

Papers for meeting of the Surrey Schools Forum 12 June 2019

Matters arising from minutes of meeting on 10 January 2019:

Item 4 Schools pay review (page 5)

Illustrative impact of 2019 Surrey support staff pay award on primary, secondary and special schools

The impact of the pay award on individual schools will depend on the number of support staff, which grades they are on and where they are in the grades. The data below is shown by way of illustration, and is based on data from maintained schools on the main Surrey schools payroll only.

Primary schools

The impact on primary schools, as a percentage of budget, is little affected by the size of the school. The impact is likely to be higher for schools with nursery classes. SEN centres or otherwise with high incidence of SEND, and for schools where a large number of staff are currently near the bottom of the grades. The average impact is higher for schools with the highest incidence of deprivation,

Estimated average increase as % of budget (excluding grants but including ISPSB and nursery funding) 1.35%

For 50% of schools the impact falls between 0.95% and 1.51%

Impact on schools: range of cash values

Size of school (pupil numbers, fte, including nursery)	For 50% of schools the estimated cost of the increase falls between
Smallest (up to 179)	£4,020 and £9,100
179-256	£8,695 and £14,430
256-396	£11,304 and £19,531
396+	£16,463 and £32,213

Secondary schools

We have limited data on maintained secondary schools (because there are not many of them) but we suggest that typical impact may be between 0.8% and 1.05% of budget, although some schools will fall outside this range.

Special schools

The impact on maintained special schools varies according to sector, but for 50% of those schools the estimated impact was between 1.45% and 2.03% of budget. It is higher for those schools with higher support staff ratios.

NOTE Where "50% of schools are between" the stated range, 25% of schools are below the stated range and 25% above.

Item 5 , page 9 DSG funding settlement and summary budget 2019/20

High need pressures

The main reason behind the rise in high need block pressures is the rapidly increasing numbers of EHCPs.

Number of EHCPs in Surrey (based on DfE SEN2 return)

	Jan-17	Jan-18	Jan-19
NMI /SPI	868	873	1,043
State specialist (incl spec schools & centres)*	2,507	2,725	2,962
Colleges	854	1,144	1,259
Mainstream	2,336	2,635	2,960
Other	278	333	508
	6,843	7,710	8,732
% Annual Increase		12.7%	13.3%

*NB Two Surrey NMI schools converted to academies from Jan 2018

A presentation on SEN Sufficiency is to be provided to the 12 June Schools Forum at which high needs SEND pressures will be discussed in more detail.

Item 4
Schools Forum
12 June 2019

DSG Outturn 2018/19 and next steps

The accumulated DSG position at outturn 2018/19 was a net deficit of £5.431m. However this includes a significant cumulative overspend on the High Needs block, with underspends in the Schools and Early Years blocks.

DSG OUTTURN SUMMARY

The outturn position on DSG can be summarised as follows:

	2018/19 (Under) / overspend	Brought forward from previous year(s)	Cumulative Outturn 2018/19
	£'000	£'000	£'000
Schools	-3,006	-1,896	-4,902
CSSB	-260	0	-260
Early Years	-4,735	-3,549	-8,284
High Needs	17,642	1,235	18,877
Total	9,641	-4,210	5,431*

**(The balance sheet shows £5.97m deficit but this excludes the anticipated year-end early years grant adjustment of £0.539m)*

The in-year deficit on the High Needs Block was £17.64m and the cumulative deficit is now £18.877m. It is the Council's belief that expenditure on High Needs Block should be covered by the Dedicated School Grant. Previously the Council has sought to use underspend on other blocks of the DSG to cover the deficit. The Council will now be pursuing avenues to secure additional funding but until this funding is confirmed and received from the Department for Education, the Council has created an earmarked reserve of £18.675m, funded from the revenue budget, to mitigate this risk and is aware that further contributions will be required over the next few years, together with the accumulated DSG underspend on other blocks should it prove necessary to be used. At the same time the Council is committed to developing local provision that meets the needs of children with Special Educational Needs and Disabilities and will look to develop a number of proposals with local schools and early years settings to make this a reality and will look to historic DSG underspend to fund this work where appropriate.

