

Schools' Funding Consultation

Proposals for Changes in 2021- 22 to

- * schools' formula funding including SEND
- * Early Years funding

**For the attention of:
The Headteacher & Chair of Governors**

Please respond by Monday 28 September 2020
to ensure your views can be taken into account



SURREY
COUNTY COUNCIL

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HOW TO RESPOND TO THIS CONSULTATION

Maintained schools, academies and early years providers are asked to respond to this consultation by midnight on Monday 28 September 2020 to ensure inclusion in the summary report to Schools Forum at its meeting on Thursday 1 October 2020. Earlier responses would be helpful. If responding on behalf of a number of schools please make this clear.

Schools are encouraged to respond by using the online survey which will shortly be available at <https://www.surreysays.co.uk/csf/schools-funding-consultation-2021-22>. All questions in the online questionnaire are also included in this paper, **except for Q1-6** which cover personal and school details only.

If you wish to respond but cannot use the online survey please contact schoolsfunding@surreycc.gov.uk for advice as soon as possible and definitely **BEFORE Monday 28 September 2020**.

Schools should feel free to comment on some or all proposals, as they feel appropriate.

Please note that we will not be able to consider new options proposed by schools during the consultation, for implementation during 2021/22, because this would require re-consulting all schools prior to setting the budget and there is insufficient time to do so. However, any such proposals will be considered when looking at schools' funding arrangements for future years, subject to any constraints imposed by regulations.

Early years providers are likely to want to respond only to section D and may do this online via a separate survey.

ILLUSTRATIONS TO BE PROVIDED TO SCHOOLS

To aid understanding of the changes proposed in this paper, individual primary and secondary maintained schools, academies and free schools will be provided with illustrations showing the impact of the principal options proposed. These will show the estimated funding which the schools would receive in 2021/22 on the basis of the formula funding proposals in this report, if pupil numbers and other data were unchanged from 2020/21. These will be based on DfE data taken from the October 2019 census. **Schools are warned that actual funding for 2021/22 must be based on the October 2020 pupil census and year on year changes in data may have a significant impact on the value of formula factors and the level of any ceiling.** Therefore, in

responding to this consultation, schools are advised to concentrate on the principles rather than simply on the illustrative cash changes. We expect to provide these illustrations by secure email during early September.

Unless otherwise indicated, proposals apply equally to maintained schools and academies, although the timing of implementation may differ. Please note also that the school level NFF illustrations recently published by the DfE are based on the assumption that the NFF is fully implemented at school level, and has been thus implemented in every year since 2018/19, also that the illustrations use Oct 2019 data. Therefore they would differ from the funding which individual schools would receive in 2021/22 even if the NFF was implemented in Surrey with no local variations in 2021/22.

Further Details & Any Questions

This Consultation Paper is intended to communicate the main principles of the proposed changes. Additional details, examples and Frequently Asked Questions will be made available if necessary on the Surrey webpage entitled "Schools Funding Consultation for 2021/22". (See website address above').

This paper and a link to the online survey will also be available on the web pages.

Questions can be directed to the local authority's Schools' Funding team as follows:

Email: david.green.ses@surreycc.gov.uk or schoolsfunding@surreycc.gov.uk

Tel: 020 8541 8010

A INTRODUCTION

This consultation paper seeks views on funding proposals impacting on schools, support for pupils with special educational needs and disabilities (SEND) and early years providers. These services are all funded by the Dedicated Schools Grant (DSG) provided by central government. DSG comprises four blocks, all of which are distributed to local authorities using separate formulae.

A1. Schools

All mainstream schools (academies and maintained schools) are funded from the DSG Schools block. Funding for all mainstream maintained schools and mainstream academies is allocated to schools based on a local formula determined by each local authority, within a set of rules specified by the Department for Education (DfE). In Surrey this formula is reviewed annually. The DfE expects individual local authorities' local funding formulae to move towards its own National Funding Formula (NFF). No convergence deadline has yet been set, but the government proposes to put forward plans later this year for moving to a "hard" national funding formula, whereby it determines individual schools' funding allocations directly.

In 2020/21, Surrey's schools funding formula was close to the national funding formula, although most units of resource (and in particular lump sums) were set slightly higher than in the NFF.

A2. High Needs

The High Needs block (HNB) funds provision and support for pupils in special schools and centres and Pupil Referral Units (PRUs). It also provides funding for pupils with Education, Health & Care Plans (EHCPs) in mainstream schools and post 16 providers. The HNB has been under considerable pressure for many years as funding has failed to keep pace with rapidly rising pupil numbers. In many local authorities (including Surrey), this has necessitated transfers of funding from the Schools and Early Years blocks to support SEND provision, although no such transfer has been made in Surrey in 2020/21 following the rejection by the Secretary of State of a transfer request.

A3. Early Years

The free entitlement, for education and childcare for two, three and four year olds is funded from the Early Years Block of the DSG, using a local formula which must comply with the early years national funding criteria. Up to 5% of the current funding for three and four year olds may be used to meet statutory duties including ensuring sufficient places and administering funding to providers. In principle, part of this funding can also be transferred out of the early years block, if Schools Forum agrees, although we are not proposing to request this in 2021/22.

A4. Central Schools Services Block (CSSB)

This block funds a range of local authority responsibilities which apply to all categories of schools, such as overall management, policy and budget setting and admissions. It also includes the former "combined services" funding for local confederations/partnerships and for school improvement, which was delegated to all schools from 2018/19. The DfE is phasing out the former combined services funding, and has reduced it by 20% in 2021/22, from £0.87m to £0.70m, following a 20% reduction in 2020/21.

A5 Transfers between Dedicated Schools Grant blocks

Budgeted transfers of funding of up to 0.5% of the Schools Block out of that block require the approval of the Schools Forum (or of the Secretary of State if the Schools Forum refuses). Transfers out of the Schools Block in excess of 0.5% require approval by the Secretary of State even if agreed by the Schools Forum.

Budgeted transfers of funding out of the Early Years block also require Schools Forum (or Secretary of State) approval.

Transfers of funding out of the Central Schools Services Block or the High Needs Block can be made by the authority (in practice the Cabinet) without any further approval, although in practice there is little scope for transferring funds out of either block.

The DfE does not currently require year end overspends and underspends on individual DSG blocks to be carried forward separately.

B BACKGROUND TO THIS CONSULTATION

B1 Changes to government funding for 2021/22.

2021/22 is the second year of a three year funding settlement for schools (including high needs), announced by the government in September 2019. The main changes for 2021/22, announced on 20 July 2020, are:

- The schools budget (including high needs) will increase nationally by £2.2bn from 2020/21 to 2021/22 (as previously announced), of which £0.730m is for high needs and the remainder for mainstream schools;
- funding previously allocated through the teachers' pay grant and teachers' pensions grant will be added into the Dedicated Schools Grant (this is over and above the £2.2bn increase). For mainstream schools this funding will now be allocated through the national funding formula. For special schools and pupil referral units it will be added into the high needs block and we anticipate increasing top up rates for special schools and pupil referral units to reflect the transfer. The government has not yet published details of the distribution of 16-19 and early years' teachers' pay and pension funding in 2021/22;
- most funding factors in the national funding formula for mainstream schools will increase by 3% and average per pupil funding for all schools will increase by at least 2% (over and above the impact of the transfer of grants, as above);
- the minimum per pupil funding level (MPPL) for primary schools will be increased from £3,750 to £4,000 (as previously announced) plus a further increase of £180 to reflect the transfer of teachers' pay and pension grants;
- the minimum per pupil funding level for secondary schools will be increased from £5,000 to £5,150 (3%) plus a further increase of £265 to reflect the transfer of teachers' pay and pension grants;
- local authorities may set the minimum funding guarantee (minimum per pupil average funding increase for schools) between 0.5% and 2% (2020/21: 0.5% to 1.84%);
- there is a large increase in primary schools' sparsity funding (but no change in the criteria). In 2020/21 only five Surrey primary schools were eligible for sparsity funding.

