

SURREY COUNTY COUNCIL**CABINET****DATE: 30 NOVEMBER 2021****REPORT OF: DENISE TURNER-STEWART, CABINET MEMBER
EDUCATION AND LEARNING****LEAD OFFICER: RACHAEL WARDELL, EXECUTIVE DIRECTOR OF
CHILDREN, FAMILIES AND LIFELONG LEARNING****SUBJECT: SURREY SCHOOLS & EARLY YEARS FUNDING 2022-23****ORGANISATION STRATEGY GROWING A SUSTAINABLE ECONOMY SO EVERYONE
CAN BENEFIT****PRIORITY AREA:****SUMMARY OF ISSUE:**

The funding of all Surrey schools (including academies) and of the free entitlement to early years nursery provision is 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 for Surrey mainstream schools in 2022/23 and also proposes the principles to be adopted in the funding of early years in 2022/23.

Schools Forum provisionally voted in favour of a £3.6m (0.5%) transfer from the Schools Block DSG to the High Needs Block DSG to create an inclusion fund for mainstream schools to be managed and distributed by schools. A final vote will be held in December.

Proposals to amend the current maintained special schools funding arrangements are being finalised. The report summarises these proposals, they have no direct impact on the funding of mainstream schools.

This report proposes funding arrangements for schools so relates to the organisational strategy and priority to grow a sustainable economy.

RECOMMENDATIONS:

It is recommended that Cabinet approve the proposals set out in Annex 3, namely that:

1. The Council implement the Department for Education's (DfE) recommended Minimum Per Pupil Level in full;
2. The Schools Forum's formula recommendations for schools and early years funding as set out in Annex 3 be approved;

3. The transfer of £3.6m (0.5%) from the schools block DSG to the High Needs DSG (subject to approval by Schools Forum on 7 December 2021) and carry forward of any unspent amount in to 2023/24 for the same purpose, be approved, subject to any agreement needed from the Department for Education.
4. Authority is delegated to the Director of Education and Lifelong Learning in consultation with the Cabinet Member for Education and Learning to approve amendments to the funding rates in the schools and early years formulae as appropriate following receipt of the DSG settlement and DfE pupil data in December 2021. This is to ensure that total allocations to schools under this formula remain affordable within the council's DSG settlement.
5. The changes to funding arrangements for state maintained special schools proposed by the Director of Education and Lifelong Learning, following consultation with and agreed by Surrey's state maintained special schools, be implemented from September 2022.

REASON FOR RECOMMENDATIONS:

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

DETAILS:

BACKGROUND

1. Dedicated Schools Grant (DSG) funding is provided to the LA 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 2022/23 funding are summarised below. Final funding allocations for 2022/23 will be published in December 2021 and will take into account pupil number changes between October 2020 and October 2021. Figures included are therefore indicative until final funding allocations are released.

- a) **Schools** £735.4m (*indicative 2022/23 based on October 2020 pupil numbers*)

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 2021/22, Surrey's formula factors are close to the NFF. The main exception is that the lump sums were set slightly

higher than the NFF and the basic entitlement rates correspondingly lower, to offer a little protection to small schools.

b) **Schools' Central Services** £6.4m (2022/23 indicative)

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. This is £0.2m less than the 2021/22 grant.

c) **High Needs SEND** £189.8m (2022/23 indicative)

The High Needs block funds 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 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** £78.1m (provisional 2021/22 allocation)

The Early Years block funds nursery education for two, three and four year olds in maintained schools, maintained nurseries, academies and private, voluntary and independent (PVI) settings. Funding for three – four year olds is expected to be £73.3m in 2021/22, with £4.8m provided for two year olds. Funding is based on actual termly counts so final figures will not be published until summer 2022. No indicative allocation has been published for 2022/23.