The key variations per block are as follows:

1. SCHOOLS BLOCK OUTTURN:

	2018/19 (Under) / overspend	
2018/19	£'000	
Business Rates	-375	Underspend. Budget difficult to accurately quantify due to large number of extensions / new premises etc. and timing of rates reviews by borough councils.
Growing Schools	-1,821	Growing Schools (GS) budget must be approved by Schools Forum each year. Number of new primary classes was less than anticipated. Majority of underspend was recycled to schools in 2019/20 budgets
Falling rolls	-480	Some schools not eligible for funding as failed to achieve Ofsted 'Good' rating (DfE criteria). Surplus was anticipated and therefore recycled to schools in 2019/20 budgets.
De-delegated contingency (maintained primaries only)	-77	Fund created by and for maintained primary schools. Any surplus is returned to maintained primaries periodically (as shown below).
De-delegated Intervention Fund (maintained primaries only)	-147	Underspend in 2019/20
De-delegated Special Staff Costs	<u>-106</u>	Lower call on TU time than anticipated and prior year income received late. Expectation that surplus carried over to reduce future contributor rates.
	-3,006	
<u>Prior Year sums b/fwd</u>		
De-delegated contingency (maintained primaries only)	-368	£0.3m of this has been provided to schools in 2019/20. Remainder supports the 2019/20 primary schools contingency.
Prior Year other	<u>-1528</u>	Remainder of funds brought forward from prior years as yet unallocated
Prior Year	-1,896	
Total	-4,902	

2. CENTRAL SCHOOLS BLOCK (CSSB) OUTTURN

	(Under) / overspend	
	£'000	
Devolved Admissions Appeals	-79	Misc minor underspends
Admissions Service	-123	
Others (Small net underspends over a	-58	

number of retained ESG services)		
Total	-260	

3. EARLY YEARS OUTTURN

	(Under) / overspend	
	£'000	
Three & Four Year Olds		
* Main Formula	-4,486	Underspends on main formula, deprivation allocation and contingency.
* Central Retention	-267	
Two Year Olds		
* Expenditure above grant	<u>207</u>	
Total FEE & FEET budgets	-4,546	
Other DSG Grants	-189	Minor underspends on Nursery Transition Grant, EY Pupil Premium and EY Disability Access Grant
Sub-Total	-4,735	
Brought forward from previous years	-3,549	Included £1.6m held pending potential reimbursement claim from DfE – now resolved.
Total	-8,384	

At March 2019, the cumulative underspend on Early Years funding for 3-4 year olds is £8.3m, of which £3.5m was brought forward from 2017/18. An element of this sum had been held pending a possible reimbursement claim by the DfE but this risk has now been removed.

This general level of underspend has arisen mainly because the DfE funds LAs for 3-4 year olds on the basis of the average of January censuses, whereas the LA must fund providers largely on the basis of termly averages, creating a risk for the LA. In practice, in Surrey, the termly average count has been lower than the average of January counts. Additionally, the LA has set aside a contingency against the risks of the extended (30hr) entitlement, because the pattern of take-up across terms was unknown when the entitlement was new. In practice this level of contingency proved unnecessary and this contingency was reduced in 2019/20.

4. HIGH NEEDS BLOCK OUTTURN

	(Under) / overspend	
	£'000	
Special schools places and top-ups	2,546	Available DSG funding insufficient to meet rising pressures
Place Funding OHCAT	173	Shortfall in the DSG adjustment from the DfE for the transfer of the Radius Trust NMSS to the academy sector
Special schools residential	-369	Lower demand
Special schools transitional	-152	Split site funding in one school ended in September 2018
Special schls outreach, SEN centres, PRUs, nurseries	16	Special schools outreach(5), SEN centres (7), PRUs and SALP (3), Nursery SEN resources (1)
Mainstream outreach	-38	Two posts transferred to central services
Nurture Groups	-72	One nurture group did not continue into 2018/19
Additional SEN	807	Significant increase in demand
In year fair access	58	Budget had anticipated savings
Non-maintained & independent placements	13,874	Huge pressure due to increases in EHCPs and lack of capacity elsewhere and shortfall in additional budget due to inadequate available funding
Income from OLA pupils	-1,170	
Post 16 college placements	-743	Initial uncertainty about liable costs, not agreed until April 2019
ISPSB	2,668	Large increase in the number of EHCPs
Speech & Language therapy	430	Large increase in the number of EHCPs
Portage	-278	Unfilled vacancies
Hospital Education	269	DSG budget insufficient to meet statutory demand
Education within children's homes	-492	Variations in demand
Misc budget shortfall	115	Minor shortfalls on smaller budgets
Total	17,642	
Brought forward from previous years	1,235	Overspend brought forward – net of SCC's transfer of £2.142m SEN Development Grant to DSG
	18,887	

<i>Item 6 a)</i>
Schools Forum
12 June 2019

Update on 2019/20 Consultation: Final Decisions

At the last Schools Forum on 10 January 2019 there were three areas where final decisions on issues raised in the autumn Schools Funding Consultation were still awaited or still under consideration. An update can now be provided, as follows:

DfE Decisions

The authority had requested the DfE to support two proposals which were not approved by the Schools Forum.

1. The transfer of 0.5% of the Schools' block to High Needs SEND

The outcome of the autumn consultation with Surrey schools indicated that 63% of schools did not support the council's request to transfer 0.5% of the Schools block to meet high needs SEND pressures. (This assumed an MFG of zero. If a 0.5% MFG had been introduced the percentage opposed to a transfer rose to 66%.) The Schools Forum on 28 September 2018 then formally rejected the transfer.

