funding for mainstream schools with disproportionately high incidence of special educational needs and disabilities (SEND) are agreed
4. The introduction of additional funding for primary schools with temporary falls in rolls is supported, as agreed by the Schools Forum.

- 5 The principles of the early years funding formula, supported by the Schools Forum, are approved.
- 6 Authority is delegated to the Director of Education and Lifelong Learning in consultation with the Executive Director of Children, Families and Lifelong Learning and the Cabinet Member for Children, Families and Lifelong Learning to approve amendments to the funding rates in the schools formula and early years funding formula, as appropriate, following receipt of the DSG settlement and DfE pupil data in December 2024. This is to ensure that total allocations to schools under this formula remain affordable within the council's DSG settlement and to meet the DfE deadline of mid-January for submission of proposed school budgets to the DfE and the expected deadline for confirmation of early years funding rates, currently expected to be 28 February 2025.

Reason for Recommendations:

To comply with DfE regulations requiring formal council approval of the local funding formula for Surrey's primary and secondary schools and to allow budgets for schools to be submitted to the DfE by the deadline of 22 January 2025 and funding rates for early years providers to be set by the required deadlines.

Executive Summary:

BACKGROUND

- 1 Dedicated Schools Grant (DSG) funding is provided to the county council in four blocks covering:
 - Schools
 - Schools' Central Services
 - High Needs: special educational needs and disabilities (SEND)
 - Early Years

The services provided within these blocks and indicative block allocations for 2025/26 (where available) are summarised below. Final funding allocations for 2025/26 will be published in December 2024 and will be based largely on October 2024 pupil numbers.

On 30 October 2024, the government announced a £2.3bn increase in core schools funding nationally for 2025/26, of which £1bn is for SEND and the remaining £1.3bn will be split between the schools NFF, the central schools services block, pupil premium and possibly other core grants.

a) **Schools £899.0m (2025/26 provisional)**

The schools' block provides the funding for pupils aged 4-15 in all Surrey's mainstream schools, including academies. Individual schools' budgets are allocated on the basis of a formula currently determined locally, albeit within DfE parameters.

The DfE is phasing in a national funding formula (NFF) for schools. Local authorities are expected to manage this transition by adjusting their own local

formulae in the direction of the NFF. In 2024/25, Surrey's formula factors are close to the NFF. The main exceptions are:

- that the lump sums were set slightly higher than the NFF and the basic entitlement rates correspondingly lower, to offer a little more protection to small schools.
- that formula factors are set as close to the NFF levels as possible after allowing the agreed 1% transfer to the high needs block

Funding is allocated separately by DfE for growing schools (mainly schools which are expected to have more classes in October 2025 than in October 2024). The criteria for allocation of this funding require approval by Schools Forum and will be considered at the Forum's January meeting.

b) **Schools' Central Services £7.3m** (2025/26 provisional)

This block 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 management of schools' formula funding.

c) **High Needs SEND £239.1m** (2025/26 provisional)

The high needs block funds pupils with special educational needs and disabilities (SEND). It funds Surrey's special schools, SEND centres in mainstream schools, alternative provision including pupil referral units (PRUs), post 16 SEND provision and education for 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 Education Health and Care Plans (EHCPs). It also funds specialist support services (e.g. physical and sensory support, speech & language therapies).

d) **Early Years £134.1m** (latest 2024/25 allocation as at July 2024)

The Early Years block funds nursery education for eligible children aged from nine months to four years in maintained schools, maintained nurseries, academies and private, voluntary and independent (PVI) settings. Funding is based on a mixture of termly counts and consecutive January counts so final figures for 2024/25 will not be published until summer 2025. As at 29 November no indicative allocation had yet been published for 2025/26.

Focus of this report

- 2 This report concentrates on Cabinet decisions relating to schools funding and early years funding. It does not address pupil premium or sixth form funding as these are central government allocations, distributed to schools via formula mechanisms determined by the DfE. Budgets for services funded by the high needs and Central Schools Services blocks (including those for special schools and SEN centres) are subject to a separate Cabinet Report in line with the council's budgeting process.

Schools Forum

- 3 The Schools' Forum is a statutory body which must be consulted on the allocation of DSG. Membership is prescribed by regulations, and comprises head teachers, governors, academy representatives and 'non-school' representatives from early years providers, diocesan bodies, teaching unions, post-16 providers and representatives of families whose children have additional needs (Family Voice in Surrey). The Forum has a largely consultative role but has decision making powers in specific areas, including some transfers of funding from the Schools' block. Voting on some issues is restricted to members in the affected sector. For example, academies cannot vote on issues relating to maintained schools only.

SCHOOLS FUNDING

- 4 All mainstream schools (maintained schools and academies) are funded from the schools' block of the DSG. Funding is allocated to Surrey schools using a local formula that is reviewed annually by the council. Annex 1 details the funding allocated to each funding factor in 2024/25.
- 5 DfE did not announce provisional 2025/26 DSG allocations for local authorities until 28 November (usually July) and therefore it is not yet possible to provide estimated Surrey funding rates for the various formula factors in 2025/26 in the way which has been done in previous years. Therefore, this report concentrates on principles only. However, there will not be changes to the range of allowable funding factors in 2025/26.
- 6 DSG funding has not kept pace with inflationary and demand pressures in parts of the budget. In Surrey this particularly currently affects the high needs block as this has a cumulative and annual deficit. This increases the pressure to reduce the high needs overspend within DSG. The SEND transformation programme aims to reduce costs whilst providing excellent SEND services. The programme is on track with continued action to reduce costs in future years. In order to ensure stability of the Council's balance sheet, the high needs block deficit has been matched by a General Fund reserve. Surrey has entered into a "safety valve" agreement whereby the DfE will contribute towards the cost of the high needs deficit, alongside contributions from the general fund reserve and from schools (see paragraph 12 below).
- 7 The DfE is continuing to phase in a National Funding Formula (NFF) to replace the individual school funding formulae of 151 local authorities. The previous government expressed the intention to move to a "direct" national funding formula for schools, meaning no local discretion over formula factors, and implemented changes which limit the extent by which local formula factors may differ from the NFF. The policy of the new government on the issue is, as yet, unknown.
- 8 Local authorities have been expected to manage a smooth transition to the NFF that avoids unnecessary turbulence at individual school level by amending their local formula over time.

Consultation with Surrey schools on changes from April 2025

- 9 During September 2024 all Surrey primary and secondary schools (both maintained and academies) were consulted on a number of options for the 2025/26 local schools funding formula.

- 10 The key issues for schools to consider were:
- a). The local schools' funding formula - including the transfer of 1.0% of the total Schools budget (now estimated at £9.0m plus the impact of any pupil number changes) to the high needs block to support sufficiency of specialist provision for children with additional needs and disabilities (SEND) and the safety valve agreement
 - b). De-delegated services: the services for which maintained schools would consider an automatic deduction from their school's budget
 - c) The level of the notional SEND budget, which is a guide to the amount which schools ought to spend on SEND from their own budgets.

The local schools' funding formula

- 11 Schools were consulted on a number of proposed changes to the local formula. Annex 2 summarises the responses of schools and the Schools Forum to the consultation.

Transfer of funds to high needs block

- 12 Council has already approved the safety valve agreement under which 1% of the schools block funding is to be transferred to the high needs block annually in each year of the agreement (2023/24 - 2027/28). However, the transfer still requires annual approval by the Secretary of State and therefore Cabinet is asked to approve a set of formula funding principles, plus a "reserve" set, to be used only if the transfer proposal is rejected by the Secretary of State.