The MPPL provides additional funding to schools whose average NFF formula funding per pupil (including lump sum) is below the specified level, The MPPL is mandatory, although variations may be approved in exceptional circumstances. All authorities implemented the national levels of MPPL in 2020/21.

Apart from the MPPL, local authorities retain flexibility over the values of individual formula factors, subject to using only those factors permitted by the school funding legislation. Annex 1 shows the values of the formula factors used by Surrey in 2020/21.

Local authorities will still be able to impose a "ceiling", a maximum percentage increase in average funding per pupil. The "ceiling" percentage must exceed the

MFG percentage. Annex 2 shows the working of the minimum funding guarantee and the ceiling.

B2 Early years funding levels

The government is expected to announce funding levels for early years provision in 2021/22 in the autumn.

B3 Technical changes to schools funding in 2021/22.

Technical changes are being made by the government to:

- deprivation funding, based on the Income Deprivation Affecting Children Index (IDACI): this is being updated to use 2019 IDACI data rather than 2015 data, and as a result the relative deprivation of many areas has changed. Funding is based on six bands of IDACI scores and these bands are being redefined to ensure that the number of “lower level super output areas” (the areas to which IDACI values are assigned) falling into each band is little changed nationally. The update has significant impact on some schools, although in many cases this will be mitigated by minimum funding guarantee or MPPL adjustments;
- Low prior attainment funding: data will not be available for summer 2020 year R or year 6 pupils, as the assessments were cancelled due to COVID-19, so the data from summer 2019 year R and year 6 will be used as a proxy for summer 2020 data. Thus summer 2019 data will be used for two year groups in primary and for two year groups in secondary.

Local authorities choosing to use IDACI or low prior attainment in their funding formulae are required to use the modified data.

B4 Growing schools funding

Additional funding for growing schools (those which are increasing their published admissions numbers or admitting bulge classes) is provided from a separate allocation within the schools block of the Dedicated Schools Grant. No changes are proposed to the basis of funding growing schools in 2021/22.

Funding for growing schools in 2021/22 covers additional classes opened from September 2021 (and which thus attract no funding through the formula, which is based on October 2020 census data) and funding for vacancies in extra classes in specified circumstances.

Where a school is extending its age range, funding for additional classes is provided by using estimated pupil numbers in the funding formula, rather than simply using October 2020 pupil numbers. The funding rates for actual pupils in additional classes are almost exactly the same, whether they are funded from growing schools fund or via the use of estimated pupil numbers in the main budget.

What happens next?

The outcome of this consultation will be discussed with Schools Forum on 1 October 2020 and then reported to the Cabinet in November 2020. A summary of response data and of schools' comments (with school names removed) will be shared with Cabinet members.

The Cabinet will consider the views of schools and of the Schools Forum, but the final decision on most of the matters in this paper is for the Cabinet. The main exceptions are de-delegation, the level of central retention within the early years block, and transfers from schools to high needs block, where the Schools Forum has decision making rights.

The Cabinet may appeal to the Secretary of State against a Schools Forum decision, but has not yet considered whether it will do so in respect of 2021/22. Decisions made by the Cabinet in November 2020 will be for 2021/22 only.

Final mainstream school funding rates and budgets must then be submitted to the DfE by 21 January 2021, so that the DfE can check compliance with the regulations.

Assessment of equalities impacts of proposals

Brief assessments of the impact of each proposed change on equality priority groups, where identifiable, are included with individual proposals. Further information is included in Annex 6. Full impact assessments will be published with the Cabinet report in the normal way.

C PROPOSED CHANGES TO SCHOOLS' FUNDING

The council is seeking schools' views on the proposals below, which relate to revisions to the formula allocation mechanisms within the schools block and to transfers of funding from schools block to high needs block.

C1 Changes to National Funding Formula factor funding in mainstream schools

The government expects all local authorities to amend their local schools funding formulae to converge on the national funding formula over time, and currently intends to publish proposals later this year for moving to a "hard" national funding formula, in which it directly determines individual school budgets. There is thus little long term benefit in considering any changes to Surrey's local formula in 2021/22 which move away from the NFF.

In 2020/21 Surrey's schools funding formula largely matched the NFF except for

- Slightly higher primary and secondary sector lump sums, and correspondingly lower basic entitlement rates;
- Funding rates 0.7% above the NFF rates, which were affordable because of falls in incidence of low prior attainment between 2019/20 and 2020/21;
- Retention of a factor for looked after children, which is still permissible in 2021/22 but is not part of the NFF.

In 2021/22 the government is making a few changes to the NFF factors:

- Funding previously allocated through teachers' pay and pensions grants is being added to basic entitlement rates (by an increase of £190.25 per primary pupil and £280.49 per secondary pupil, including area cost adjustment) and also to minimum per pupil funding levels (£180 primary and £265 secondary);
- 2020/21 teachers' pay and pension grant allocations (including any supplementary fund allocations) are being added to schools' minimum funding guarantee baselines (ie will be protected by minimum funding guarantee);
- Sparsity funding rates are being increased;
- The boundaries of the bands used to distribute IDACI deprivation funding are being changed to reflect the use of 2019 IDACI data rather than 2015.

Surrey intends to implement all of these changes in the same way as in the NFF, DfE does not require consultation on these changes if implemented in the same way as in the NFF and therefore Surrey is not consulting on them.

C1.1 The minimum per pupil funding level

The government has set the minimum per pupil level (MPPL) for 2021/22 at £4,180 for primary pupils and £5,415 for secondary pupils. In 2020/21 all LAs adopted the minimum funding levels set by the DfE for that year. **Surrey is not proposing any variations to these statutory MPPL rates in 2021/22** and therefore there is no consultation question in this section.

C1.2 The levels of the Minimum Funding Guarantee and ceiling, and the general increase in formula factor rates

Key issue

Where to set the level of the minimum funding guarantee and the level of increase in the various funding rates within the formula, and the maximum average per pupil gain or “ceiling”, if any.

Background

Schools funding regulations require local authorities to set a minimum funding guarantee (MFG) to ensure that all schools receive some increase in per pupil funding each year, irrespective of formula variations or changes in pupil need, each year. For 2021/22, LAs must set the MFG within the range +0.5% to +2.0% per pupil (2020/21:+0.5% to +1.84%). The NFF allocations to Surrey are based on a minimum increase of 2% per pupil.

The level of the minimum funding guarantee, any “ceiling” on per pupil gains and the general increase in formula funding rates must be balanced to ensure affordability, and cannot be finally determined until October 2020 data on pupil characteristics has been released by the DfE in December 2020. Therefore we are consulting now on how we manage the affordability of the formula when that data is available. We need to consider two scenarios, both with and without a transfer of funding to the high needs block (see section C4 below for proposed transfer of 0.5% from the schools to high needs block).