At the meeting of the Surrey County Council Cabinet on 30 October 2018 council members opted to appeal to the Secretary of State to overrule the decision of the Schools Forum in view of the escalating pressures in high needs SEND budgets. The DfE responded on 21 February and approved the transfer. Accordingly mainstream and special schools' budgets were issued on the basis of £3.1m (0.5%) having been transferred to meet pressures in the High Needs block.

2. Clawback of excessive balances

The proposal to clawback excessive balances from maintained schools was consulted on during September 2018 where 56% of schools responded opposing the move overall. This was also opposed by Schools Forum. The council's appeal to overturn this decision was turned down by the DfE and accordingly this will not be implemented in March 2019.

Local Authority Decision

The authority provides additional funding from the High Needs block to schools where the number of EHCPs is significantly higher than would be expected from the general characteristics of the school. DfE guidance states that this should only be targeted to a minority of schools.

Surrey is a relatively high spender in this area and almost 40% of schools were in receipt of this additional funding in 2018/19 leading to increasing pressures on the High Needs block. The authority proposed targeting the funding to the highest 20% of schools – a move that was opposed by 75% of schools responding to the consultation. Further consideration of this issue was therefore given during spring 2019 but against a backdrop of rapidly rising EHCP numbers, this policy was introduced in April 2019.

30/5/19

<i>Item 6 b)</i>
<i>Schools Forum</i>
<i>12 June 2019</i>

Schools Funding Formula Issues for 2020/21

Summary

This paper summarises a range of issues which need to be considered prior to proposing a funding formula for Surrey mainstream schools for 2020/21. The Forum is invited to propose any other issues which it wishes to be considered in developing funding arrangements for 2020/21.

The schools funding formula must comply with DfE regulations and experience indicates that these tend to be issued in July. Any known changes will be discussed at the 4 July meeting. However, late changes may necessitate further formula amendments during the summer holidays.

Background

In 2019/20 Surrey's schools funding formula was set on the basis of:

- a £3.1m transfer from the schools budget to the high needs block
- a formula comprising 85.1% NFF factors and 14.9% old Surrey factors (with some adjustments to low prior attainment funding)
- a minimum per pupil funding level (MPPL) set at £3,469 primary and £4,769 secondary (each £31 lower than the permitted maximum, to recognise the contribution to the £3.1m transfer to High Needs);
- a minimum funding guarantee of 0% and ceiling of 3.1%

Outside the funding formula

- Growing schools funding was reduced from £6.9m to £4.8m (plus £0.7m to be brought forward from 2018/19 underspend)
- Falling rolls funding was reduced from £1.322m to £442,000 and was to cease entirely in 2020/21.

The overall level of funding available for mainstream schools in 2020/21 will be determined through the government's Spending Review and is unlikely to be known until the late autumn. But under the original NFF proposals the increase in funding for Surrey schools in 2020/21 was expected to be small, perhaps £2m- £3m compared to £11m (before transfer to high needs) in 2019/20. This last part of the NFF increase will be at risk if the measured level of additional need in Surrey is less now than in 2017/18. If there is little additional funding, any significant changes to the funding formula are likely to mean a very low ceiling.

Key issues to consider for 2020/21

1. Should there be a transfer from schools block to High Needs block?

If such a transfer is made should such it be linked to specific uses?

As £3.1m was transferred in 2019/20, a similar transfer in 2020/21 would not reduce the overall total available for schools.

2. How much further, if at all, should we move towards the NFF?

The DfE is not currently committed to a specific date for implementation of the hard NFF (ie direct use of the NFF to fund individual schools) and so the speed of transition is still a local issue.

The faster we move towards the NFF the lower is the ceiling on gainers. This is because a large number of changes increases the number of schools that need MFG protection. As the ceiling funds the MFG, a lower ceiling is then necessary. However, as long as the hard NFF remains a DfE aspiration there is little benefit in doing anything locally which moves away from the NFF and indeed this may be queried by DfE, although the rules do not prohibit it.

In general, large schools and schools with a high incidence of low prior attainment, gain under the NFF. Large schools with low incidence of any additional need also gain, through the workings of the minimum per pupil funding level (MPPL). Conversely very small schools often lose. The annex shows that in general the smallest schools are more likely to require minimum funding guarantee protection to avoid funding losses. Should we avoid further reductions in the lump sum at this stage in order to protect these schools?

3. Should the minimum per pupil funding level (MPPL) be implemented?

The MPPL is part of the NFF and its use is optional for LAs. It guarantees a minimum amount per pupil. This generally benefits large schools with low levels of additional educational needs (including deprivation) because in general these schools have the lowest average funding when presented on a per pupil basis.