It should be noted that:

- Consultation results show that the block transfer proposal was supported by 30 primary schools and 6 secondary schools and opposed by 35 primary schools and 7 secondary schools. Comments largely reflected concerns over affordability, and there had been some suggestions that the local authority should renegotiate the safety valve agreement in view of the financial impact on schools
- At the subsequent Schools Forum discussion, the Chair summarised that the Forum recognised that the local authority would apply for the transfer from the schools block to the high needs block, but that the Forum was not in favour of the transfer.
- Funding for those schools which receive additional funding to comply with the minimum per pupil level requirement (22.7% of schools in 2024/25) is not affected by the proposed transfer to high needs block.

Other Schools Funding Formula issues

- 13 Schools' views were sought on a number of other issues as follows:

- a) Minimum Funding Guarantee (MFG).

The MFG protects schools that might otherwise see a fall in average funding per pupil and could be set at a range between 0% and +0.5% by local

authorities in 2024/25. In 2024/25 Surrey adopted a 0.5% MFG (the highest permissible) in common with the majority of local authorities. For 2025/26, Surrey is provisionally proposing to set the MFG at the highest allowable level (now known to be 0%), whether or not the proposed transfer from the schools block to the high needs block is approved. This would mean that schools on MFG do not contribute to the cost of the block transfer.

b) Formula funding rates

In 2024/25 Surrey formula funding rates were generally set at 1.56 % below NFF rates (except that the lump sum was set slightly higher than that and the basic entitlement slightly lower, in order to protect small schools).

For 2025/26 schools were asked to support a proposal to set formula rates an estimated 1.8% below NFF rates, ie the estimated increase in funding rates would be 0.24% less than the increase in NFF rates, reflecting use of one-off funding in 2024/25. Again lump sums would be higher, and basic per pupil entitlements slightly lower, in order to protect small schools. The majority of schools supported the proposal (see Annex 2).

Schools were also asked if they would support the use of NFF formula factors (with a slight increase in lump sum and reduction in per pupil rates) should the proposed transfer from schools block to high needs block not be approved by the Secretary of State. Schools supported this 'reserve proposal' for 2025/26.

c) Ceiling on per pupil gains

The local authority is allowed to impose a ceiling on average per pupil funding gains, so that schools which would see large per pupil gains do not receive those gains in full. In 2024/25, Surrey adopted a ceiling of 6.57% per pupil. In 2025/26 Surrey's initial proposals do not require the use of a ceiling on gains. However, if the incidence of additional need (as measured by the NFF) increases between October 2023 and October 2024, Surrey will need either to impose a ceiling on high per pupil gains or to set a smaller increase in formula factors than described above, or a combination of both. The local authority recommended, and schools largely supported, a smaller increase in formula funding rates, which shares the cost of increased incidence of additional need more widely across schools. Use of a ceiling for several consecutive years may mean that the same schools lose funding each year, and that these schools are funded below current need for a prolonged period.

d) Level of the lump sum

In 2024/25 Surrey increased the lump sum factor for both primary and secondary schools, even though Surrey's lump sums were already higher than the NFF lump sum. The local authority proposed, and schools supported, an increase in lump sums in line with the increase in other formula factors in 2025/26, in order to assist small schools.

e) Notional SEND funding

The county council must define a notional SEND budget for every mainstream school, which is a guide to the amount which each school is expected to spend on SEND from its NFF formula allocation, though described by DfE as "neither a target nor a constraint" on the level of SEND spending, Changes in the notional SEND budget therefore affect the amount which schools may be expected to spend on SEND from their NFF formula allocation. They do not

affect the total budget share available to any school, except as in paragraph 14 below.

Individual councils decide how to define their notional SEND budgets, and historically Surrey's notional SEND budgets have been set at a lower proportion of school budgets than the national average. The LA proposes to raise the proportion of basic funding, deprivation funding and low prior attainment funding (separately) deemed notional SEND funding to the 2024/25 national average in 2025/26, following a process begun in 2024/25. This proposal was supported by the Schools Forum.

Additional SEND funding

- 14 The notional SEND budget must be formula based, and thus cannot accurately reflect the levels of SEND in individual schools. The DfE allows and encourages local authorities to provide additional funding from the high needs block to a minority of schools where the incidence of SEND is disproportionately high relative to the characteristics used for funding. In particular, mainstream schools are required to self-fund the first £6,000 of additional support for pupils with Education Health Care Plans (EHCPs) and for some schools this can cost more than their notional SEND budget. From April 2025 the LA is proposing to provide additional funding, from the high needs block, to schools where the cost of the first £6,000 per EHCP exceeds 80% of the notional SEN budget. This proposal was supported by a majority of responding schools and by the Schools Forum. The estimated cost based on modelling data from 2023/24 is £0.1m, but it is likely that the actual cost in 2025/26 will be higher as the number of EHCPs continues to increase.

Additional funding for primary schools with temporary falls in roll

- 15 Local authorities are allowed to provide additional funding to schools where there has recently been a fall in rolls and where pupil projections indicate that the vacancies are needed within the next three years, as a result of increased demand for places in the planning area (not just because of changes in the relative popularity of schools). The local authority is proposing to provide such funding in 2025/26 to a small number of primary schools. Provisional criteria are that in October 2024 pupil numbers must have fallen by 5% or more since October 2022 or October 2023 (whichever was the higher) and that the vacancies thus created are needed by September 2028. Falling rolls funding is not intended to support the large number of schools with falling rolls where there is no indication of an imminent increase in pupil numbers. The proposals were supported by a majority of schools and by Schools Forum. The budget and criteria require the approval of Schools Forum, which will be sought in January on the basis of updated estimates of demand using October 2024 pupil data.
- 16 Annex 3 summarises the recommendations of the Schools' Forum. Decisions made by the Schools' Forum are listed in Annex 4.

De-delegated services

- 17 The Schools' Forum can agree on behalf of all Surrey maintained primary and secondary schools to automatically deduct, or "de-delegate", funding from individual maintained schools' budgets to provide specific services. These

include behaviour support, free school meals eligibility checking and Trade Union Facility time. Prior to this decision – which must be made annually – all schools are consulted. All such proposals received majority support from maintained schools, apart from Trade Union Facility time for Secondary schools. All of the proposals with majority support from schools were agreed by the Schools' Forum. The outcome of schools' responses and the Forum's decisions are summarised in Annex 2 and 4 respectively. De-delegation arrangements are not permitted to be introduced for academies or special schools.

EARLY YEARS

- 18 From 2024/25 there has been a major expansion of funded early years provision. The 15 hour funded entitlement for two year olds, previously restricted to disadvantaged two year olds, has been extended to children of working parents meeting specified criteria from 1 April 2024. From 1 September 2024 eligible working parents have been entitled to 15 hours of funded early education and childcare each week for children aged 9 months-2 years. From 1 September 2025 children aged 9 months-3 years of eligible working parents will be eligible for 30 hours of funded early education and childcare each week.

Surrey County Council is required to maintain an early years funding formula and to consult providers on changes to that formula. Providers were consulted during the autumn on proposals for local allocation of funding for 2025/26. A summary of the consultation results and recommendations is in Annex 5. Funding must be allocated separately for:

- Three and four year olds
- Disadvantaged two year olds
- Two year olds of eligible working parents
- Children aged 9 months-2 years of eligible working parents.

For 2025/26, the council may retain up to 4% of each funding stream to support central provision of services to early years providers and central management of the offer, 1% less than in previous years. Officers propose to retain 4% of each in 2025/26. The government intends to reduce this to 3% in due course.

DfE expects local authorities to advise early years providers of 2025/26 funding rates by 28 February 2025.