Annex 2 shows a diagram that describes the workings of the MFG, and also of the “ceiling” on per pupil gains. The higher the MFG, the more costly it is and this means EITHER smaller increases in other funding factors OR a lower ceiling (maximum percentage per pupil funding gain) on schools which gain funding. This can mean that very few schools are actually funded according to current need. In 2020/21 Surrey did not set a ceiling on per pupil increases, but this was in part due to there being a transfer of funding to high needs block in 2019/20 but not in 2020/21, which meant a larger than usual year on year increase in delegated funding in 2020/21. Annex 2 also shows the number of Surrey schools on MFG, ceiling and MPPL in the last few years. In 2020/21

105 LAs out of 151 set MFG at the maximum of 1.84% (and five, including Surrey, obtained DfE permission to set MFG at a higher level).

If there is a transfer of 0.5% (£3.4m) from schools block to high needs block

In 2021/22, if there is a transfer of 0.5% of schools block funding (£3.4m) to high needs block, we propose:

- to set the minimum funding guarantee at 1.43% (the maximum realistically affordable in the circumstances)
- Setting the MFG at the highest affordable level recognises that all schools have to bear the costs of increases in teachers' pay and the impact of increases in the living wage, and that many schools have been on the minimum funding guarantee for several years and thus have seen minimal increases for several years. Additionally, the proportion of schools with above average incidence of priority groups (in so far as it can be measured) on MFG is higher than that among the school population as a whole.
- To increase formula funding rates by an estimated 1.44%
- To use a ceiling if, and only if, needed to manage any increases in costs when Oct 2020 data is available (eg if total measured levels of deprivation increase)

Note: in practice the percentage increase in formula funding rates cannot be lower than the MFG.

We have also shown the impact of a 1.1% increase in minimum funding guarantee (with a consequently higher increase in formula funding rates of around 1.6%) as a possible alternative,

If there is no transfer of funds from schools block to high needs block

If there is no transfer, we propose to:

- Set the minimum funding guarantee at 2% (the maximum permissible)
- Increase formula factors by an estimated 2.55%
- Again to use a ceiling if, and only if, necessary to manage increases in costs due to changes in pupil characteristics in the Oct 2020 data if that would otherwise mean setting formula factors below NFF levels (an estimated increase of 2.3%). The alternatives would be to reduce MFG or formula factors, thus moving away from NFF, rather than to use a ceiling.

Again, we have illustrated an alternative with a lower minimum funding guarantee (of 1.5%) and higher increases in formula funding rates.

Annex 5 shows the levels of minimum funding guarantee and increases in formula funding rates under the scenarios considered, the number of schools on minimum funding guarantee and MPPL under each and the impact on typical schools.

Assessment of impact on groups with protected characteristics under the Equality Act

The proportion of schools with above average incidence of protected groups (in so far as this is measurable) on minimum funding guarantee is higher than the proportion of schools as a whole on minimum funding guarantee. So a higher minimum funding guarantee is potentially advantageous to protected groups.

For further details see annex 6.

Questions 7 and 8

Please note that these questions cover changes to formula funding both with and without a transfer to high needs block. The issue of whether there should be such a transfer is covered in **section C4** and question 20. But even if you do not support such a transfer it is important that we know how schools would wish such a transfer to be implemented if it is needed, therefore please express a view on both (a) and (b) whether or not you support the transfer.

Question 7

If 0.5% of schools block funds are transferred to the high needs block,

(a) which level of minimum funding guarantee and increase in funding rate do you think best meets the needs of Surrey pupils?:

* minimum funding guarantee of 1.43% and increase in formula funding rates of 1.44%

OR

* minimum funding guarantee of 1.1% and increase in formula factors of 1.66%

(b) Do you agree that a ceiling on per pupil gainers should be used if, and only if, necessary in order to maintain the MFG and increase in per pupil rates at the above levels? YES/NO/NO VIEWS

(c) If you do not agree that a ceiling should be used, please indicate whether you would prefer cost increases to be managed by

* a reduction in MFG or

* a smaller increase in formula funding rates than proposed above.

Question 8

If schools block funds are not transferred to the high needs block

(a) Do you agree that the minimum funding guarantee should be set at 2% and the increase in formula factors at a minimum of 2.3% (with any

surplus funding going into a further increase in formula factors-currently estimated at a further 0.25%)

(b) Do you agree that a ceiling on gains in funding per pupil should be used if, and only if it is necessary in order to deliver NFF funding rates and the 2% MFG? YES/NO/NO VIEWS

(c) If not, please indicate whether you would prefer cost increases to be managed by

* a reduction in MFG or

* a smaller increase in formula funding rates than proposed above?

C1.3 The level of the lump sum

Key issue

Whether Surrey should continue to protect small schools by raising the lump sum in line with increases in other formula factors, even though this means it would be slightly above the NFF lump sum

Background

In 2020/21 Surrey increased its primary and secondary lump sum factors by 4% (in line with the percentage increase in the NFF factor values) to £123,638 (primary) and £129,837 (secondary), in order to give some support to small schools, even though these values exceeded the value of the NFF lump sum (then £120,913). The lump sum provides a significant share of small schools' budgets (there are 34 primary schools for which the lump sum makes up more than 25% of budget). Once again we are considering increasing the lump sums used by Surrey for both sectors in 2021/22 in line with the percentage increase in NFF values (3%), thus maintaining part of the existing difference from NFF values. If there is a transfer from schools block to high needs the lump sum would be increased by 2.1%, reflecting the fact that increases in other formula factors would be smaller.

The alternative would be adopting the NFF lump sum (which would mean a smaller increase), less any reduction for transfer to high needs block.

The proposal would give a little assistance to the smallest schools, without significantly differing from the NFF. The cost of increasing the lump sum for each sector would be broadly contained within each sector, by setting the basic entitlement rates slightly lower than would otherwise have been possible, as in 2020/21, although the impact of MFG and MPPL would mean some transfer of funding between sectors.

The impact on individual schools will depend on what choices are made under other proposals, but some possible scenarios are illustrated below. In practice schools on MPPL (or on minimum funding guarantee) will not contribute to the cost of increasing the lump sum.

Protecting the lump sum will mean that the relative values of Surrey's formula factors still differ slightly from the NFF. The table below shows the illustrative impact on typical schools of protecting the lump sum in the way suggested, compared to the alternative of using NFF lump sums, Comparisons show the number of schools gaining or losing various amounts with and without transfers to high needs block in the table below.

Sector and option	Primary, with transfer to high needs	Primary without transfer to high needs	Secondary with transfer to high needs	Secondary without transfer to high needs
Gain £5,000 or more	0	0	0	0
Gain £2,000-£5,000	1	2	0	4
Gain £1,000-£2,000	13	26	5	6
Gain under £1,000	61	73	2	2
Lose under £100	88	69	0	0
Lose £100- £1,000	5	10	24	13
Lose £1,000-£2,000	4	7	1	4
Lose £2,000-£5,000	2	5	5	14
Lose £5,000 +	0	0	4	3
Unchanged (largely on MPPL)	126	108	16	11

Primary schools on MFG typically lose around £40 (with transfer to HNB)/£57 (without) from protection of lump sum, because of a technicality in the MFG calculation, hence the large number of primary schools losing under £100. The corresponding figures for secondary schools on MFG are £130 with transfer/£184 without transfer.

Assessment of impact on groups with protected characteristics under the Equality Act

In general, schools with high incidence of pupils in equality priority groups are slightly lower funded under this proposal than if the NFF lump sum were adopted. However, the impact is small and therefore, the LA considers this justified in order to support small schools in rural communities and given the national presumption against closing such schools (See Annex 6).