Where a school's funding is below the MPPL, LAs can opt to provide a supplement to ensure the MPPL is achieved. Schools receiving additional funding for this purpose are exempt from ceiling deductions. If the MPPL is implemented in full then in effect these schools receive their full NFF gains when schools with higher needs might not. It was on that basis that the LA decided that MPPL schools should also contribute to the £3.1m transfer to the HNB in 2019/20 and the MPPL was reduced by £31 per pupil to reflect that.

In 2019/20, 28 (9%) primary and 14 (25%) secondary schools benefit from the MPPL. Had the MPPL been implemented in full in 2019/20, and paid for by

further reducing the ceiling, 38 primary and 18 secondary schools would have gained from the MPPL, but the ceiling for all other schools would have been reduced from 3.1% to 1.85%. The impact in 2020/21 might be expected to be similar.

4. Should we implement the DfE school level “funding floor”?

(A minimum increase of 1% per pupil over 2017/18 funding, with a number of technical exceptions)

This was an optional factor introduced by the DfE in 2019/20 which was not used in Surrey and unofficial feedback suggests that few, if any, LAs planned to use it in 2019/20). The additional floor adds additional complexity as two protection methods would be operating simultaneously

The funding floor is in effect a continuing MFG relative to 2017/18 funding and is a part of the NFF ie the DfE uses it to fund Surrey and Surrey is now allowed to use it to fund individual schools. If it is used it must be in addition to the normal MFG - ie if the MFG is set at 0% every school must receive at least the higher of:

- 1% per pupil more than 2017/18 or
- 0% per pupil more than 2018/19.(ie the MFG is still set at 0%)

It will be of most benefit to those schools which were on MFG in both 2018/19 and 2019/20, ie those schools which are consistent losers under the NFF.

At this stage we suggest that further consideration of its use is deferred until the future of this factor and the “hard NFF” is clearer.

5. Should the MFG be set at 0% or 0.5% or indeed lower than 0%?

In 2018/19 and 2019/20 the DfE NFF calculation has included a minimum increase of 0.5% per year relative to the 2017/18 baseline. LAs are free to set an MFG between -1.5% and +0.5% when funding schools.

In 2018/19, 62 LAs applied a minimum funding guarantee of 0.5% and a further 12 applied an MFG above 0% but below 0.5%. Surrey set the MFG at 0% in 2018/19 (because the DfE decision to allow 0.5% was made too late to include in Surrey’s consultation) and this continued in 2019/20 as 0% gained majority support from schools in the September 2018 consultation.

In 2019/20 an MFG of 0.5% would have benefited 114 schools, typically those funded at the MFG level (eg small schools and those losing from reduced deprivation funding). This would have cost £0.8m and would have meant reducing the ceiling from 3.1% to 2.2%.

The MFG protects previous funding against losses irrespective of the reason for the loss (ie whether the loss is due to change in formula or reduction in measured additional need).

In 2019/20 the number of Surrey schools on MFG can be summarised as follows:

Number of schools on MFG in 2019/20 which were:	Pri	Sec	Total
On MFG in both 2017/18 and 2018/19	43	7	50
On MFG in 2018/19 but not in 2017/18	11	2	13
Not on MFG in 2018/19	21	7	28
Total on MFG in 2019/20	75	16	91

50 out of 91 schools on MFG have been on MFG for at least three consecutive years ie there are many schools for which MFG is providing long term protection, but also a significant number of schools moving on and off MFG.

6. Should we aim for a high or low ceiling on funding gains?

Too low a ceiling means that the formula doesn't respond to current need as all schools will be funded within a narrow range. But a high ceiling combined with a 0% (or higher) MFG means that eventually all schools will be protected at the funding level for the year in which their needs are highest - because their average funding could never be reduced. This creates a sizeable MFG cost. Use of a lower ceiling mitigates this effect because a school with a one-off year of very high need would not be preserved at that level.

In 2019/20 the ceiling was 3.1% and 93 schools were on it. 91 schools were on MFG which meant that only a relatively low number of schools were actually funded on the formula.

There is no single "right" way of determining the level of the ceiling but ideally a majority of schools should be on the formula (ie neither on minimum funding guarantee nor on ceiling).

7. Should rents and/or split site funding be exemptions from the minimum funding guarantee (MFG) and ceiling?

Six mainstream schools are funded for rent on basic accommodation, in principle at actual cost. Historically this has been included in the minimum funding guarantee and ceiling calculations. This has caused difficulties as rents have often risen substantially on periodic review, necessitating case by

case approval of variations by the Secretary of State if the affected schools were not to be disadvantaged.

The DfE now allows rents to be excluded from MFG and ceiling (so that changes in rents, which are usually increases, could be funded to schools without the need to apply for a variation). We propose to consult on making this change locally.