SPECIAL SCHOOLS AND PUPIL REFERRAL UNITS

- 19 Special schools and pupil referral units are funded from High Needs DSG, on a per place and per pupil basis. Currently, each school receives:
- £10,000 for every place, this is known as 'place funding' as set out by the DfE;

- an additional sum per place in lieu of the former teachers’ pay and pensions grant;
- an additional sum per place, representing 3.4% of average 2022/23 place and top up funding per place
- an additional amount per pupil, known as “top up” funding, based on the needs of the pupil as determined by the Special Schools banding matrix (flat rate per place for pupil referral units).

Funding rates for special schools and pupil referral units are normally reviewed annually, taking into account inflation pressures on schools (in particular cost of pay increases) and overall pressures on the high needs budget. The LA aims to set top up funding rates by the end of January and will consult with school representatives prior to setting them. But this depends on overall decisions on use of high needs block DSG, which will form part of the overall Cabinet budget report.

In the 30 October Budget, a £1bn increase in high needs funding nationally was announced (see above), The DfE has now advised that all local authorities will see a minimum increase of 7% per head of 2-18 population in their high needs blocks. Surrey is a “funding floor” authority, i.e. its funding is protected at a historic level higher than the national formula would otherwise provide. As such Surrey receives the minimum level of increase.

Consultation:

- 20 A Schools Funding Consultation paper was distributed to all schools in early September detailing options for the funding of Surrey schools in 2025/26. A total of 84 schools submitted responses by the deadline, representing 21.4% of schools, much lower than last year’s response rate of 33%. Schools’ collective responses and comments were discussed at the Surrey Schools Forum on 8 October when recommendations / decisions were made. These are set out in this report. Note that these were based on general principles in the absence of indicative DfE funding rates for 2025/26.
- 21 Early years providers were consulted on proposed early years funding changes via a separate survey during September 2024.

Risk Management and Implications:

- 22 Schools are funded by DSG. Primary and Secondary schools are funded from the schools block within DSG, with the High Needs block funding special schools. Early years providers are funded from the early years block of the DSG.
- 23 Schools’ financial challenges and reduced funding to local authorities to intervene in weak schools are creating risks that more schools may accumulate deficits and also be judged inadequate by OFSTED. Challenging budgets may lead to a reduction in the quality of provision. Inadequate schools are forced to convert to sponsored academies, leaving any accumulated deficits as a cost to the council.

Financial and Value for Money Implications:

- 24 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 expect the school to 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.

- 25 As at 1 November 2024, a total of 227 schools have converted to academy status (164 primary, 46 secondary, 14 special and three alternative provision academies) and there are ten free schools in Surrey. Responsibility for the financial viability of academies and free schools lies with the Government (currently the Education & Skills Funding Agency (ESFA)) rather than the county council.

Section 151 Officer Commentary:

- 26 The Council continues to operate in a very challenging financial environment. Local authorities across the country are experiencing significant budgetary pressures. Surrey County Council has made significant progress in recent years to improve the Council's financial resilience and whilst this has built a stronger financial base from which to deliver our services, the cost of service delivery, increasing demand, financial uncertainty and government policy changes mean we continue to face challenges to our financial position. This requires an increased focus on financial management to protect service delivery, a continuation of the need to deliver financial efficiencies and reduce spending in order to achieve a balanced budget position each year.
- 27 In addition to these immediate challenges, the medium-term financial outlook beyond 2024/25 remains uncertain. With no clarity on central government funding in the medium term, our working assumption is that financial resources will continue to be constrained, as they have been for the majority of the past decade. This places an onus on the Council to continue to consider issues of financial sustainability as a priority, in order to ensure the stable provision of services in the medium term.
- 28 As such, the Section 151 Officer supports the Schools and early years funding proposals for 2025/26.

Legal Implications – Monitoring Officer:

- 29 The School and Early Years Finance and Childcare (Provision of Information About Young Children) (Amendment) (England) Regulations 2024 set out the process requirement for the local authority for consulting on any changes to and to maintaining the local formula arrangements to allocate funding to mainstream schools and early years providers. The Schools Revenue Funding Operational Guide published by the Education and Skills Funding Agency provides additional guidance.
- 30 The process has been followed and the local authority has carried out a consultation on the proposal which is in accordance with statutory requirements. Such consultation involved those directly affected by the changes together with relevant representative groups.

- 31 There is a clear expectation in public law that the Cabinet should give due regard to the responses to the consultation before considering the recommendations put before Cabinet. The responses to the consultation will need to be conscientiously taken into account when Cabinet makes a decision.
- 32 The best value duty is contained in s3 of the Local Government Act 1999 as a result of which the Council is under a duty to make arrangements to secure continuous improvement in the way in which functions are exercised, having regard to a combination of economy, efficiency and effectiveness. The relevant guidance states that Councils should consider overall value, including economic, environmental and social value when reviewing service provision.
- 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 7.

Other Implications:

- 35 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 | None. The national funding formula does not allow distribution of funding based on the number of looked after children. |
| Safeguarding responsibilities for vulnerable children and adults | No significant implications arising from this report |
| Environmental sustainability | No significant implications arising from this report |
| Compliance against net-zero emissions target and future climate compatibility/resilience | No significant implications arising from this report. |

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 2024 and confirm the council's DSG funding. The council will then determine the funding rates for the factors within its schools' funding formula to ensure it is deliverable within the updated funding, by mid-January 2025 and will submit those rates to DfE by 22 January 2025.
- 37 Surrey maintained schools will receive their individual schools' budgets from the council by the end of February 2025. 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.

Early years funding formula

- 38 The DfE will confirm hourly early years funding rates for Surrey, probably during December 2024. Surrey County Council will aim to confirm funding rates for early years providers by the government deadline of 28 February 2025
- 39 Indicative allocations will then be provided to individual early years providers.

Report Author:

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Consulted:

Rachael Wardell Executive Director of Children, Families and Lifelong Learning

Rachel Wigley Director of Finance-Insight and Performance

The Surrey Schools Forum

All Surrey schools – via the Schools Funding Consultation, issued September 2024

Early years providers-via a Surrey Says survey in September 2024

Amanda Scally – Legal Services

Annexes:

- Annex 1 Allocation of Schools Funding Across Formula Factors (2024/25)
- Annex 2 Responses to Surrey Schools' Funding Consultation September 2024
- Annex 3 Schools Forum Recommendations to Cabinet
- Annex 4 Schools Forum Decisions

Annex 5 Surrey Early years consultation outcomes September 2024

Annex 6 Surrey Schools Funding Formula Factors 2024/25

Annex 7 Equalities Impact Assessment

Sources/background papers:

The National Funding Formula for Schools and High Needs. Policy document.
Department for Education, Sept 2017

The National Funding Formula for Schools and High Needs 2024/25.
Department for Education, revised October 2023

2025/26 Schools Operational Guide. DfE, 28 November 2024

Summary policy note for schools and high needs national funding formula 2025/26,
DfE November 2024

The School and Early Years Finance and Childcare (Provision of Information About
Young Children) (Amendment) (England) Regulations 2024

The Education Act 2002

The Education Act 2011

The Schools Standards & Framework Act 1998

Schools' Funding Consultation: Proposals for Changes in 2025/26
Surrey County Council, September 2024

Early Years Entitlements: Local Authority Funding of Providers, Operational Guide
2024/25, Department for Education May 2024

The Dedicated Schools Grant conditions of grant, DfE December 2023

Annex 1

ALLOCATION OF SCHOOLS FUNDING ACROSS FORMULA FACTORS (2024/25)