Focus of this report

2. This report concentrates on Cabinet decisions relating to schools funding and early years. 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 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 the transfer 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 2021/22.
5. In 2022/23 the DfE is increasing schools funding nationally by £2.3bn, of which £780m is for 'SEND' and the remainder for mainstream schools. This is the third year of a three-year increase in schools funding announced in late August 2019. Minimum (average) per pupil funding levels (MPPL) are being increased from £4,180 per primary pupil to £4,265 and from £5,415 per secondary pupil to £5,525 in 2022/23. These minimum funding levels are mandatory at local level, although the government has consulted on circumstances in which the Secretary of State may allow the per pupil levels to be reduced. These changes are estimated to mean an increase, to Surrey, of £18.2m in NFF schools funding and £13.5m in high needs block funding in 2022/23, before the impact of changes in pupil numbers.
6. A change in policy from the DfE no longer allows LAs to meet overspends on DSG budgets from the General Fund. In Surrey this currently affects the high needs block as this has a cumulative and annual deficit. This change increases the pressure to reduce the high needs overspend within DSG. The High Needs DSG deficit is likely to be around £114m by 31 March 2022. The SEND transformation programme aims to reduce costs whilst providing excellent SEND services. The programme achieved cost containment of £14m in 2021/22 and is on track to deliver £25m in 2022/23, 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 is matched by a General Fund reserve.
7. The DfE is continuing to phase in a National Funding Formula (NFF) to replace the individual school funding formulae of 150 local authorities. The government has recently restated its intention to move to a "hard" national funding formula for schools, meaning no local discretion over formula factors and has consulted on first stage proposals for implementing this change.
8. Local authorities are 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 2022

9. In July 2021, the DfE published its NFF funding rates and provisional allocations for 2022/23. During September 2021 all Surrey primary and secondary schools (including academies) were consulted on a number of options for the 2022/23 local schools funding formula.
10. The key issues for schools to consider were:
 - i. The local schools' funding formula - including a proposal initiated by representatives of school leaders to transfer 0.5% of the total Schools budget (£3.6m) to the high needs block to provide a fund for school led inclusion initiatives. Unlike previous requests for similar transfers, such as that refused by Schools Forum and Secretary of State in 2021/22, it

would not simply be used as a contribution towards the deficit on existing provision

- ii. De-delegated services: the services for which maintained schools would consider an automatic deduction from their school's budget

A. 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.
12. The Schools Forum provisionally supported a proposed transfer of £3.6m (0.5%) from schools budget to high needs (SEND) budget, to be distributed to schools as agreed by headteacher representatives and to be used to support inclusion initiatives. It should be noted that a 0.5% transfer is the highest amount able to be authorised by Forum without requiring further approval by the Secretary of State. The Forum will make a final decision at its meeting on 7 December, subject to agreement on governance arrangements. Therefore the Cabinet is being asked:
 - to agree the proposed transfer of funding to the high needs block and its purpose, subject to agreement by Schools Forum on 7 December;
 - to approve two sets of formula funding rates, depending on whether or not the transfer to high needs is approved by Schools Forum.

It should be noted that those schools which receive additional funding to comply with the minimum per pupil level requirement (36% of schools in 2021/22) will not see a lower increase in funding as a result of the proposed transfer to high needs block. Therefore, the cost of the transfer would be borne by the remaining schools

Other Schools Funding 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 can be set at a range between +0.5% and + 2.0% by local authorities in 2022/23 (2021/22: 0.5% to +2%). In 2021/22 Surrey adopted a 2.0% MFG (the highest permissible). Schools were again asked for their preferred option and this was an MFG of 2% (the maximum permitted) or 1.60% if there was a transfer to high needs block (the highest affordable in those circumstances).
 - b) Adoption of NFF funding rates
In 2021/22 Surrey formula funding rates were set 0.2% above NFF rates (except that the lump sum was set slightly higher and the basic entitlement slightly lower). Schools supported keeping funding rates in line with the NFF in 2022/23, apart from the lump sum. In 2022/23 this includes a significant increase of around £10,000 in the sparsity factor for very small rural schools (probably affecting only seven schools in Surrey, as most small schools in Surrey are not small enough or remote enough).

c) Ceiling on per pupil gains

The local authority is allowed to impose a ceiling on per pupil funding gains, so that schools which would see large per pupil gains do not see those gains in full. In 2020/21 and 2021/22, Surrey could deliver NFF factors without a ceiling. Schools supported the use of a ceiling in 2022/23 if it was necessary in order to manage cost increases due to an increase in the number of children attracting deprivation and additional needs funding.

d) Level of the lump sum

In 2021/22 Surrey increased the lump sum factor for both primary and secondary schools by 3%, in line with the national increase in funding rates, even though Surrey's lump sum was already higher than the NFF lump sum. The LA proposed, and schools supported, an increase in lump sums in line with the increase in other formula factors in 2022/23. This is the only tool available to support small schools, except for the few small enough and remote enough to qualify for sparsity funding.

e) Other changes

A few minor changes were proposed and supported including measures to mitigate the loss of part of the former "combined services" funding stream, (a funding strand being reduced by the DfE, which was previously delegated to schools over and above the NFF).