Similarly split site funding can now be taken outside MFG and ceiling and we can see advantages in that. In particular:

- most split site funding is not directly linked to school size, though it may be linked to the number of children on the second site
- it avoids the need for Secretary of State's approval to remove split site funding when a second site closes.

Nine schools currently receive split site funding, of which 3 receive the minimum £20,000 rate. No changes are proposed to the split site formula.

8. Will further reductions be needed in Growing Schools funding and how might these be implemented?

In 2019/20 DfE has based growing school allocations to LAs on a formula, subject to transitional protection. Surrey expects to lose £1m in 2020/21 from loss of transitional protection. It may therefore be necessary to review the funding of growing schools for 2020/21, but it is proposed that this issue is considered at the July Schools Forum when better information on 2019/20 growth funding needs is available.

9. What do schools need in order to consider which de-delegation arrangements should continue?

In 2019/20 maintained schools responding to the consultation supported the de-delegation of funding for Capita SIMS licences, special staff costs and free school meals eligibility checking. Primary schools also supported the de-delegation of behaviour support, teaching association time, a primary school specific contingency, additional school improvement and traveller support.

Action requested of the Forum

The Forum is invited to discuss these outline proposals and to propose any other changes which it wishes to discuss at the July meeting and any other information which might be helpful to colleagues in considering the above proposals.

Illustrations of examples of formula funding options

2019/20 number and proportion of schools on minimum funding guarantee

(Actual funding and two possible alternative scenarios)

	2019/20 actual	(A) If 0.5% MFG	(B) Full NFF & 0.5% MFG
Ceiling level	3.10%	2.19%	1.46%
Primary			
% of primary schls on MFG	25.08%	29.77%	27.76%
% of smallest primary schls on MFG <i>(29 schools with < 90 pupils)</i>	58.62%	58.62%	58.62%
% of 25% most deprived primaries	60.00%	66.67%	70.67%
Secondary			
% of secondary schools on MFG	28.07%	43.86%	26.32%
% of 13 smallest secondary schls on MFG	46.15%	61.54%	46.15%
% of 25% most deprived secondaries	64.29%	78.57%	64.29%

The two alternative scenarios are:

A) to use 0.5% for the minimum funding guarantee

B) to use 0.5% for the minimum funding guarantee and then combine this with full NFF introduction.

Note: the data shows what would have happened had this been done in 2019/20. The impact in 2020/21 would be different because the data and starting point would be different.

The key points are:

- that the smallest schools are more likely to be on MFG (ie they do not gain under the NFF so need funding protection).
- the schools with the highest deprivation are much more likely to be on the MFG

As ever, the more change there is in the formula between years, the more likely that some schools will need funding protection via the MFG and therefore the lower the ceiling required to fund the MFG.

<i>Item 7</i>
<i>Schools Forum</i>
<i>12 June 2019</i>

Surrey Children's Services Academy

Apprenticeship Proposal June 2019

Apprenticeship levy the changes.

The Rationale

Apprenticeships support the development of those that work with Children, Young People and Families in the Educational sector 0-18 years or those wishing to commence their career in the sector as an apprentice.

The government introduced the Apprenticeship Levy in April 2017 which applied to all employers with a payroll over £3,000,000. These employers pay to HMRC 0.5% of its payroll each month. This is then paid back into a digital account to be spent on apprenticeship qualifications only. After 24 months if the funds from month one and so on has not been spent, then HMRC reclaims the money on a first in first out basis monthly commencing in June 2019.

The Apprenticeship Levy has now been in place for just over two years having been implemented but there have been a number of recent changes as follows:

- The government is encouraging levy paying employers to transfer up to 25% of their levy to other employers to support those who are not levy payers or have spent their own levy to continue or commence the development of existing staff and new recruits through apprenticeships. The rate available to transfer is 25% of the annual value of funds entering the apprenticeship service account. These funds can be transferred to any employer, to support new opportunities and widen participation in apprenticeships.
- Levy-paying employers who wish to transfer funds will have to agree the individual apprenticeships that will be funded by a transfer with the employer receiving the funds.

The benefits of transferring the apprenticeship levy will ensure that funds will benefit the local economy and support the development of people who live and work in the local area, many who will be Surrey residents. If we do nothing, the funds will be withdrawn from the Digital Account and returned to central government, it will not benefit the county of Surrey and its residence by having a highly skilled workforce working with Children and Young People in education.

The Council's school apprenticeship levy is able to transfer 25% of its apprenticeship levy per financial year this means up to £174,680 could be transferred in 2019-2020 between the 1st April 2019 and the 31st March 2020. SCC proposes that the transfer from the schools account should go to employers in the education sector. The rationale for this is that many schools such as grant maintained faith schools,

special educational needs, foundation schools alongside a number of independent early years' settings and the Voluntary Community and Faith Sector cannot currently access apprenticeships due to budget constraints or the lack of apprenticeship providers who have been allocated non-levy funding from the ESFA. If in the future the maintained schools were forecasting to spend all of the levy then clearly it would not continue to offer a levy transfer to other employers.