The table below lists the funding allocated to the schools funding formula factors in 2024/25. Recommended rates for 2025/26 are not shown, as DFE only confirmed provisional DSG allocations for 2025/26 on 28 November 2024

| | Allocated to Surrey schools 2024/25 | Recommended allocations to Surrey schools (with 1% transfer to high needs block) 2025/26 |
|--|---|---|
| | £m | £m |
| Basic Entitlement | 660.7 | TBC |
| Deprivation funding | 40.6 | TBC |
| Lump sum (flat rate) | 51.3 | TBC |
| Low prior attainment (SEND indicator) | 46.5 | TBC |
| English as an Additional Language | 8.7 | TBC |
| Split site funding | 0.8 | TBC |
| Rates, rent and other premises factors | 7.3 | TBC |
| Pupil mobility | 0.9 | TBC |
| Sparsity | 0.2 | TBC |
| Additional funding to reach minimum per pupil level (MPPL) (new factor) | 5.8 | TBC |
| Minimum Funding Guarantee | 3.1 | TBC |
| Ceiling deduction | -0.2 | 0 |
| Total | 825.7 | TBC |
| Growing schools | 2.4 | TBC |
| Falling rolls | 0.2 | |
| Transfer to high needs block | 8.4 | TBC |
| NFF schools block | 836.7 | TBC |

RESPONSES TO SURREY SCHOOLS' FUNDING CONSULTATION

September 2024

84 Surrey schools responded to the consultation by the deadline, comprising 21.4% of all schools. Not all schools responded to every question.

The views of schools and the recommendations of Schools Forum are set out below.

Where the Schools Forum has decision making powers, this is indicated by 'D'.

Schools expressing no views are excluded.

A summary of comments will be made available to Cabinet members. For Q7 all responses are considered. For Q8-20 (which affect only mainstream schools), only the responses of mainstream schools are shown.

| Questions | | Schools' views | | Schools Forum recommendation / decision (D) | Officer Recommendation to Cabinet |
|-----------|--|----------------|----|--|-----------------------------------|
| | | Yes | No | | |
| 7 | Do you support the transfer of 1% of the schools block allocation to the high needs block in 2025/26, in order to support the continued implementation of the safety valve agreement, which secures additional funding towards the historic high needs deficit? (Section C1 of consultation paper) | 42 | 42 | Forum recognised schools' concerns | Implement |
| 8 | Do you support the recommended option of setting formula factors at 98.2% of NFF level and setting the MFG at 0.5% (C2.1) (Note: since Schools Forum met we have been advised that the MFG cannot be set above 0% and therefore this is the current proposal) | 53 | 21 | Yes | Yes |
| 9 | Do you support increasing the current lump sums in line with the increase in other formula factor rates, (as in previous years) in order to assist small schools? (as described in section C2.1 of the consultation paper) | 68 | 8 | Yes | Yes |

| | | Schools' views | | Schools Forum recommendation / decision (D) | Officer Recommendation to Cabinet |
|----|---|---|---|--|--|
| | | Yes | No | | |
| 10 | Do you support the proposed "reserve" proposals for MFG and formula factors, in the event that no block transfer is approved? (see section C2.1) | 39 | 15 | Yes | Yes, if necessary |
| 11 | Do you support lower formula funding rates (rather than a ceiling on increases in average per pupil funding), if necessary, in order to make the funding formula affordable | 42 | 31 | yes | Yes, if necessary |
| 12 | De-Delegation of funds from maintained schools' budgets Do you support de-delegation of...?: <u>Primary schools only:</u> a) Behaviour support b) Teaching Association time c) Other special staff costs d) Free school meals eligibility checking e) Traveller support f) Non statutory school improvement <u>Secondary schools only:</u> c) Teaching Association time d) Other special staff costs e) Free school meals eligibility checking | 24 20 17 28 19 19 1 2 2 | 3 6 4 0 7 8 1 0 0 | Yes (D) Yes (D) Yes (D) Yes (D) Yes (D) Yes (D) No (D) Yes (D) Yes (D) | Yes Yes Yes Yes Yes Yes No Yes Yes |
| 13 | Do you agree that it is appropriate that the proportion of core funding in Surrey deemed notional SEND funding is brought into line with national averages? (See section C4 of the consultation paper) | 46 | 28 | Yes | Yes |

| | | Schools' views | | Schools Forum recommendation / decision (D) | Officer Recommendation to Cabinet |
|----|--|----------------|----|--|-----------------------------------|
| | | Yes | No | | |
| 14 | Do you support additional funding from the high needs block to assist schools where the notional SEND budget does not cover the first £6,000 per EHCP? | 72 | 4 | Yes | Yes |
| 15 | Proportion of schools supporting the use of an academic year average (rather than financial) for the number of EHCPs to use in determining additional funding (Q14) | 62 | 13 | Yes | Yes |
| 16 | Do you support the proposed variation in calculation of additional funding for infant schools, in order to provide additional support to (high SEND) infant schools? | 63 | 7 | Yes | Yes |
| 17 | Do you support allowing a minimum of 20% of the notional SEN budget for children on SEN support, when calculating whether additional funding is due to schools under this proposal? | 63 | 6 | Yes | Yes |
| 18 | Do you support the introduction of falling rolls funding for primary schools facing a short term fall in pupil numbers, where the vacancies are expected to be required due to pupil growth in the area within the next three years? | 46 | 23 | Yes (D) | Yes |
| 19 | Do you support the proposed 5% threshold for funding vacancies and the proposed basis of calculation of funding for individual schools? | 40 | 22 | Yes (D) | Yes |
| 20 | Do you agree that the LA should aim to contain the cost of falling rolls allocation within the estimated DFE allocation? | 58 | 7 | Yes (D) | Yes |

NOTE Q1-6 simply asked for details of the respondents and Q21/22 asked for general comments.

Annex 3

SCHOOLS FORUM RECOMMENDATIONS TO CABINET

1. That the Cabinet approve the following formula recommendations from the Schools Forum (as amended to reflect changes advised by DfE since 8 October):

Schools Formula Funding

- a) The minimum funding guarantee (MFG) for schools should be set at the maximum permissible (this now means setting it at 0%)
- b) Formula funding factor rates should be set at the closest to NFF which is affordable while implementing the block transfer (subject to increasing lump sums by the same percentage as other factors, which will mean setting basic entitlement rates lower than they would otherwise be)
- c) Full NFF rates should be adopted in the event that a transfer to high needs block is not approved by the Secretary of State (although this is seen to be unlikely).

Notional SEND budgets

- d) That the proportion of basic entitlement, deprivation and low prior attainment funding deemed notional SEN funding is raised to national average in 2025/26.

Additional SEN funding

- e) That additional funding is provided from the High Needs block to schools where the total cost of self funding the first £6,000 per EHCP exceeds 80% of the notional SEND budget

SCHOOLS FORUM DECISIONS

At its meeting on 8 October 2024, the Schools Forum made the following decisions:

Schools Funding

1. That specific services are approved for automatic de-delegation from maintained primary and secondary schools' budgets (as shown in Annexes 2 and 4).
2. That the allocation of additional funding to primary schools with temporary falls in roll be approved, provisionally based on falls in roll exceeding 5% since October 2022 or October 2023 (whichever was higher).

SURREY EARLY YEARS FUNDING CONSULTATION OUTCOMES AND SCHOOLS FORUM RECOMMENDATIONS

September 2024

128 Early years providers responded to the consultation by the deadline. Not all providers responded to every question.

The views of providers and the recommendations of Schools Forum are set out below.

Responses are presented separately for the four separate categories of provision.