Question 9

Do you support increasing the current lump sums in line with the increase in NFF factor rates, in order to assist small schools?

a) If there is a transfer to high needs block

YES/NO/NO VIEWS

b) If there is no transfer to high needs block

YES/NO/NO VIEWS

(Note: we recognise that some schools may wish to answer this question differently depending on whether or not there is a transfer of schools funding to high needs block).

C1.4 Notional SEN budgets

Key issue

The level 1 and 2 notional SEN budgets provide an indication of the amount which a school should be expected to spend on SEN from its budget share. The LA is proposing that the notional SEN budget factors should be increased in 2021/22 in line with the general increase in formula funding rates. This will increase the amounts which schools will be expected to spend on SEN from their own budgets as general funding levels increase.

Background

The level 1 and 2 notional SEN budgets indicate the minimum amount which schools are expected to spend on SEN from their own budgets, if necessary. Level 1 funding is a percentage of basic entitlement funding. Level 2 funding is a proportion of additional needs funding (deprivation and low prior attainment). The DfE requires local authorities to define notional SEN budgets, but give only general guidance as to how those budgets should be defined. Annex 3 shows Surrey's notional SEN factors for 2020/21.

Since 2017/18 Surrey has held level 1 notional SEN funding constant as a sum per pupil, and the average level 2 notional SEN funding per pupil in both primary and secondary sectors has remained the same, while formula factors have been adjusted to move towards the NFF, despite increases in average per pupil formula funding over that period. This meant one fewer change during transition to the NFF, but cannot be justified as a long term policy.

Therefore it is proposed that from 2020/21 to 2021/22, all notional SEN budget factors should be increased in line with the general increase in formula funding rates from 2020/21 to 2021/22 (between 1.4% and 3%) The increase in basic entitlement due to transfer of teachers' pay and pension grants would be ignored. The DfE requirement to self-fund the first £6,000 of additional support per EHCP is expected to remain unchanged. The change in notional SEN funding rates would mean that schools would need to find slightly more funding towards the first £6,000 of EHCP costs before becoming eligible for additional SEN funding.

The alternative would be to leave the level 1 notional SEN funding rates, and the average level 2 rates per pupil, unchanged in 2021/22.

Assessment of impact on groups with protected characteristics under the Equality Act

The proposal may result in a small increase in total spending on pupils with SEND, and to the extent that there is some overlap between SEND and disability, should have a small positive impact on priority groups.

Question 10

Do you agree that the level 1 and level 2 notional SEN funding rates should be increased in line with the general level of increase in formula funding rates?

YES/NO/NO VIEWS

C1.5 Distribution of additional SEN funding for mainstream schools with relatively high incidence of Education Health Care Plans

Additional SEN funding is provided to schools where the incidence of EHCPs is high relative to the additional needs characteristics of the school, such that the cost of funding the first £6,000 of additional support per pupil with an EHCP from notional SEN funding is unduly challenging. Additional SEN funding is separate from IPSB funding.

In 2020/21 the basis of allocation of additional SEN funding was changed. Additional funding is now given where the total cost of £6,000 per EHCP exceeds:

100% of level 2 notional SEN funding,

$X (1 + \text{minimum funding guarantee funding (or ceiling deduction)}) / \text{budget share}$

+30% of any additional funding allocated under the MPPL

The number of EHCPs used in the calculation was the number in place at Oct 2019, excluding pupils in SEN centres, for which schools are not expected to fund the first £6,000 of additional support.

Originally, the LA intended to review the method of distribution of this funding prior to 2021/22. However, COVID 19 has necessitated a change of priorities and we are now proposing to review the method of additional SEN funding as part of the second stage of the SEN banding review, during 2021/22. Therefore, in the interests of stability, **no changes in the additional SEN funding method are being proposed in 2021/22 and therefore there is no consultation question in this section.** Allocations for 2021/22 will be based on October 2020 EHCP numbers and 2021/22 notional SEN budgets.

C1.6 Funding for looked after children

Funding for looked after children is an optional formula factor and is not intended to be part of the hard NFF. Surrey proposes to continue formula funding for looked after children in 2021/22, at the current rate of £396 each, even though it is not part of the NFF. This will allow funding for this group to be protected for as long as possible. The total sum is small (£0.138m in 2020/21)

Question 11

Do you agree that in 2021/22 we should continue to provide formula funding for looked after children at the current rate?

YES/NO/NO VIEWS

C1.7 Former combined services funding (school confederations and delegated school improvement funding)

Key issue

Whether the former “combined services” funding, included in schools’ budgets, should be reduced in line with the reduction in combined services funding from the DfE.

Background

In 2020/21 Surrey’s funding formula distributes a sum to schools, which was formerly used to directly fund school confederations and additional school improvement activity, under the former “combined services” power. Funding for these purposes was delegated to schools in 2018/19, because the activities no longer met the DfE’s combined services criteria. The funding is sourced from the “historic commitments” part of the central services block of the DSG, ie outside the schools NFF. It is included within the formula factors for basic entitlement, Ever 6 free school meals and IDACI.

In 2020/21 the DfE reduced historic commitments funding to all LA’s by 20% and a further 20% reduction is being made in 2021/22. Accordingly it is proposed that the former combined services amounts within the basic entitlement and deprivation factors are reduced by a further 20% (ie over and above the 20% reduction already made in 2020/21). The funding falls within the scope of minimum funding guarantee and ceiling (and MPPL), so for many schools the losses will be protected by minimum funding guarantee or MPPL.

The alternative would be a smaller increase in NFF factors, in order to maintain this funding stream at its current level.

Assessment of impact on groups with protected characteristics under the Equality Act

No assessment has been made as this change reflects the impact of withdrawal of a funding stream by the DfE, which is not part of the national funding formula.

Question 12

Do you agree that the former combined services funding (for confederations and school improvement) within the formula, should be reduced by 20%, to reflect the funding reduction made by the DfE?.

YES/NO/NO VIEWS

C1.8 Funding for “premises factors” (split site funding and eligible rents)

Key issue

Whether funding for rents and split sites should be automatically excluded from minimum funding guarantee calculations.

Background

DfE classify both rents and split site allocations as “premises factors” which can now be excluded from the minimum funding guarantee and ceiling calculations. Before 2018/19 they could only be excluded with specific case by case approval from the Secretary of State. Currently Surrey does not automatically exclude either from minimum funding guarantee, although both are excluded from the MPPL (which is of benefit to schools on the MPPL in receipt of rent or split site funding).

From 2021/22 it is proposed that both rents and split site funding are automatically excluded from MFG and ceiling calculations, because:

- they are generally unrelated to overall pupil numbers. Rents are generally fixed costs, subject to periodic review. Split site costs relate to the number of pupils on the subsidiary site, rather than to the size of the school as a whole. So for example if a school has a rent allocation, is on MFG, and its pupil numbers fall, it will in effect lose part of the rent funding in proportion to the fall in pupil numbers if the rent is included in MFG;
- rents can vary wildly on periodic review We have usually asked for individual variations to be excluded anyway where there have been large changes and it would be simpler to establish a general principle which would save the discussion of specific cases. It wouldn't change the principle

that the local authority has to be satisfied that any rent increase is reasonable or unavoidable.

In 2020/21 no school funded for rents or split site costs is on either minimum funding guarantee or ceiling deduction and therefore all schools entitled to rent and split site funding are receiving their full allocations for both. So making the change in 2021/22 would mean that the baseline budget would be free from historic anomalies.