The funds, if transferred, would be apprenticeship levy that is not going to be utilised by SCC maintained schools and is going to be withdrawn by central government. This proposal therefore aims to ensure that we will begin to minimise the funds that will commence being withdrawn and returned to central government due to commence in June 2019.

<i>Item 8</i>
<i>Schools Forum</i>
<i>12 June 2019</i>

DFE Call for Evidence:

‘Provision for children and young people with special educational needs and disabilities, and for those who need alternative provision: how the financial arrangements work’

The DfE issued this “Call for Evidence” on 3 May 2019 and it’s open until 31 July 2019. The Call for Evidence is intended to identify, and find means of resolving, ways in which the current funding system works against good outcomes and appropriate decisions, and against early intervention. The Call for Evidence is not concerned with the overall levels of funding, which will be a matter for the spending review, although the DfE recognises that this is LAs’ and schools’ main cause for concern.

The main issues considered in the Call for Evidence are:

- The choice of proxy indicators for funding additional need in schools through the NFF formula (and whether the definition of low prior attainment for funding purposes should be amended to introduce an additional, lower, threshold of low prior attainment);
- Whether the £6,000 high needs threshold for mainstream schools should be changed (ie higher or lower, for some schools or all);
- Whether the way in which schools’ notional SEND budgets are defined should be changed, and whether it should be standardised across LAs;
- The provision of information on the local offer, and in particular whether clarification is needed on what mainstream schools should provide for pupils with SEND;
- The way in which additional support is distributed to more inclusive schools
- Whether changes in funding could help to facilitate early intervention
- Whether there should be changes to the way in which funding for alternative provision for excluded pupils is managed’
- Ways of funding colleges for SEND
- How effective partnership working between agencies can be encouraged.

The full Call for Evidence is available at
<https://www.gov.uk/government/consultations/send-and-ap-provision-call-for-evidence>

The LA will be considering its own response.

The Forum is invited to consider the issues within the Call for Evidence, and members are asked to draw colleagues’ attention to it.

<i>Item 9</i>
Schools Forum
12 June 2019

Miscellaneous Funding Formula Issues

a) Falling rolls fund

Summary

At the January 2019 meeting of Schools Forum, officers noted that a review of the falling rolls funding allocations to some secondary schools might be appropriate during 2019/20, where schools previously eligible for such funding experienced a rise in pupil numbers in Oct 2019 which had not been forecast. This paper suggests possible revised criteria for those allocations. The basis of allocation of falling rolls funding requires the approval of Schools Forum.

Background

“Falling rolls funding” for good and outstanding secondary schools with temporary dips in rolls, is being phased out in Surrey, largely in response to changes in DfE funding. 2019/20 is the final year in which it is in principle available.

The majority of the secondary schools which received falling rolls funding in previous years are no longer eligible in 2019/20, because their pupil numbers have now already been increasing for several years. However, there are a few schools which are suggesting that they expect an increase in pupil numbers, which is not projected by the current forecasts. These are largely schools which have only recently been judged “good” by OFSTED, and therefore pupil numbers may now exceed forecasts, which were based on historic pupil numbers. Some schools have sought falling rolls funding on that basis.

We propose that these schools should receive “falling rolls” funding in 2019/20 if they meet the pupil number criteria based on actual Oct 2019 pupil numbers. The only change would be to use updated pupil number data in the calculation. This will be a one off measure for 2019/20 as there will be no falling rolls funding thereafter.

Recommendation

That the Forum approves the proposed revised criteria for allocating “falling rolls” funding in 2019/20.

b) Minor adjustments to the basis of allocating high needs SEND funding to mainstream schools

Changing the basis of additional SEN funding in secondary schools

Additional SEN funding is allocated to schools where the number of pupils in receipt of high needs top up funding is high relative to the schools' general level of additional educational needs as measured for funding purposes. Currently, funding for primary schools is based on termly average census data (and updated in year) whereas funding for secondary schools is based on previous October census.

We propose to standardise the basis of funding in 2020/21 so that funding for both sectors will be based on termly average data. The cost impact should not be significant (it would have cost an extra £15,000 in 2018/19). Note that this is part of the high needs block and not part of the mainstream funding formula.

Recommendation

That the Forum supports the proposal.

Changes to the basis of high needs SEND place funding in mainstream sixth forms

Mainstream schools with sixth forms are funded at £6,000 per "place" for a specified number of post 16 high needs pupils and in 2019/20 we agreed with most such schools to change the basis of high need place funding to match the number of high needs pupils on roll in the previous October (ie lagged data).