All proposals received majority support from those responding, for each age range, although there was some variation in the level of support across age ranges. All proposals were supported by Schools Forum and are recommended for approval by Cabinet. The council also needs to approve the value of a basic hourly rate for each age range. Cabinet is being asked to delegate the approval of the value of the hourly basic rate for each age range, as set out in the main report.

8

| Questions | | Age range (WP=working parents) | Provider | | |
|-----------|---|--------------------------------------|----------|---------|-----------------|
| | | | Yes % | No % | No view % |
| 1 | Do you support central retention of 5% of the budget to be used as described in the proposal document? (Note this will now be 4%) | 3-4 year olds | 66 | 19 | 15 |
| | | 2 yr olds disadvantaged | 66 | 16 | 18 |
| | | 2yr olds WP | 63 | 16 | 21 |
| | | 9m-2yo WP | 52 | 15 | 33 |
| 2 | Do you support the proposed levels of deprivation funding supplement (hourly rates shown, paid in respect of pupils meeting early years pupil premium criteria, and in addition to early years pupil premium) | 3-4 year olds (£2.81) | 84 | 5 | 11 |
| | | 2 yr olds disadvantaged (£1) | 77 | 10 | 13 |
| | | 2yr olds WP (£1) | 75 | 13 | 12 |
| | | 9m-2yo WP (£1) | 61 | 10 | 29 |

| | | | | | |
|---|--|---------------------------------|----|----|------|
| 3 | Do you support the proposed level of funding allocated to early intervention funding (EIF) for each sector? (% of total funding for each sector proposed to be allocated for EIF is shown) | 3-4 year olds (5%) | 70 | 15 | 15 |
| | | 2 yr olds disadvantaged (3%) | 71 | 13 | 16 |
| | | 2yr olds WP (3%) | 70 | 13 | 16?? |
| | | 9m-2yo WP (1%) | 54 | 13 | 33 |
| 4 | Do you support retaining the same principles (As in 2024/25) for use of maintained nursery school supplementary funding | 3-4 year olds only | 28 | 21 | 51 |

In addition it is proposed that the current teacher pay and pension costs supplement for state maintained providers will continue to be paid at £0.54/hr for nursery classes and £0.63/hr for maintained nursery schools.

The basic hourly rate for each sector will be determined once the DFE hourly rates for each sector are known, taking into account the estimated cost of other factors and allocations, as above, and estimated takeup of early years provision in 2025/26.

Lower rates for deprivation supplement and early intervention for the younger age groups reflect the higher basic staffing ratios for younger children and that the need for additional support is likely to emerge over time other than for those pupils with the highest needs.

SURREY SCHOOLS' FUNDING FORMULA FACTORS 2024/25

The table lists the values of the Surrey formula factors for 2024/25. Proposed values for 2025/26 cannot be provided at this point, due to late publication of DFE funding allocations

| | 2024/25 values (incl block transfer) | | 2025/26 provisional values (with block transfer) | |
|---|--------------------------------------|----------------|--|----------------|
| | Primary £ | Secondary £ | Primary £ | Secondary £ |
| Basic entitlement per pupil | | | | |
| • Key stages 1 & 2 | 3,709.79 | - | TBC | - |
| • Key stage 3 | | 5,226.03 | - | TBC |
| • Key stage 4 | | 5,891.79 | | TBC |
| Deprivation: | | | | |
| Per pupil on free school meals | 510.53 | 510.53 | TBC | TBC |
| Per "Ever 6" FSM pupil | 854.35 | 1250.27 | TBC | TBC |
| Per pupil in IDACI band F ¹ | 244.84 | 354.24 | TBC | TBC |
| Per pupil in IDACI band E | 296.94 | 468.85 | TBC | TBC |
| Per pupil in IDACI band D | 463.64 | 656.39 | TBC | TBC |
| Per pupil in IDACI band C | 505.32 | 718.90 | TBC | TBC |
| Per pupil in IDACI band B | 536.57 | 771.00 | TBC | TBC |
| Per pupil in IDACI band A | 708.48 | 984.59 | TBC | TBC |
| Lump sum per school | 142,811 | 148,965 | TBC | TBC |
| Low prior attainment: | | | | |
| Per low attainer based on Foundation Stage Profile | | | | |
| Per secondary pupil scoring below level 4 in either maths or English or both at key stage 2 | 1,219.01 | 1,849.35 | TBC | TBC |
| English as an Additional Language: | | | | |
| Per pupil with EAL in school system less than 3 years | 614.71 | 1,651.39 | TBC | TBC |
| Pupil mobility: | | | | |
| Per mobile child above 6% of roll | 1000.21 | 1,437.81 | TBC | TBC |
| Sparsity lump sum | 59,492 | 86,477 | TBC | TBC |
| Split site-basic lump sum | 55,984.17 | 55,984.17 | TBC | TBC |
| Split site-additional lump sum if distance between sites > 500m | 27,992.08 | 27,992.08 | TBC | TBC |
| Minimum per pupil funding level | 4,610 | 5,995 | TBC | TBC |

Notes

1 IDACI Income deprivation affecting children index (Bands defined by DfE)

In 2025/26 the NFF will include funding previously distributed through three separate grants (Teacher Pay Additional Grant, Teacher Pensions Employer contribution grant and Core Schools Budget grant). The 2025/26 values of basic entitlement, Ever 6 FSM and lump sum will be increased to assimilate the former grant funding, in addition to being inflated,

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

EQUALITIES IMPACT ASSESSMENT:**PROPOSED CHANGES TO MAINSTREAM SCHOOLS' FORMULA FUNDING 2025/26****1. Explaining the matter being assessed****This is a change to an existing strategy or policy****Summarise the strategy, policy, service(s), or function(s) being assessed. Describe current status followed by any changes that stakeholders would experience.**

8 Changes to the mainstream schools funding formula for 2025/26. The main proposals being considered are:

- (a) to set the level of the minimum funding guarantee (a protection for schools where the average increase in funding per pupil from 2024/25 to 2025/26 is small), at the highest level permitted by legislation (now 0%)
- (b) to make a small increase in the level of the lump sum factor, even though that would mean it remains higher than the national funding formula (NFF) lump sum,
- (c) to set other formula factors (other than basic per pupil entitlement) at an estimated 98.2% of DfE national funding formula rates (rather than setting them higher and using a ceiling on per pupil gains or a lower minimum funding guarantee)

The proposals affect HOW funding is distributed to schools and not how much in total is distributed. The total is constrained by government funding allocations, legislation, and the existing high needs "safety valve" agreement with the DfE, which requires 1% of schools funding to be transferred to high needs block annually between 2023/24 and 2027/28 (subject to annual approval by the Secretary of State). In particular, funding may only be distributed using variables on a list specified by the DfE, and the local authority's schools funding formula factor values are expected to converge on those in the national formula by 2027/28 (subject to any changes in NFF implementation made by the new government).

The three issues described above are the main factors to be considered in setting the mainstream schools funding formula for 2025/26. None of them are directly linked to the incidence of protected characteristics, and none are linked to specific service changes. However, it is possible that any or all of the choices could have a disproportionate impact on schools with a high incidence of pupils in specific protected groups. Legally the management of budget shares is delegated to individual schools, and it is for individual schools to decide how to deploy their resources and in so doing to have regards to the needs of protected groups. But in allocating funds to schools we recognise that their spending decisions are affected by the total funding available. Therefore the following analysis largely concentrates on whether the distribution of funding disadvantages schools with a high incidence of pupils or staff who are, or may be, in protected groups, relative to other options which were considered. The proposals could also have an indirect impact on parents/carers but the impact is seen as small, and the data not readily available at school level, and thus that aspect has not been considered further.