The basis of eligibility for rent and split site funding would remain the same. While the overall impact on individual schools with rent and split site costs may be significant, the overall impact on other schools will be small as these factors constitute only 0.1% of total delegated funding.

Currently 6 schools are funded for rents and 9 for split sites.

Assessment of impact on groups with protected characteristics under the Equality Act

There should be no significant direct impact as the criteria being funded are not linked to individual pupil or staff characteristics but to historic factors determining the nature of accommodation at individual schools.

Question 13

Do you support the proposal that funding for eligible rents should be outside the calculation of minimum funding guarantee and ceiling, so that funding changes are passed straight through to schools? YES/NO/NO VIEWS

Question 14

Do you support the proposal that funding for eligible split site costs should be outside the calculation of minimum funding guarantee and ceiling, so that funding changes for both are passed straight through to schools? YES/NO/NO VIEWS

C2 Redistribution of surplus primary schools' contingency

Key issue

Schools are asked to support a further refund of surplus “de-delegated” primary school contingency back to primary schools and the basis of that allocation. The principle is that those schools which contributed to the surplus should be those which share in the refund. This proposal is relevant only to primary schools, There is no equivalent contingency for maintained secondary schools, as secondary schools chose many years ago not to contribute to one (see section C3). The actual sum to be refunded will be determined later in the year based on the estimated contingency underspend.

Background

The LA maintains a primary school contingency, funding for which has been deducted from maintained primary schools' budgets annually since 2013/14, with the annual approval of their representatives on Schools Forum and following annual consultation with all schools (part of de-delegation –section C3). Maintained primary schools may request an allocation from this budget to fund significant unforeseeable and unavoidable expenditure which cannot reasonably be met by a school from its normal funding and for which no other funding source exists. This is the only source of additional funding available for such costs.

The nature of such costs is inevitably unpredictable (ie they are rare but likely to be large when they do occur) and therefore the budget has been set prudently, particularly in the first few years. A surplus has therefore accumulated. The LA is not legally required to return a “de-delegated” surplus to schools, but the principle has been that those schools which contributed at the time the surplus was built up should share in the surplus.

The total deductions and surpluses from the school specific contingency between 2018/19 – 2020/21 (so far) can be seen in the table below:

Year	2018/19 £000s	2019/20 £000s	2020/21 £000s
Underspend brought forward	685	426	367
Sums “de-delegated” from maintained schools' budgets	180	165	158
Less Contingency allocations	111		
Less prior year adjustment		-81	
Less Refunded to schools	-328	-305	-152
Underspend carried forward	426	367	373

The table shows that at the end of 2020/21 there could be a surplus of up to £373,000 based on experience in recent years.

Proposal

The LA proposes to refund part of the expected contingency surplus in 2021/22 to those schools which were maintained in all or part of 2019/20, as the oldest unspent contingency funds now originate from 2019/20.

The proposed refund is the estimated year end surplus (to be estimated at the end of December 2020), less £160,000. The remainder of the estimated surplus (£160,000) would be retained within the contingency budget. Assuming that funding is “de-delegated” for this purpose in 2021/22 this would mean that the contingency funds available in 2021/22 were equal to twice the amount “de-delegated” in that year. Therefore the sum refunded would be up to £213,000, or up to £4.19 per pupil.

As in previous years, the refund would be outside the minimum funding guarantee, minimum per pupil level and ceiling calculations. Allocations would be pro-rated where schools converted to academies between April and September 2019/20. The proposal would require the approval of the Secretary of State, as it is not provided for in the school finance regulations. The corresponding proposals for 2016/17-2020/21 were approved, but that is no guarantee of a repeat approval.

The LA still proposes to “de-delegate” a contingency in 2021/22 in order to maintain some year on year consistency in the level of de-delegation.

Assessment of impact on groups with protected characteristics under the Equality Act

The proposed refund is based on pupil numbers in order to be as similar as possible to the basis on which the funding was originally deducted from schools. As such, we do not see this proposal as disadvantaging protected groups.

Question 15

Do you support the proposed basis of returning part of the surplus school specific contingency funds in 2021/22 to those primary schools which were maintained for all or part of 2019/20, on the basis described above?
YES/NO/NO VIEWS

C3 Mainstream Schools’ “De-delegation” Proposals

Key issue`

We are asking for the views of maintained primary and secondary schools on the continued “de-delegation” of funding in 2021/22 for those services for which funding was “de-delegated” in 2020/21.

The DfE does not permit funding to be “de-delegated” from the budgets of academies, maintained nursery schools, maintained special schools or pupil referral units.

Background

Funding for certain services and purposes must be delegated initially to all schools but may then be centrally deducted (or “de-delegated”) from the

budgets of maintained primary and/or secondary schools in order to provide them without any further costs to maintained primary and/or secondary schools, on the basis of need.

“De-delegation” from either sector requires the annual approval of Schools Forum representatives of maintained schools in that sector, and may apply to one or both sectors. Funding can only be “de-delegated” for specific services listed in the Schools Finance legislation.

For many of these services, opting for central funding of the services means that it is easier to match the service to demand where demand is relatively low in many schools, but where it is unpredictable, may be urgent and substantial when required, is very important to the well-being of individual pupils or staff, may vary widely from year to year, and cannot be easily recognised by any allowable funding factor. A central service may be able to reallocate resources between schools at relatively short notice in response to changes in demand.

Services and purposes for which continued de-delegation is proposed

We are proposing continued de-delegation of funds in 2021/22 from maintained primary schools (and in some cases also maintained secondary schools) for the following purposes:

- **Specialist Teachers for inclusive practice (STIP)**(behaviour support)
(Primary sector only)

The service provides behaviour support and currently behaviour support services to maintained primary schools are funded by de-delegation from schools budgets, whereas behaviour services to all other schools are traded. Each year there is an ongoing discussion as to whether behaviour support services to maintained primary schools should be traded rather than operate as a central county wide service funded by schools through de-delegation. Many schools have supported de – delegation (72% in Autumn 2019) as opposed to those who feel de delegation should cease (28%).

The STIP service currently receives £727 000 from de-delegated funding. This accounts for 28.5% of the service’s budget. The remainder of the budget is a mixture of traded income and funding from the high needs block.

The de-delegated funding received for the STIP (behaviour support) team is used to provide; an evidence-based early intervention to primary schools, targeted work with individual or groups of pupils, support for staff through training, consultations and surgeries, support for implementing whole-school policies and strategies and direct work with parents.

- The service is currently supporting **1,051** vulnerable pupils with SEND specialist needs both with and without an EHCP
- The service has supported **4,000** vulnerable pupils at the universal or school support level through training activities, observation and consultations with school staff and parents.
- The service has trained over **1,600** school staff this academic year, including 578 people, using virtual software, during the COVID 19 pandemic.
- **359** cases have been closed over the past academic year

- 70% (251) have made enough or significant progress and no longer required behaviour support
- 23% (83) were referred to other agencies or services
- 7% (25) have left the County

It is acknowledged that whilst many schools support de-delegation (based on the results of the Autumn 2019 survey) this support is not unequivocal. The feedback from the schools' survey also identifies ongoing concerns about – the core offer, quality of service, the lack of measurable outcomes and the lack of flexibility for schools.

Surrey County Council is supportive of a review of the service and a period of joint working with schools is recommended to establish the core offer of the service and agreed measurable outcomes which are qualitative as well as quantitative.