14. Annex 3 summarises the recommendations to the Cabinet. Decisions made by the Schools Forum are listed in Annex 4. It should be noted that some of the recommendations are subject to appeal by the local authority however an appeal is not recommended as they have been proposed by school leaders. The Surrey schools funding formula factors and their proposed provisional values are set out in Annex 5.

B. De-delegated services

15. The Schools Forum can agree on behalf of all Surrey maintained primary and secondary schools to automatically deduct funding from individual schools' budgets to provide specific services. These include behaviour support, Capita SIMS licences, free school meals eligibility checking and the maintaining of central funds to support school improvement and exceptional expenditure in primary schools. Prior to this decision – which must be made annually – all schools are consulted. All such proposals received majority support from schools and were agreed by the Schools Forum. The outcome of schools' responses and the Forum's decisions are summarised in Annex 4. De-delegation arrangements are not permitted to be introduced for academies or special schools. It should be noted that it is not clear whether this mechanism will be available under a hard national funding formula so services need to prepare for such an outcome. A recent DfE consultation may change the arrangements for de-delegation of school improvement funding.

EARLY YEARS

16. Local authorities receive funding (currently estimated to be £73.3m in 2021/22) from the DfE for free nursery entitlement for three and four year olds

through the Early Years block of the DSG. The DfE funds local authorities for three and four year olds on the basis of an hourly rate and requires local authorities to fund providers via a formula. The council consulted providers during September on changes to early years funding for 2022/23.

17. DfE has not yet announced the hourly rates which it will pay to LAs for early years provision in 2022/23. This is expected to follow the spending review, an update will be provided at the meeting, if available.
18. Early years providers must be funded on a termly count whereas the DfE normally funds local authorities using the average of successive January counts (i.e. annual counts). Thus, the termly variation in take-up is a budget risk.
19. Local authorities can retain up to 5% of the Early Years funding for 3-4 year olds centrally in 2022/23 (the same level as retained by Surrey in 2021/22) if approved by the Schools Forum.; The remainder must be passed on to individual providers. Following general support from the sector, the Forum has agreed that in 2022/23 the local authority could retain 5% of the Early Years grant for 3-4 year olds to manage the sector and support providers which includes a sum to continue a separate SEN inclusion fund for two year olds.
20. Following majority support from early years providers in the September funding consultation, Schools Forum also supported use of half of any increase in DfE funding rates for three and four year olds to increase the basic hourly rate to providers, using the remainder to increase the value of the early intervention fund to support early years children with SEN or other disadvantage. Additionally, funding rates for free meals provision for eligible children in maintained and academy nurseries will be increased (in line with the estimated increase in current costs).
21. There is a separate DfE grant allocation for two year olds (estimated to be £4.8m in 21/22) The council has funded providers for two year olds at the DfE hourly rate. It is recommended that the whole of this budget continues to be passed onto providers. However, as historically this budget has been overspent, because termly take up exceeds the average of the January census count, as above it may be prudent not to increase the provider rate in 2022/23 by the full amount of any increase in DfE funding rates.

Fine-tuning of schools' and early years formulae following DSG settlement

22. At this stage, proposed formula values can only be provisional as school formula funding allocations must be based on pupil numbers and characteristics data collected in the October 2021 pupil census – data which is unavailable to local authorities until mid-December 2021. The DfE therefore enables local authorities to fine-tune our proposed formula values by 21st January 2022, to ensure the formula is affordable within the funding settlement. In particular there is a risk that the current situation with Covid will mean an increase in the number of pupils qualifying for deprivation funding.
23. Fine-tuning of the formulae at that time will be considered by the Director of Education and, Lifelong Learning in consultation with the Cabinet Member for Education and Learning.