The assessment is largely based on October 2023 and January 2024 data. The impact of the changes may be different when updated for October 2024 data.

Note: there are other proposals in this Cabinet paper which have not been subjected to a full assessment. The note at the end of this annex explains why they are not considered to disadvantage protected groups.

How does your service proposal support the outcomes in [the Community Vision for Surrey 2030](#)?

Everyone benefits from education, skills and employment opportunities which help them succeed in life.

Are there any specific geographies in Surrey where this will make an impact?

- County-wide

Detail here who you have involved with completing this EIA. For each include:

- David Green-Surrey County Council (Finance)

A summary of the data was shared with schools as part of the schools consultation. Few comments were received on equalities issues. The outcome of the consultation was considered by the Surrey Schools Forum, which includes representatives from Family Voice Surrey (on behalf of parents of children with SEND) and staff unions, in addition to school representatives.

2. Service Users / Residents

Who may be affected by this activity?

There are 9 protected characteristics (Equality Act 2010) to consider in your proposal. These are:

1. Age including younger and older people
2. Disability
3. Gender reassignment
4. Pregnancy and maternity
5. Race including ethnic or national origins, colour or nationality
6. Religion or belief including lack of belief
7. Sex
8. Sexual orientation
9. Marriage/civil partnerships

Though not included in the Equality Act 2010, Surrey County Council recognises that there are other vulnerable groups which significantly contribute to inequality across the county and therefore they should also be considered within EIAs. If relevant, you will need to include information on the following vulnerable groups (Please **refer to the EIA guidance** if you are unclear as to what this is).

- Members/Ex members of armed forces and relevant family members (in line with the Armed Forces Act 2021 and [Statutory Guidance on the Armed Forces Covenant Duty](#))
- Adult and young carers*
- Those experiencing digital exclusion*
- Those experiencing domestic abuse*
- Those with education/training (literacy) needs
- Those experiencing homelessness*
- Looked after children/Care leavers*
- Those living in rural/urban areas
- Those experiencing socioeconomic disadvantage*
- Out of work young people)*
- Adults with learning disabilities and/or autism*
- People with drug or alcohol use issues*
- People on probation
- People in prison
- Migrants, refugees, asylum seekers
- Sex workers

- Children with Special educational needs and disabilities*
- Adults with long term health conditions, disabilities (including SMI) and/or sensory impairment(s)*
- Older People in care homes*
- Gypsy, Roma and Traveller communities*
- Other (describe below)

(*as identified in the Surrey COVID Community Impact Assessment and the Surrey Health and Well-being Strategy)

Equality Impact Assessment

2.1 Age

The proposals, and any possible alternatives, only affect school pupils aged 4-15 as the funding streams under consideration are only for pupils in that age range.

Describe here suggested mitigations to inform the actions needed to reduce inequalities.

N/a.

What other changes is the council planning/already in place that may affect the same groups of residents? Are there any dependencies decision makers need to be aware of?

N/a

Any negative impacts that cannot be mitigated?

n/a

2.2 Disability

The nearest proxy which the council has for disability in schools is the incidence of pupils with SEND. Pupils with high levels of SEND are likely to have Education Health Care Plans, which require the school to make specified provision available, and which generally come with some additional funding. The impact of any relative reduction in funding will therefore largely be on other pupils, with lower level or no SEND.

Minimum funding guarantee

The table below shows the proportion of primary and secondary schools with different levels of SEND which were on minimum funding guarantee in 2024/25 (using data from school funding records and school census)

Proportion of schools receiving additional funding under the minimum funding guarantee in 2024/25

| | Primary | Secondary |
|--------------------------------|---------|-----------|
| all schools | 17.06% | 13.79% |
| Above average for EHCPs | 20% | 20.69% |
| Above upper quartile for EHCPs | 24.32% | 35.71% |
| Above average for %SEN | 22.67% | 24.14% |
| Above upper quartile for %SEN | 25.68% | 42.86% |

This suggests that a higher proportion of schools with high levels of SEND benefit from the minimum funding guarantee and therefore will benefit from the proposal to set the minimum funding guarantee at the highest permissible level.

Proportion of schools subject to a ceiling on per pupil gains in 2024/25

| | Primary | Secondary |
|--------------------------------|---------|-----------|
| all schools | 5.69% | 0% |
| Above average for EHCPs | 6.00% | 0% |
| Above upper quartile for EHCPs | 6.76% | 0% |
| Above average for %SEN | 6.00% | 0% |
| Above upper quartile for %SEN | 5.41% | 0% |

Equality Impact Assessment

Conclude the impact of a ceiling on per pupil gains may have a slightly greater impact on primary schools with high SEN, but that the effect is small.

Increasing the lump sum

The table below summarises the impact of increasing the lump sum, as proposed, compared to reducing it towards the NFF level with a corresponding increase in per pupil funding.

| | Primary gain>0.1% | Secondary gain>0.1% | Secondary lose>0.1% |
|--------------------------------|-------------------|---------------------|---------------------|
| All schools | 41.96% | 0% | 12.07% |
| Above average for EHCPs | 39.60% | 0% | 0% |
| Above upper quartile for EHCPs | 39.19% | 0% | 0% |
| Top 10% for EHCPs | 27.59% | 0% | 0% |
| Above average for SEND | 35.57% | 0% | 6.90% |
| Above upper quartile for SEND | 36.99% | 0% | 0% |
| Top 10% for SEND | 25.00% | 0% | 0% |

There is some suggestion that primary schools with higher SEN gain less from the higher lump sum, but this is considered justifiable in view of the need to support small (largely rural) schools and the limited options for doing so.

Describe here suggested mitigations to inform the actions needed to reduce inequalities.

Accept in view of need to support small schools.

What other changes is the council planning/already in place that may affect the same groups of residents? Are there any dependencies decision makers need to be aware of?

None known relevant to schools funding

Any negative impacts that cannot be mitigated?

As above

2.3 Gender reassignment

The service users are school pupils. No data is available on gender reassignment for this service user group.

Describe here suggested mitigations to inform the actions needed to reduce inequalities.

N/a.

What other changes is the council planning/already in place that may affect the same groups of residents? Are there any dependencies decision makers need to be aware of?

N/a

Equality Impact Assessment

Any negative impacts that cannot be mitigated?

n/a

2.4 Pregnancy and maternity

The service users are school pupils. No school level data is available on pregnancy/maternity for this service user group.

Describe here suggested mitigations to inform the actions needed to reduce inequalities.

N/a.

What other changes is the council planning/already in place that may affect the same groups of residents? Are there any dependencies decision makers need to be aware of?

N/a

Any negative impacts that cannot be mitigated?

n/a

2.5 Race

Race/ethnicity is not a permissible factor in schools funding, but we have considered whether schools with a high proportion of non-British pupils (according to the school census) are disproportionately disadvantaged by any of the proposals.

The table below shows the proportions of primary and secondary schools receiving additional funding under the minimum funding guarantee in 2024/25

| | Primary | Secondary |
|---|---------|-----------|
| All schools | 17.06% | 13.79% |
| Above average for non-British pupils | 12.67% | 10.34% |
| Above upper quartile for non-British pupils | 12.16% | 14.29% |
| Top 10% incidence for non-British pupils | 20.69% | 16.67% |

Again the position is inconclusive between sectors.