During autumn 2018, and too late for Surrey's autumn 2018 consultation paper, the DfE introduced additional flexibility for allocating post 16 SEND place funding to mainstream providers. This would allow us, if schools supported the proposal, to allocate the place funding in-year (thus better matching the current number of high need pupils), rather than using lagged data, although we could only do this if substantially all mainstream schools with sixth forms agreed to it. This would avoid the scope for schools to oppose a reduction in place funding based on the use of prior year data when they can see an increase in high needs pupils coming

Recommendation

That the Forum supports the proposal.

<i>Item 10</i>
<i>Schools Forum</i>
<i>12 June 2019</i>

Proposed changes to the Surrey Scheme for Financing Schools

Summary

The Forum is asked to approve changes to the Surrey Scheme for Financing Schools, following recent updates to the DfE statutory guidance on schemes. This is a decision for representatives of maintained schools only.

Background

The Surrey Scheme for Financing Schools defines the financial relationship between Surrey maintained schools and the local authority and the responsibilities of each. It must comply with statutory guidance issued by the Department for Education.

Before changing the Scheme, the authority is required to consult the headteacher and governing body of every maintained school, and then to seek approval from the Schools Forum for the proposed changes and for the date of implementation. The only exception is that there is no requirement to consult where the Secretary of State specifies a precise change in wording. The LA may appeal to the Secretary of State if the Schools Forum does not approve the proposed changes..

DfE updated their guidance on schemes in early February and consequently Surrey is proposing some changes to its own scheme. The main changes affect the requirement to consult the LA before providing new community focused activities. Most of the other proposed changes are minor and technical (but the LA is still required to consult on them.

Details of the proposed changes are set out in Annex 1.

The LA consulted maintained schools between 22 March and 1 April via the Schools Bulletin. There were no responses to the consultation from maintained schools.

Recommendation

That the proposed changes are approved, for implementation with immediate effect.

Annex 1 Proposed changes to the Surrey Scheme for Financing Schools

All section references are to the current Surrey scheme. Proposed changes are shown in italics.

Provision by schools of community facilities (section 13)

Amendments are proposed *to remove the duty on maintained schools (in s13.4-13.6) to*

- * *consult the LA prior to providing community facilities*
- * *have regard to advice given by the LA on those proposals*

Both were once, but are no longer, legal requirements.

We propose to replace these with *a recommendation that schools advise the LA before providing new community facilities involving gross annual expenditure exceeding £15,000, and in particular that they advise the Early Years and Childcare service prior to opening new nursery or childcare provision.* We also propose to add a reminder, in line with DFE guidance, that *“Schools are reminded that, as public bodies, they are required to act reasonably, which includes consulting those affected by decisions which they make”.*

Schools are still required to

- * consult the LA before entering into a funding agreement with any third party related to community use;
- * report to the LA on the finances of community focused activities.

The LA also retains the right to require governing bodies to take specific measures to mitigate the risk of community focused activities where the LA sees those risks as particularly significant.

Activities not considered community focused (S13.1)

S13.1 currently states that joint use agreements, transfer of control agreements and agreements with the Authority for the provision of adult education are outside the scope of community focused activities and of section 13 of the Scheme, because they are covered by other provisions of the Scheme. It is proposed to amend s13.1 to:

“This section of the scheme (ie chapter 13) does not extend to joint-use agreements; transfer of control agreements, or any other agreements granting third parties similar rights of occupation of maintained schools, or agreements between the Authority and schools to secure the provision of adult education and community learning. Separate guidance on these is provided within the schools finance manual.”

The purpose of the proposed change is to allow us to consider the principles of any agreements similar to joint use or transfer of control agreements, irrespective of their precise legal form.

Minor changes to school or LA responsibilities

*(Changes are shown in italics. Those changes marked * directly follow the wording of the amended DfE model scheme)*

2.1.4 (Control of assets)

Amend requirements for keeping an inventory to: “Each school must maintain an inventory of its moveable non-capital assets. *In particular, schools should consider including items which are portable and attractive, such as cameras**”

Details of the coverage of assets, the form of the inventory and arrangements for the disposal of assets are contained in the LMS Finance Manual - Section U. However, schools are free to determine their own arrangements for keeping a register of assets worth less than £1,000. Schools exercising this discretion must keep a register in some form”

2.3 (Budget plans)

Amend to state that the updated verification and forecasting tool provided by the LA (which assists schools in forecasting future funding) is available *during the autumn, following Cabinet approval of next year’s funding formula*, rather than specifically in October. This reflects current practice, whereby the tool is updated following the outcome of the annual funding consultation. The previous year tool will still remain available until the updated version can be produced.