SPECIAL SCHOOLS

24. Special schools are funded from High Needs DSG, on a per pupil basis. Currently, the 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 amount per pupil, based on the typical characteristics of pupils at the school and of the school itself;
 - in some cases, a further payment for extra amount where the child's needs are greater than those normally provided for by the school.
25. A working group including special school headteachers has reviewed the current system to propose a new funding arrangement based on a clear definition of need. It proposes that there are seven clearly defined levels of need that determine the funding a school will receive per pupil in addition to the place funding. The proposal guarantees that no school will receive less than it does under the current arrangements for the same number and needs of pupils. It should also lead to a clearer system enabling special schools to manage and plan resources more effectively.

CONSULTATION:

26. Following receipt of the DfE's updated guidance and illustrative funding in late July 2021, a Schools Funding Consultation paper was distributed to all schools in early September detailing options for the funding of Surrey schools in 2022/23. A total of 195 schools submitted responses by the deadline, representing 49.6% of schools, an increase compared to last year's response rate of 35%. Schools' collective responses and comments were discussed at the Surrey Schools Forum on 7 October when recommendations / decisions were made. These are set out in this report.
27. A separate consultation was undertaken with early years providers. Responses were received from 94 early years providers (43 state schools and 51 private, voluntary and independent providers) with majority support for all proposals, responses are shown in Annex 6. Accordingly, they are all recommended by Schools Forum for approval by Cabinet.

RISK MANAGEMENT AND IMPLICATIONS:

28. 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.
29. Schools' financial challenges and reduced funding to local authorities to intervene in weak schools are creating risks as deficits of schools obliged to convert to academy status remain with the council.

Financial and Value for Money Implications

30. The latest 2021/22 High Need Block (HNB) DSG forecast is an overspend of £30.7m. This would result in a £114m cumulative HNB DSG overspend at the end of the year. The SEND transformation programme is working to contain the overspend. Whilst the proposals in this report do not directly impact the High Needs deficit the provisional support of a transfer from the schools block to high needs block marks an important step in the journey to closer partnership working with Surrey schools.
31. 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.
32. As at 1 October 2021, a total of 182 schools have converted to academy status (125 primary, 42 secondary and 12 special and three alternative provision academies) and there are eight 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

33. Although significant progress has been made over the last twelve months to improve the Council's financial position, the medium term financial outlook beyond 2021/22 remains uncertain. The public health crisis has resulted in increased costs which may not be fully funded. With uncertainty about the ongoing impact of this and no clarity on the extent to which both central and local funding sources might be affected 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 stable provision of services in the medium term. As such, the Section 151 Officer supports the proposals for Schools funding in 22/23 within this report. The outcome will be factored into the Medium-Term Financial Strategy.

Legal Implications – Monitoring Officer

34. The School and Early Years Finance (England) Regulations 2020 set out the process that must be followed by the local authority for consulting on and maintaining the local formula arrangements to allocate funding to mainstream schools and early years providers. The Schools Revenue Funding Operational Guide published by Educational Skills Funding Agency provides additional guidance.

35. 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.
36. 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.
37. 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.
38. 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

39. Equality Impact Assessments (EIA) have been completed and set out in Annex 7.

Other Implications:

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

Area assessed:	Direct Implications:
Corporate Parenting/Looked After Children	Additional funding is provided to all schools with looked after children. Funding levels are to be maintained in 2022/23.
Safeguarding responsibilities for vulnerable children and adults	No significant implications arising from this report
Environmental sustainability	No significant implications arising from this report
Public Health	No significant implications arising from this report.

WHAT HAPPENS NEXT:

The next steps are as follows:

Schools' Funding Formula

41. The DfE will provide local authorities with updated pupil data at school level during December 2021 and confirm the council's DSG funding. The council may then make fine-tuning adjustments to its schools' funding formula to ensure it is deliverable within the updated funding, by 21st January 2022.
42. Surrey maintained schools will receive their individual schools budgets from the council by the end of February 2022. 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

43. If approved by the Cabinet, the hourly rates will be subject to fine-tuning if necessary, to ensure affordability following receipt of census data and published by 31 March 2022.
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Contact Officer:

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Consulted:

Leigh Whitehouse, Executive Director of Resources

The Surrey Schools Forum

All Surrey schools – via the Schools Funding Consultation, issued September 2021

All Surrey early years providers (for the early years funding changes)

Annexes:

- | | |
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| Annex 1 | Allocation of Schools Funding Across Formula Factors |
| Annex 2 | Responses to Surrey Schools' Funding Consultation September 2021 |
| Annex 3 | Recommendations to Surrey County Council Cabinet |
| Annex 4 | Schools Forum Decisions |
| Annex 5 | Proposed Surrey Schools Funding Formula Factors 2022/23 |
| Annex 6 | Responses to Early Years Consultation September 2021 |
| 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 2022/23. Department for Education, July 2021

2022/23 Schools revenue funding. Operational Guide. DfE July 2021.