The table below shows the proportions of primary and secondary schools subject to ceiling deductions in 2024/25

| | Primary | Secondary |
|---|---------|-----------|
| All schools | 5.69% | 0% |
| Above average for non-British pupils | 4.67% | 0% |
| Above upper quartile for non-British pupils | 2.70% | 0% |
| Top 10% incidence for non-British pupils | 0% | 0% |

So in 2024/25 schools with high incidence of non-British pupils were less likely to be subject to a ceiling deduction, albeit only a small proportion of schools were on a ceiling. But this must be considered against the adverse impact of a repeated ceiling on any school where the level of funded additional need is increasing. This would include EAL, for example.

Equality Impact Assessment

Increasing the lump sum

| | Primary gain>0.1% | Secondary gain>0.1% | Secondary lose>0.1% |
|--|-------------------|---------------------|---------------------|
| All schools | 41.95% | 0% | 12.07% |
| Above average for % non-British | 30.87% | 0% | 10.34% |
| Above upper quartile for % non-British | 28.77% | 0% | 7.14% |

In general, primary schools with higher incidence of non-British pupils benefit less from the use of higher lump sums, but secondary schools with high incidence lose less than others, so again inconclusive.

Describe here suggested mitigations to inform the actions needed to reduce inequalities.

It would be for individual schools to ensure that the changes have no impact on pupils in protected groups.

8

What other changes is the council planning/already in place that may affect the same groups of residents? Are there any dependencies decision makers need to be aware of?

None known relevant to schools funding

Any negative impacts that cannot be mitigated?

n/a

2.6 Religion or belief (including lack of belief)

No data is held on religion or belief at pupil level.

Describe here suggested mitigations to inform the actions needed to reduce inequalities.

N/a.

What other changes is the council planning/already in place that may affect the same groups of residents? Are there any dependencies decision makers need to be aware of?

N/a

Any negative impacts that cannot be mitigated?

n/a

2.7 Sex

The funding formula does not allow differentiation of funding by sex of pupils.

Describe here suggested mitigations to inform the actions needed to reduce inequalities.

N/a.

Equality Impact Assessment

What other changes is the council planning/already in place that may affect the same groups of residents? Are there any dependencies decision makers need to be aware of?

N/a

Any negative impacts that cannot be mitigated?

n/a

2.8 Sexual orientation

Data not held on pupils

Describe here suggested mitigations to inform the actions needed to reduce inequalities.

N/a.

What other changes is the council planning/already in place that may affect the same groups of residents? Are there any dependencies decision makers need to be aware of?

N/a

Any negative impacts that cannot be mitigated?

n/a

2.9 Marriage and civil partnerships

Not relevant to school pupils.

Describe here suggested mitigations to inform the actions needed to reduce inequalities.

N/a.

What other changes is the council planning/already in place that may affect the same groups of residents? Are there any dependencies decision makers need to be aware of?

N/a

Any negative impacts that cannot be mitigated?

n/a

Others-economic deprivation (using eligibility for free school meals as a proxy)

Schools on minimum funding guarantee in 2024/25

| | Primary | Secondary |
|--|---------|-----------|
| All schools | 17.06% | 13.79% |
| Above average for pupils on FSM | 20.00% | 24.14% |
| Above upper quartile for pupils on FSM | 25.63% | 35.71% |

In general, a higher proportion of Surrey schools with high incidence of social deprivation benefit from the minimum funding guarantee.

Equality Impact Assessment

Schools subject to a ceiling deduction in 2024/25

| | Primary | Secondary |
|--|---------|-----------|
| All schools | 5.69% | 0% |
| Above average for pupils on FSM | 6.00% | 0% |
| Above upper quartile for pupils on FSM | 5.41% | 0% |

The impact on schools with high deprivation appears to be inconclusive.

Increasing the lump sum

| | Primary gain>0.1% | Secondary gain>0.1% | Secondary lose>0.1% |
|---|----------------------|------------------------|------------------------|
| All schools | 41.95% | 0% | 12.07% |
| Above average for % of pupils on FSM | 35.57% | 0% | 10.34% |
| Above upper quartile for % of pupils on FSM | 32.88% | 0% | 0% |
| Top decile for pupils on FSM | 46.43% | 0% | 0% |

So the impact of increasing the lump sum on schools with high incidence of deprivation is inconclusive, medium deprivation schools gain less than average, but the highest deprivation schools receive more.

8

Equality Impact Assessment

3. Staff

3.1 Age

We have not looked at age data for teachers (though it is available) in view of the difficulty of choosing objective criteria of age ranges which might be disadvantaged.

3.2 Disability

The council does not hold comprehensive data on disability among school staff. Many of these are employed by academies, where the council is not the employer.

Describe here suggested mitigations to inform the actions needed to reduce inequalities.

N/a.

What other changes is the council planning/already in place that may affect the same groups of residents? Are there any dependencies decision makers need to be aware of?

None known

Any negative impacts that cannot be mitigated?

n/a

3.3 Gender reassignment

Data not held on gender reassignment for school staff.

Describe here suggested mitigations to inform the actions needed to reduce inequalities.

N/a.

What other changes is the council planning/already in place that may affect the same groups of residents? Are there any dependencies decision makers need to be aware of?

N/a

Any negative impacts that cannot be mitigated?

n/a

3.4 Pregnancy and maternity

Data not held on this for school staff.

Equality Impact Assessment

Describe here suggested mitigations to inform the actions needed to reduce inequalities.

N/a.

What other changes is the council planning/already in place that may affect the same groups of residents? Are there any dependencies decision makers need to be aware of?

N/a

Any negative impacts that cannot be mitigated?

n/a

3.5 Race

8

We have looked at DFE workforce census data on the incidence of ethnic minority teachers and support staff, as this covers both maintained schools and academies.

The table below shows the proportions of primary and secondary schools receiving additional funding under the minimum funding guarantee in 2024/25

| | Primary | Secondary |
|---|---------|-----------|
| All schools | 17.06% | 13.79% |
| Above average for ethnic minority teachers | 18.27% | 10.34% |
| Above upper quartile for ethnic minority teachers | 20.27% | 14.29% |

The impact is inconclusive, although there is some suggestion that schools with the highest incidence of ethnic minority teachers are more likely to be on minimum funding guarantee.

The table below shows the proportions of primary and secondary schools subject to ceiling deductions in 2024/25

| | Primary | Secondary |
|---|---------|-----------|
| All schools | 5.69% | 0% |
| Above average for ethnic minority teachers | 4.00% | 0% |
| Above upper quartile for ethnic minority teachers | 5.41% | 0% |

Again the impact appears to be small, and only a small number of schools are on the ceiling anyway.

Increasing the lump sum

| | Primary gain>0.1% | Secondary gain>0.1% | Secondary lose>0.1% |
|---|-------------------|---------------------|---------------------|
| All schools | 41.95% | 0% | 12.07% |
| Above average for % ethnic minority teachers | 29.53% | 0% | 17.24% |
| Above upper quartile for % ethnic minority teachers | 40.54% | 0% | 14.29% |

So the impact is inconclusive

(NB Corresponding data for support staff has not been used because of the extent of suppressed data)

Describe here suggested mitigations to inform the actions needed to reduce inequalities.

Equality Impact Assessment

It would be for individual schools to ensure that the changes have no impact on pupils in protected groups.

What other changes is the council planning/already in place that may affect the same groups of residents? Are there any dependencies decision makers need to be aware of?

N/a

Any negative impacts that cannot be mitigated?

n/a

3.6 Religion or belief (including lack of belief)

No data is held on religion or belief of staff.

Describe here suggested mitigations to inform the actions needed to reduce inequalities.

N/a.

What other changes is the council planning/already in place that may affect the same groups of residents? Are there any dependencies decision makers need to be aware of?

N/a

Any negative impacts that cannot be mitigated?

n/a

3.7 Sex

Incomplete data is held.