This period of joint review would enable the County and schools to put in place measures to determine whether the service is making an impact on exclusions and educational outcomes and on the capacity of schools to manage challenging behaviour.

A further year of de-delegation (**2021/22**) will provide the necessary time to develop a range of options for service delivery that could include a fully traded service as well as the option to continue with the current hybrid model which is partly traded, and partly funded by schools – albeit with clearer criteria for evaluation.

A further year of de-delegation is recommended in order to ensure that any proposal to cease de-delegation beyond April **2022** is informed by **all** the following:

- the outcome of a joint review by schools and the County
- the performance of the service during the next year of de-delegation (2021/22)
- The role of STIPS in relation to the revised CAMHs service
- The range of services required to support those with social and emotional and mental health needs (SEMH) an area of increasing need in Surrey

The retention of a central service enabled the County to provide schools and parents with a response during the COVID 19 situation. The loss of flexibility to respond in an emergency cross County will need to be considered against the needs of individual schools and young people.

Recommendations

It is acknowledged that schools support the retention of the de-delegation, and it is recommended that the service is **de-delegated for a further financial year 2021/22**

The following timetable is proposed to address the ongoing concerns of schools

- a. 2020/21 – joint review of the services is begun
- b. 2021/22 – the service is de – delegated
- c. 2022/23 - a new model is in place – this could include the option of a fully traded service

- **CAPITA SIMS licences**

Most Surrey maintained schools use CAPITA SIMS for management information purposes and there are cost and administration advantages in the council buying these licences centrally on behalf of all maintained school

- **Teacher association and trade union facilities time**

This funding covers the cost of a small number of elected teacher association and trade union representatives who are released from their schools to support union members in maintained schools across Surrey. This reduces the need for individual schools to release staff for such duties.

- **Other special staff costs**

This includes contributions to costs of releasing staff for specified public duties and to the cost of suspensions. These may have a significant impact on a small number of schools.

- **Free school meals eligibility checking**
This service supports schools by checking the eligibility of pupils for free school meals, to ensure that all pupils are identified and schools receive the additional funding provided for these pupils. This includes additional formula funding income and the pupil premium.
- **Primary school specific contingency.**
This benefits only a few schools in any year, but allows a means of providing additional funding in wholly exceptional circumstances to maintained primary schools. Should de-delegation not be agreed, all maintained primary schools would have to bear all exceptional risks themselves. Proposal C2 distributes any surplus from this contingency. (Secondary schools no longer contribute to a school specific contingency)
- **Additional school improvement services: Maintained primary schools' intervention fund (de-delegated from the primary sector only).**

Historically funds have been de-delegated from maintained primary schools in order to provide additional school improvement services and interim leadership costs to schools that face standards and performance issues and where the delegated budget is insufficient to bear the costs.

This funding is managed and overseen by Schools Alliance for Excellence (Surrey's schools-led education partnership) on behalf of Surrey Primary schools. The majority of funding is allocated by SAfE to provide additional school improvement and leadership to schools designated as 'Support and Challenge (S&C)'. Each S&C school has an allocated S&C partner (either an National Leader of Education (NLE) or other headteacher with school improvement experience) who works with the school leadership to devise and cost a support programme. Depending on the school's budget some or all of the support plan may be funded through the intervention fund. Progress against the action plan is monitored termly through S&C meetings chaired by a SAfE advisor. In the academic year 2020/21 there are 35 schools identified as S&C given the negative impact of COVID. The use of this funding has contributed to the percentage of Surrey schools being judged as good or better by Ofsted remaining significantly above the national figure at 94%.

In addition, this fund is also available to support schools when interim leadership is needed and the school's budget cannot support this.

Any underspend at the end of the financial year would generally be carried forward to provide support for specific projects. The 18/19 carry forward funding has supported work during 19/20 on addressing key priority of improving outcomes and progress for identified vulnerable groups including disadvantaged and pupils with special educational needs and disabilities. 125 maintained primary schools have taken part and so far feedback has been overwhelmingly positive.

The 19/20 carry forward is supporting work in maintained primary schools on learning and ameliorating the widened gap due to COVID and in particular the disproportional impact on vulnerable children and those from disadvantaged backgrounds under the third strand of the Surrey Recovery Plan.

Given the specific challenges and long-term implications of COVID, the continuation of this funding will enable SAfE to continue to provide part or all of funding for interventions in the most vulnerable schools

- **Race Equality and Minority Achievement (REMA) Gypsy Roma Traveller Service**

Surrey is unusual in continuing to have centrally retained funding for a Race and equality and Minority Achievement (REMA) service and schools are to be applauded for acknowledging the need for this service. The number of children from ethnic minority backgrounds in Surrey and the UK continues to rise. In 2019 14% of Surrey pupils were recorded as having EAL. The number has more than doubled since 2007 when the percentage was 6.5%.

All indicators suggest that some groups are significantly disadvantaged in terms of socio-economic status, health and education outcomes. Access to effective support minimises the risk of underachievement for children, by helping to close the gap and counter social and economic disadvantage.

As schools no longer receive central funding for supporting GRT pupils, if they no longer have access to a centrally funded (de-delegated) service, many would wish to buy on an 'as needed' basis which in turn reflects the transient nature of the GRT cohort. The traded income for the service is very low last year (2019/20) it was **£10 835**. This must be seen in the context of most schools receiving a service through de delegation and therefore there is no impetus to buy an additional service which they have already funded.

There is a risk that a **solely** traded income for this service, would not provide the stability or capacity required to maintain a flexible service which is responsive to the needs of schools. The service is dependent on the de-delegated income from schools, which accounts for 93% of the REMA Gypsy Roma Traveller (GRT) budget.

De-delegation can be an appropriate funding model when there is a need for a service. Surrey County Council and its schools have acknowledged there is a need and in autumn 2019 66% of maintained primary schools supported de – delegation and 34% were opposed to de delegation.

Research evidence indicate that early intervention results in increased positive outcomes for vulnerable young people and the REMA team is equipped to offer such support to ethnic minority groups. The importance of which is known to schools.

The service has a positive relationship with minority groups specifically with the Gypsy Roma and Travellers community and there is evidence that the REMA service is valued by those schools who have a GRT community and by the police. The service has developed trusted relationships over years of working with the GRT community which enables other services to engage with families with the support of the service.

However, schools have commented on the lack of clarity regarding the core offer and the lack of measurable outcomes. This gap means it is hard to determine if the service is effective and whether the service has a positive impact on the outcomes of these vulnerable groups of young people.

The ongoing discussion that fuels the decision regarding de delegation is whether **all** maintained primary schools contribute to a service that is required in different degrees by some schools and not at all by others?

It is accepted that the feedback from schools supports the need to refine and define a model of service which will provide schools with a menu that is able to respond to the varying needs of different schools and services.

Surrey County Council would wish to work jointly with schools to address these issues. A period of joint working with partner agencies and schools to develop a model of service that is graduated according to the needs of individual schools could result in a dynamic service which is widely acknowledged as responsive to need.

A revised model of service delivery would have the option of enabling other agencies and services such as the police, social care and early years to contribute to the cost of the service which now is wholly funded by schools.

It is recommended that the service is de- delegated in **2021/22** and work is undertaken in partnership with schools and other agencies to prepare for a new service delivery model for **September 2022** which may, but need not, include an element of “de-delegation”.

Proposed de-delegation rates for 2021/22

Annex 4 shows the proposed “de-delegation” rates for 2021/22.