The School & Early Years Finance (England) Regulations 2021

The Education Act 2002

The Education Act 2011

The Schools Standards & Framework Act 1998

Schools' Funding Consultation: Proposals for Changes in 2022/23
Surrey County Council, September 2021

Early Years Entitlements: Local Authority Funding of Providers, Operational Guide
2018-19, Department for Education November 2017

The Dedicated Schools Grant conditions of grant, DfE January 2021

ALLOCATION OF SCHOOLS FUNDING ACROSS FORMULA FACTORS

The table below lists the funding allocated to the schools funding formula factors in 2021/22 and the recommended allocations for 2022/23 based on Oct 2020 pupil numbers and characteristics

	Allocated to Surrey schools	Recommended Allocation to Surrey schools	
	2021/22	2022/23	
	£m	If no transfer is made to High Needs SEND £m	If £3.6m is transferred to High Needs SEND £m
Basic Entitlement	573.6	590.9	585.7
Deprivation funding	29.4	30.0	29.8
Lump sum (flat rate)	45.8	47.2	46.9
Low prior attainment (SEND indicator)	42.3	43.6	43.2
Looked after children	0.1	0.1	0.1
English as an Additional Language	5.4	5.6	5.5
Split site funding	0.5	0.6	0.6
Rates, rent and other premises factors	6.2	6.5	6.5
Pupil mobility	0.1	0.1	0.1
Sparsity	0.1	0.2	0.2
Additional funding to reach minimum per pupil level (MPPL) (new factor)	10.1	7.9	10.1
Minimum Funding Guarantee	5.1	3.9	4.3
Ceiling deduction	0	0	0.0
Total	718.7	736.6	733.0
Growing schools	4.1	4.1	4.1
Less combined services	-0.7	-0.6	-0.6
NFF schools block	722.1	740.1	736.5

SURREY SCHOOLS' FUNDING CONSULTATION

September 2021

195 Surrey schools responded to the consultation by the deadline, comprising 49.6% 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.

Those question numbers asking for comments only are excluded from this summary table. A summary of comments will be made available to Cabinet members.

		Schools' views		Schools Forum recommendation / decision (D)	Officer Recommendation to Cabinet
		Yes	No		
8	Do you support the introduction of localised funding to support inclusion in mainstream settings, funded through transfer of funding (ie from schools to high needs block)?	98	85	n/a	See below
9	Do you support a contribution of £3.6m (0.5% of estimated NFF schools block) in 2022/23 to the high needs block specifically to fund school led inclusion initiatives?	92	92	Provisional Yes	Yes (D)
10	Do you agree that, if funding is transferred as above, it should be allocated to schools across the academic year 2022/23?	125	34	Yes	(D)
12	If there is a transfer from schools block to high needs block do you support a minimum funding guarantee of 1.6% (as opposed to a lower one)	82	58	Yes	Yes
13	Do you agree that a ceiling on per pupil gains should be used only if necessary to maintain the proposed MFG and funding rates?	142	20	Yes	Yes
14	If there is not a transfer of funds from schools to high needs block do you agree that the MFG should be set at 2% (the highest permissible)?	139		Yes	Yes
	Or do you think 1.5% is more appropriate?	23		No	No
15	Do you agree that a ceiling on per pupil gains should be used only if necessary to maintain the proposed MFG and funding rates?	154	15	Yes	Yes