Describe here suggested mitigations to inform the actions needed to reduce inequalities.

N/a.

What other changes is the council planning/already in place that may affect the same groups of residents? Are there any dependencies decision makers need to be aware of?

N/a

Any negative impacts that cannot be mitigated?

n/a

3.8 Sexual orientation

Data not held on staff

Equality Impact Assessment

Describe here suggested mitigations to inform the actions needed to reduce inequalities.

N/a.

What other changes is the council planning/already in place that may affect the same groups of residents? Are there any dependencies decision makers need to be aware of?

N/a

Any negative impacts that cannot be mitigated?

n/a

3.9 Marriage and civil partnerships

Data not held on staff.

8 Describe here suggested mitigations to inform the actions needed to reduce inequalities.

N/a.

What other changes is the council planning/already in place that may affect the same groups of residents? Are there any dependencies decision makers need to be aware of?

N/a

Any negative impacts that cannot be mitigated?

n/a

4. Recommendation

Based your assessment, please indicate which course of action you are recommending to decision makers. You should explain your recommendation below.

- **Outcome One: No major change to the policy/service/function required.** This EIA has not identified any potential for discrimination or negative impact, and all opportunities to promote equality have been undertaken
- **Outcome Two: Adjust the policy/service/function** to remove barriers identified by the EIA or better advance equality. Are you satisfied that the proposed adjustments will remove the barriers you identified?
- **Outcome Three: Continue the policy/service/function** despite potential for negative impact or missed opportunities to advance equality identified. You will need to make sure the EIA clearly sets out the justifications for continuing with it. You need to consider whether there are:
 - Sufficient plans to stop or minimise the negative impact

Equality Impact Assessment

- Mitigating actions for any remaining negative impacts plans to monitor the actual impact.
- **Outcome Four: Stop and rethink the policy** when the EIA shows actual or potential unlawful discrimination. (For guidance on what is unlawful discrimination, refer to the [den](#) concerning employment, goods and services and equal pay).

Recommended outcome:

Continue with the proposals, recognising that while they may result in some schools with higher incidence of some protected groups receiving lower funding than under alternative options:

*no services to protected groups are directly affected and it will be for individual schools to mitigate any impact on protected groups

*there are conflicting priorities between the need to secure a universal service and to support schools with high incidence of protected groups. For example assisting small schools (generally in rural areas) via increased lump sums, generally favours schools with lower incidence of protected groups, but supports service delivery in rural communities, and local access to services for any pupils with protected characteristics in those communities

*the data used could vary considerably from year to year, particularly in small schools.



5. Action plan and monitoring arrangements

Insert your action plan here, based on the mitigations recommended.

Involve you Assessment Team in monitoring progress against the actions above.

| Item | Initiation Date | Action/Item | Person Actioning | Target Completion Date | Update/Notes | Open/Closed |
|------|-----------------|--|---------------------------|------------------------|---|-------------|
| 1 | End Dec 2024 | Review analysis in view of Oct 2024 pupil characteristics data | David Green | 22/1/25 | | |
| 2 | Summer 2024 | 2026/27 funding proposals | David Green/Schools forum | Early Oct 2025 | Please note: formula funding decisions (which form most of the proposals herein) cannot be changed after the start of the year to which they relate. Most of the decisions are reviewed annually anyway and a review of equality impact forms part of that annual review. | |
| | | | | | | |

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6a. Version control

| Version Number | Purpose/Change | Author | Date |
|----------------|----------------|-------------|-------------|
| 1 | Draft | David Green | 14 Oct 2024 |

The above provides historical data about each update made to the Equality Impact Assessment.

Equality Impact Assessment

Please include the name of the author, date and notes about changes made – so that you can refer to what changes have been made throughout this iterative process.

For further information, please see the EIA Guidance document on version control.

6b. Approval

Secure approval from the appropriate level of management based on nature of issue and scale of change being assessed.

| Approved by | Date approved |
|---|--|
| Head of Service | Julia Katherine, Director of Education and Lifelong Learning (interim) |
| Executive Director | |
| Cabinet Member | |
| Directorate Equality Group/ EDI Group (If Applicable) (arrangements will differ depending on your Directorate. Please enquire with your Head of Service or the CSP Team if unsure) | |

Publish:

It is recommended that all EIAs are published on Surrey County Council's website.

Please send approved EIAs to:

EIA author:

6c. EIA Team

| Name | Job Title | Organisation | Team Role |
|------|-----------|--------------|-----------|
| | | | |

If you would like this information in large print, Braille, on CD or in another language please contact us on:

Tel: 03456 009 009

Textphone (via Text Relay): 18001 03456 009 009

SMS: 07860 053 465

Email: contactcentre@surreycc.gov.uk

Note: equalities consideration for other schools funding proposals in this paper

Transfer of 1% of funding from schools block to high needs block

Impact not considered, as the transfer formed part of the “safety valve” agreement, which has already been approved by the County Council and by the Department for Education, and thus is not a new policy choice. Furthermore, the impact of NOT making the transfer cannot be fully assessed, as the changes which would need to be made elsewhere in order to release the £8m pa from other sources have not yet been identified.

The way in which the school funding formula is set in order to release the 1% is considered above. The recommendation is to reduce all formula factors proportionately (except lump sum). This is essentially neutral in its impact on formula factors, and thus on those groups with protected characteristics which might benefit from specific additional needs factors. It may be that concentrating the reductions on basic entitlement factors, rather than on additional needs factors, would benefit groups with protected characteristics, but this would not be consistent with the general direction of the NFF, and thus has not been considered further.

De-delegation of specified services

Impact not considered, as no changes are proposed to the services being de-delegated.

Notional SEND funding

The proposed increase in the notional SEND budget will not in itself affect the overall funding of any school. It will only change the sum identified for SEND. Where the increase leads to schools spending more on children with SEND it would be for individual schools to mitigate any impact on other protected groups. The proposal is consistent with the general direction towards national standardisation of school funding.

Additional funding for schools with disproportionately high incidence of SEND

This new funding stream is estimated to affect only seven primary schools (although this is likely to change when data is updated in spring 2025). These schools generally have relatively high incidence of SEN but relatively low incidence of other additional need. Key data is summarised below:

Schools estimated to receive additional funding for disproportionately high incidence of SEND

| Number of schools benefiting where incidence of.. | EHCPs | SEND | Ethnic minorities | Economic deprivation (FSM) |
|---|-------|------|-------------------|----------------------------|
| Within top 25% | 6 | 1 | 1 | 1 |
| Above average but not within top 25% | 1 | 4 | 1 | 2 |
| Below average | 0 | 2 | 5 | 4 |

Additional funding for schools with temporary falls in rolls

In principle eligibility for this funding is not linked to the incidence of pupils with protected characteristics. However, we have looked at whether there is a coincidental link.

There are 12 schools modelled to receive additional “falling rolls” funding under the proposals and the incidence of proxy protected characteristics for these schools is summarised below for those characteristics where proxy data is available.

| Incidence of.. | EHCPs | SEND | Ethnic minority pupils | Economic deprivation (FSM) | Ethnic minority teachers |
|--------------------------------------|-------|------|------------------------|----------------------------|--------------------------|
| Within top 25% | 1 | 4 | 4 | 2 | 4 |
| Above average but not within top 25% | 6 | 3 | 2 | 4 | 2 |
| Below average | 5 | 5 | 6 | 6 | 6 |

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The data suggests that there is no strong link between eligibility for falling rolls fund and high incidence of the protected characteristics considered, although the situation could differ in different years,

How the funding is spent is a matter for individual schools.