The LA is proposing to maintain “de-delegation” rates at 2020/21 levels, except for

- behaviour support and travellers support, where an increase of 2.3% in per pupil “de-delegation” rates and in average deprivation rates is proposed in order to reflect increases in staff costs. Additionally, part of the de-delegation for behaviour support is based on deprivation factors and, as in previous years, it is proposed to adjust the rates so that the average sum “de-delegated” per pupil should increase by 2.3%, whether the incidence of deprivation increases or decreases. The total sum “de-delegated” is likely to increase by less than 2.3% due to academy conversions;
- CAPITA SIMS licences, where an increase in “de-delegation” rates is likely to be needed in order to cover 2021/22 costs;
- “de-delegation” rates for teacher association and trade union costs are being reduced, and rates for other special staff costs are being increased (with a net overall reduction taking the two together) reflecting the outturns over the last few years.

Separate decisions will be made by each sector on each of the individual services listed in the questions.

Assessment of impact on groups with protected characteristics under the Equality Act

These proposals should have no adverse impact on equalities priority groups as the proposals do not involve changes to existing service provision.

Question 16

Schools are asked to indicate their support for the continued “de-delegation”, at the rates shown in Annex 4, of the following services:

- a) Specialist Teachers (behaviour support) (primary schools only);
- b) CAPITA SIMS licences;
- c) Teaching Association and Trade Union facilities time;
- d) Other Special staff costs (eg for public duties and suspensions);
- e) Free school meals eligibility checking;
- f) Primary school specific contingency;
- g) Additional school improvement services for primary schools (Intervention Fund) for interim leadership and other school

- improvement costs, where the school faces standards issues and its delegated budget is insufficient to bear the costs
- h) school improvement support to travellers

C4 SEND Strategy

Support to pupils with SEND in mainstream schools and in specialist provision is funded from the High Needs block within the Dedicated Schools Grant. This funding is not sufficient to meet the cost of High Needs Provision in Surrey.

There are 196,697 pupils in Surrey's maintained schools, academies and independent schools. 11.7% of these children are receiving SEN Support (23,000), and 5.3% have EHCPs (10,500 at the end of July 2020).

The council and wider area partnership is committed to seeking long term solutions to the challenges raised by increasing numbers of EHCPs and funding challenges.

The SEND System Partnership group comes together every two months with a remit to lead the strengthening of the multi-agency partnership working around children with SEND and their families. Representation is at a Senior Strategic level and includes the Local Authority, health providers and commissioners, education and early years (represented by the Chair of the Schools Forum, Phase Leads and Chief Executive of SAFE), the voluntary sector, and parent / carer representation through Family Voice.

Tangible and significant progress has been made in implementation of the programme, including:

- Long term capital strategy with the direct ambition of educating children closer to home in Surrey state schools and reducing the reliance on the independent specialist market. In phase one we are providing 883 additional specialist places for children and phase two is under development. Over 200 of these places are now available for September 2020.
- Launch of the Learner's Single Point of Access (SPA) providing a 'front door' for SEND and a professional helpline.
- Extensive consultation and research into family and practitioner experiences of the SEND system informing improvement planning.
- Continued strengthening of early intervention and preventative approach through the Learner's SPA, Profile of Need and Local Learning Fund.
- New arrangements for targeting use of early intervention inclusion funding to close the attainment gap for vulnerable children, and increasing support offer across early years provision
- Whole School SEND Programme developing capacity and skills within schools.
- Robust market management and commissioning approaches implemented across placements and transport, with dynamic purchasing system in place.
- Increased provision and streamlined routes to access to employment opportunities for young people with SEND.
- New operational model across SEND Casework teams
- Revised SEND admission process for implementation in Sept 2020

In the next phase of work there is an increased / continued focus on:

- Partnership work to lead cultural shift towards whole system, outcome centred, early support approaches;
- Educating children closer to home and achieving SEND sufficiency;

- Equipping families with the information, advice and resources at the earliest possible stage;
- Integrated commissioning delivering early support and developing; seamless pathways for our children with the most complex needs;
- Improving children's outcomes and understanding the effectiveness of our efforts as a partnership.

Overall, increases in EHCP numbers are levelling off, but growth in Surrey remains slightly higher than the national average and that of our statistical neighbours and the South East benchmarking group of local authorities. Surrey's EHCP numbers have grown on average by 11.6% annually since 2016 – nearly 2% higher than our statistical neighbours. As nationally, most percentage growth has been seen amongst those aged 0-4.

Numbers of children and young people diagnosed with Autistic Spectrum Conditions (ASC), Speech, Language and Communication Needs (SLCN), Moderate Learning Difficulties (MLD) and Social, Emotional and Mental Health (SEMH) – the most common primary needs - have continued to grow in Surrey. The average annual rate of growth for ASC is at 31.9% across the last four years. Since 2016, SLCN has increased by an average of 19.5% and MLD by 15%. SEMH growth carries on, up from 11.63% in 2016 to 14.75% in 2020, with this trend looking likely to continue.

In all cases, without substantive change, it seems likely that the numbers of children and young people with MLD, ASC, SLCN and SEMH will continue to grow for the foreseeable future.

Uppermost remains the need to improve outcomes for children and young people with SEND and to address areas where performance is lower when compared to national peers and to address the attainment gap between children with and without SEND.

Feedback from children, young people and families continues to tell us that our collective service require significant improvement. Whilst we have made considerable positive changes over the past year, there is much more to do and includes leading cultural and systemic changes.

The majority of high needs block funding continues to be directed into providing statutory provision given the high number of requests for EHCPs, and this is not sustainable even in the short term. The SEND strategy is designed to rebalance these resources towards early identification and support in order to meet needs at an early stage and improve the outcomes for children and young people.

Funding

To date High Needs Block DSG funding at a national level has not increased in line with changes in SEND demand and complexity. This has resulted in the Council continuing to use general fund resources to provide a matching reserve equal to the high needs block DSG overspend, estimated at £24m in 2020/21 and £16m in 2021/22); this is set to reduce over the next three years in line with the SEND strategy. The ambition is to develop and maintain sustainable services over this period.

The high needs block overspend has now been rolled forward for three years whilst cost containment plans have been implemented and the cumulative deficit is expected to reach £73m at the end of 2020/21. There has, however, been a further growth in requests for services.

The recent announcements from government in respect of high needs funding are likely to yield additional funding of £13m in the financial year 2021/22, taking the full year allocation to £173m. In addition £2.6m currently paid as teachers' pay and pension grants will be added to the high needs block. The £13m increase is subject to changes in pupil numbers between 2019 and 2020, this is part of the one year financial settlement pending full spending review and further increases are not guaranteed in future years. While welcome, the 2021/22 increase is only sufficient to meet the likely annual increase in costs. It does not address the historic shortfall of grant, therefore the annual shortfall would remain at £24m without further action.

In January 2020 the DfE announced that councils will no longer be allowed to use general fund resources to fund overspends on the schools budget (including high needs) without the Secretary of State's approval. This does not appear to place any new restrictions on using any underspends on other DSG blocks to fund overspends on high needs. The DfE also expects all LAs with DSG deficits to have recovery plans to repay those deficits, and to discuss those recovery plans with their Schools Forums. DfE will hold discussions with those LAs with the largest deficits.

Annexes 7-8 provide background information, highlighting the ongoing demographic and funding pressures in High Needs budgets over recent years, In particular Annex 7 includes details of additional funding from the council and funding moved from other DSG blocks over the last few years. Annex 9 summarises contributions from partners.