19	Do you support an increase in lump sum?	137	36	Yes	Yes
21	Do you agree that Surrey should implement the new increased NFF sparsity factor	109	21	Yes	Yes
23	Do you agree that notional SEN funding rates should be increased in line with increases in the general level of formula funding rates?	147	38	Yes	Yes
25	Do you agree that we should continue to provide formula funding for looked after children?	180	5	Yes	Yes
27	Do you agree that the former combined services funding in schools' budgets should be reduced in line with the reduction in DfE funding (approx 20%)	136	24	Yes	Yes
29	Do you support the proposed basis of returning part of the surplus school specific contingency funds in 2022/23 to those primary schools which were maintained for all or part of 2020/21, on the basis described above?	117	11	Yes	Yes
31	De-Delegation of funds from maintained schools' budgets Do you support...?: <u>Primary schools only:</u> a) Behaviour support b) Capita SIMS licences c) Teaching Association time d) Other special staff costs e) Free school meals eligibility checking f) Primary school specific contingency g) Additional school improvement h) Traveller support <u>Secondary schools only:</u> b) Capita SIMS licences c) Teaching Association time d) Other special staff costs e) Free school meals eligibility checking	69 73 65 63 74 64 64 53 8 5 6 8	9 6 6 8 5 5 13 13 0 2 1 0	Yes (D) Yes (D) Yes (D) Yes (D) Yes (D) Yes (D) Yes (D) Yes (D) Yes (D) Yes (D) Yes (D) Yes (D) Yes (D) Yes (D) Yes (D)	Yes Yes Yes Yes Yes Yes Yes Yes Yes Yes Yes Yes Yes Yes Yes

The Forum's recommendations and decisions are consistent with the majority response from schools for all proposals (except for Q9 where there were equal numbers of schools for and against the proposals and where the Forum's vote (9-8 in favour) was described by the Chair as indicative).

NOTE Q1-7 simply asked for details of the respondents and the other missing questions simply asked for comments on other questions.

RECOMMENDATIONS TO CABINET

1. That the Cabinet approve the following formula recommendations from the Schools Forum:

Schools Formula Funding

- a) The minimum funding guarantee (MFG) for schools should be set at 2% (the maximum permissible) if there is no transfer of funds to high needs block or at 1.6% (the maximum then affordable) if there is such a transfer.
- b) Formula funding factor rates should increase by 2.98% (or 2.09% if there is a transfer of funding to high needs block).
- c) That lump sum funding should be increased by 3% (if no transfer to high needs block) or 2.3% (if there is a transfer).
- d) That a ceiling (maximum limit) on per pupil funding gains is used only if necessary to deliver the above increases.
- e) That the increase in NFF sparsity funding for small, remote, rural schools, should be implemented in full in Surrey
- f) Up to £0.154m from the surplus on the de-delegated primary schools' contingency should be distributed to primary schools reflecting the origin of the funds (this is subject to DfE approval).
- g) That technical changes be implemented to remove from schools' budgets the £0.14m of former "combined services" funding being withdrawn by the DfE.
- h) We continue to provide formula funding for looked after children, even though this is no longer part of the NFF.
- i) That notional SEN funding rates (which are a guide to the amount of budget schools should spend on SEN) should increase in line with the increase in funding formula factors.

Early Years Funding

- j) Any increase in DfE funding for early years provision for two year olds should be passed on to providers, but in setting the hourly rate paid to providers, the council should have regard to the need to contain costs within the available funding. This may mean passing on a lower increase than the increase in the DfE rate
- k) Half of any increase in the DfE hourly funding rate for three and four year olds should be used to increase the basic hourly rate for providers
- l) The other half of any increase should be used to increase the value of the early intervention fund for three and four year olds (2021/22 budget £3.429m)

- m) that funding for free meals provision in maintained and academy nurseries should be increased in line with estimated cost of funding for free meals
- n) that the additional transitional funding provided by DfE for maintained nursery schools should continue to be passed on in full to maintained nursery schools, on the same basis as in 2021/22
- o) that local transitional funding for maintained nursery schools should be considered if the DfE ceases to provide additional transitional funding within the Dedicated Schools Grant.

SCHOOLS FORUM DECISIONS

At its meeting on 7 October 2021, the Schools Forum made the following decisions:

Schools Funding

- 1 To provisionally approve the transfer of £3.6m of funding to the high needs block, to be distributed to mainstream schools through arrangements to be agreed by headteachers, to fund initiatives to support inclusion, and subject to agreement on appropriate governance arrangements.
2. That specific services are approved for automatic de-delegation from maintained primary and secondary schools' budgets.

Early Years

4. That the local authority may retain 5% (currently estimated at £3.6m) of the Early Years Dedicated Schools Grant for 3-4 year olds to manage the sector, support providers and secure the supply of places; and to continue the SEND inclusion fund for 2 year olds. This is the maximum sum which the LA is allowed to retain, rather than to pass on to individual providers.