2.13 (Spending for the purposes of the school)

Updated to clarify that the school’s budget share can be spent to provide education to pupils registered at the school and also at other maintained schools *and at academies, and also to provide staff, goods, and accommodation to contribute to the wellbeing of children and relevant young people in the area as defined by s10 of the Children Act 2004*

4.9 (Licensed deficits) and Annex F

The Surrey Scheme defines the limits on permissible licensed deficits in terms of the budget share. We propose to amend this section to clarify that where a school is funded for SEN places, *top up funding for pupils in those places will be treated as part of the budget share for the purpose only of determining the size of deficit which can be permitted, even though it is technically not part of the budget share. The same applies to pupil referral units.* (Again this codifies current practice and reflects the situation before “top up” funding was introduced, and the significance of top up funding to special schools and pupil referral units).

We have also removed some outdated historic material from this section.

5.2 (Income)

We propose to remove the current requirement for schools to have regard to the LA’s charging and remission policy for schools when determining their own charging

and remissions policies. Schools are still expected to comply with DfE requirements on charging and remission.

6.2.2 (Costs which may be charged by the LA against a school's budget share).

We propose an amendment so that, in addition to premature retirement costs, schools are responsible for "Other expenditure incurred to secure resignations where *there is good reason to charge this to the school*" * rather than "where the school had not followed the authority's advice". Again this reflects amended DfE wording.

Other minor changes, descriptive only (changes in italics)

1.1 (introduction and background)

Add "The local authority's mainstream funding formula is published annually on the School Finance webpages and the key features and units of resource are described in the budget notes and guidance which are sent annually to every school. (This information is already available, but the DfE scheme guidance requires that the scheme should state where these can be found).

1.4 (background: process requirements for changes in the Scheme):

Amend to

Any proposals for revision of the scheme must be the subject of consultation with *the governing body and headteacher of every maintained school* and will then require the approval of those members of the Schools Forum representing maintained schools. *The Forum may approve the changes or approve them subject to modifications**. The Authority has the right to appeal to the Secretary of State if the Schools Forum refuses to approve a proposed revision to the Scheme *or imposes modifications which are unacceptable to the authority**. It is also possible for the Secretary of State to make directed revisions to schemes *after consultation. Such revisions become part of the scheme from the date of the direction**. *The authority will notify maintained schools of these directed changes as soon as possible.*

2.4 (School resource management, formerly efficiency and value for money)

Amend to:

Schools must seek to achieve *effective management of resources** and value for money, to optimise the use of their resources and to invest in teaching and learning, taking into account the authority's purchasing, tendering and contracting, requirements.

It is for heads and governors to determine at school level how *to optimise the use of resources and maximise value for money.*

*ADD There are significant variations in the effective management of resources between similar schools, and so it is important for schools to review their current expenditure, compare it to other schools and think about how to make improvements**.

3.6.1 (Purchasing cards)

Amend thus: Schools are not permitted to use credit cards, because they are a form of borrowing. However, schools are encouraged to consider the use of procurement cards in order to facilitate electronic purchases. Procedures for the issue and use of purchase cards are contained in section G of the Finance Manual. *Balances must be cleared monthly so that no interest charges are incurred. (NB This is already Surrey's expectation but is not already specifically stated in the Scheme)*

5.1 (Income from lettings)

Amend thus:

Schools may retain income from letting of the school premises which would otherwise accrue to the Authority, subject to alternative provisions arising from any joint use or PFI agreements. Schools are permitted to cross-subsidise lettings for community and voluntary use with income from other lettings, provided that the governors are satisfied that this will not interfere to a significant extent with the performance of any duties imposed on them by the Education Acts, including the requirement to conduct the school with a view to promoting high standards of educational achievement. There is a requirement to prepare a memorandum account to demonstrate the extent to which this has been done. Schools whose premises are owned by the Authority shall be required to have regard to directions issued by the Authority as to use of school premises as permitted under the School Standards and Framework Act 1998. Full details are contained in Section M of the LMS Finance Manual. *However, where land is held by a charitable trust, it will be for the school's trustees to determine the use of any income generated by the land.*

6.1 (Provision of services by the authority from centrally retained funds)

Amend as follows:

The Authority will determine on what basis services (including premature retirement costs and redundancy payments) from centrally retained funds will be provided to schools. The Authority is not permitted to discriminate in its provision of services on the basis of categories of schools except where:

- (a) funding has been delegated to some schools only or
- (b) such discrimination is permissible *under the school and early years finance regulations or the Dedicated Schools Grant conditions of grant**

8.1 (Charges to schools)

This section specifies the circumstances in which the LA may make charges to a school's budget. We propose to add a clarification that deduction of the "central services levy" is not a charge to schools.

8.5 (Requirement for schools not using Surrey payroll to provide data on teachers' pension contributions to the LA)

We propose to amend this section to make clear that returns are required from such schools on a *monthly* basis, rather than annually. This makes the Scheme consistent with the arrangements currently in place following recent changes to legal requirements.