PROPOSED SURREY SCHOOLS' FUNDING FORMULA FACTORS 2022/23

The table lists the proposed values of the Surrey formula factors for 2022/23, with and without a transfer of funds to the high needs block: These will require review in December when October 2021 pupil numbers and characteristics are known.

	2021/22 Values		2022/23 Provisional Values (assuming block tfr)		2022/23 Provisional Values (no block tfr)	
	Primary £	Second'y £	Primary £	Second'y £	Primary £	Second'y £
Basic entitlement per pupil	3,301.84	-	3,371.87	-	3,401.95	-
• Key stages 1 & 2	-	4,657.55	-	4,756.31	-	4,797.85
• Key stage 3	-	5,250.11	-	5,361.65	-	5,408.44
• Key stage 4						
Deprivation:						
Per pupil on free schl meals	487.23	487.23	493.63	493.63	497.91	497.91
Per "Ever 6" FSM pupil	628.84	889.72	635.53	908.49	640.91	916.37
Per pupil in IDACI band F ¹	229.17	328.35	232.22	336.09	234.23	339.01
Per pupil in IDACI band E	277.14	439.56	284.98	446.37	287.44	450.24
Per pupil in IDACI band D	437.03	614.33	443.33	624.91	447.16	630.34
Per pupil in IDACI band C	474.34	667.29	485.53	682.68	489.72	688.60
Per pupil in IDACI band B	506.31	720.25	517.20	735.19	521.67	741.57
Per pupil in IDACI band A	660.87	916.20	675.52	934.74	681.36	942.86
Lump sum per school	127,347	133,732	130,284	136,815	131,168	137,744
Low prior attainment:						
Per low attainer based on Foundation Stage Profile	1,159.81		1,186.81		1197.11	
Per secondary pupil scoring below level 4 in either maths or English or both at key stage 2		1,758.26		1,795.97		1,811.56
Per Looked After Child	396	396	396	396	396	396
English as an Additional Language:						
Per pupil with EAL in school system less than 3 years	582.56	1572.90	593.40	1606.92	598.56	1620.87
Pupil mobility:						
Per mobile child above 6% of roll	953.27	1366.35	971.50	1396.86	979.94	1408.99
Sparsity lump sum	47,664	74,143	57,765	84,022	58,267	84,751
Minimum per pupil funding level	4,180	5,415	4,265	5,525	4,265	5,525

Notes

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

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 are likely to require amendment once the outcome of the October 2021 pupil census is known in December, to ensure they are still affordable within the available funding.

EARLY YEARS FORMULA CONSULTATION

September 2021

There were 94 responses: 51 from private providers and 43 from maintained schools and academies with nursery classes (including three maintained nursery schools)

	Yes	No	Yes	No
Do you agree that 100% of the DfE funding for 2 year olds should continue to be passed on to providers through the hourly rate?	85	3	96.6%	3.4%
Do you agree that 50% of any increase in the DfE hourly funding rate for 3-4 year olds should be used to increase the hourly rate to providers and the other 50% used to increase the value of the Early Intervention Fund?	50	41	54.9%	45.1%
Do you support the continued retention of 5% of funding for 3-4 year olds for 2022/23 (to administer the early years funded entitlement, including the early intervention fund, and to provide a range of services to support provider quality and sufficiency of provision)?	66	23	74.2%	25.8%
Do you support the continued provision of an Inclusion Fund- Early Intervention Funding- for 2 year olds, funded from the 5% centrally retained funds for three and four year olds?	66	20	76.7%	23.3%
Do you support the proposed increase to the funding rate for free school meals provision for entitled pupils in state maintained nursery schools and classes?	60	7	89.6%	10.4%
Do you agree that the maintained nursery school transitional grant funding from the DfE should continue to be distributed in the same way as in previous years (As described in section E4 of the consultation paper)	49	9	84.5%	15.5%
Do you agree that, if the DfE withdraws the maintained nursery school transitional grant, local transitional funding should be considered for maintained nursery schools, so that in 2022/23 they still receive a proportion of the funding which they would have received from the transitional grant, had it continued?	50	8	86.2%	13.8%

Note: percentages shown are percentages of those providers offering an answer to the question. They do not add up to 100% because some providers selected “no views”.

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