In conclusion, the SEND partnership are growing in confidence and have an ambitious plan for SEND that will transform the journey that children and young people with SEND and their families experience in Surrey. This is based upon us working differently together and placing the emphasis on early identification, support and early help. The strategy will take time to embed and is being supported by £7.9m transformation funding set aside by the council. This is in addition to £50m capital approved pending feasibility studies. This is on the basis of an invest to save approach over three years and there is broad

recognition that we need to pump prime much of the early intervention and support in this programme.

The SEND strategy will require a significant shift in culture and practice, underpinned by our shared vision for children. It will also require considerable additional support at the early identification and support stage to enable children's need to be met earlier and to ensure that they are able to join a pathway more closely aligned with their peers wherever possible.

C4.1 Review of high needs funding in special schools and mainstream schools

a) Special schools funding

The LA is currently working with special schools to develop a new special schools banding framework, which will form the basis of distribution of funding to special schools from April (or possibly September) 2021. Work on this project is to be undertaken during the autumn term, with consultation with schools, Schools Forum and other interested stakeholders, on final proposals during December 2020 and January 2021. Therefore specific proposals are not included in this consultation paper. Unlike the mainstream formula, there is no need to submit special school funding rates to the DfE for approval, (and thus the 21 January deadline does not apply) although the DfE sets criteria for minimum increases/maximum reductions in per pupil funding rates (yet to be announced for 2021/22).

The main principles currently proposed for the review are as follows:

- there will be a single coherent banding framework which applies to all Surrey Special Schools, however pupils within each school may be on different bandings due to their level of need;
- potential banding framework is based on the level of need of pupils and not on the designation of the school;
- banding will be based on a cost of support formula that considers staff ratio + expertise + guided learning hours + required qualifications + curriculum costs = Base Cost = Funding level;
- IPSB funding would be returned to its intended purpose as an emergency and short-term arrangement only. Other additional costs would be factored into any agreed banding framework, investing current IPSB spend in new bandings;
- Institutions would be transparent with the LA and one another about their actual costs and prepared to explain how the overall finances are working to ensure their continuing financial viability;
- This should include IPSB and 1:1 support arrangements
- There will be an agreed definition of core costs;
- The banding framework will be sustainable and promotes growth where that growth meets local need
- There is an agreed basis for annual review of funding levels, including a target timetable

- There is a recognition that children's needs will often change over time, and the level and nature of support required will change over time;
- there may be 'winners' and 'losers' within the proposal.

As described earlier, we anticipate that teacher's pay and pension grants, currently paid separately to special schools, will be added to top up rates in future and would form part of the baseline funding for the purpose of the banding review. However, this is subject to any constraints which may be imposed by DfE. The way in which this is done will be subject to further consultation in due course, but it would be separate from any consideration of inflation funding for 2021/22.

Question 17

Do you support the need to increase our capital investment in our own Surrey special schools to increase our capacity to support Surrey pupils with SEND and reduce our reliance on non-maintained/independent and out of county schools with much higher unit costs funded from the High Needs DSG, except where such a non-maintained or out of county school provides a specialism or need which our schools are not able to meet?
YES/NO/NO VIEWS

Question 18

Do you support the proposed principles for the special schools funding review, as described above?
YES/NO/NO VIEWS

Question 19

Do you accept in principle, with some exceptions, the premise that in terms of unit cost per pupil, we would expect

- a placement in a special school to be more expensive than that provided in a SEN centre in a mainstream school
- a pupil with SEND in a mainstream school to be funded at a lower unit cost than a pupil in a SEN centre.

YES/NO/NO VIEWS

b) Mainstream schools, including SEN centres

A second stage of the review, covering SEN centres and additional support in mainstream schools, is planned for 2021/22, with implementation from April 2022. This will also include a review of additional SEN funding (see also section C1.5 above). The aim is a single consistent system which covers all forms of state maintained SEN provision, having regard to differing levels of need and contexts.

C4.2 Request to transfer 0.5% of Schools Block funding to High Needs Block to support the SEND strategy

Schools Forum can approve a transfer from the Schools Block to the High Need Block of up to 0.5% (estimated at £3.4m).

We are asking schools to support a transfer from Schools to High Needs block to help to meet the current costs of SEND in Surrey, i.e. it would help reduce the likely overall High Needs Block DSG deficit at 31 March 2022 from £88.5m to £85.1m.

Any schools receiving additional funding to reach the Minimum Per Pupil Level (MPPL) will see no impact on national formula funding from any transfer to High Needs as their funding is protected at that minimum level. Thus around one third of schools would not contribute to a transfer.

The proposed transfer to fund the existing SEND strategy involves setting both increases in formula factors and the level of the minimum funding guarantee lower than if no transfer was made. However as stated above any schools receiving additional funding to reach the Minimum Per Pupil Level (MPPL) would see no impact on national formula funding from any transfer to High Needs SEND as their funding is protected at that minimum level. Other schools will see reductions of up to 1% per pupil (higher than 0.5% because not all schools bear a share of the cost because schools on the MPPL are exempt).

The changes to the funding formula required to implement either of these transfers are considered in section C1.2.

The decision is for 2021/22 only. Any transfer in future years would require a new decision both by Schools Forum and Cabinet (and if necessary by the Secretary of State). However, we reserve the right to ask for a similar transfer in future years, irrespective of the outcome of the proposal for 2021/22. It is not yet clear whether such transfers will be expected as a part of any recovery plan agreed with the DfE.

Assessment of impact on protected groups under the Equality Act is shown in Annex 5 and Annex 6.

Question 20

Do you support the transfer of 0.5% (approx. £3.4m) of the total Schools block to the High Needs block to fund the existing SEND strategy?

YES/NO/NO VIEWS

D EARLY YEARS FUNDING PROPOSALS FOR 2021/22

Key Issues

In 2021/22 no changes are proposed to the key principles of Surrey's approach to early years funding. We expect to pass through 95% of DfE funding for 3-4 year olds to providers as funding following individual children, with 5% of funding centrally retained, and to continue to pass 100% of funding for 2 year olds to providers.

Following a review of recent years' outturn, we are proposing an increase of between 5p and 8p in the hourly rate funding for 3-4 year olds, over and above any increase funded by the DfE.

Background

DfE funds Surrey for the funded entitlement for three and four year olds at an hourly rate and funds disadvantaged two year olds at a separate, and higher, hourly rate.

In 2020/21 DfE increased hourly early years funding rates to Surrey by 8p/hour (1.5% for 3-4 year olds and 1.3% for 2 year olds) and Surrey increased provider funding rates (including deprivation) by the same percentage. We do not expect to know what increase, if any, DfE will provide in 2021/22 until the autumn, but we propose, once again, to increase the basic hourly rates to providers and the hourly deprivation supplement and other elements by the same percentage as any increase in the hourly rate received by Surrey from DfE.

As we have gained more experience of take-up of the extended entitlement, we have been able to reduce the level of funding held for unexpected changes in demand during the year. In planning for 2020/21, we identified a continuing underspend in the budget for 3-4 year olds and took the opportunity to significantly increase the Inclusion Fund by £2m. This enabled us to target funding to children with SEND and to the most disadvantaged children in order to facilitate early identification and implement effective interventions. This supports our focus on closing the attainment gap and driving up quality of provision in the most disadvantaged areas. We propose to maintain the inclusion fund at this increased level in 2021/22.

D1 Basic hourly rates

Following a review of 2019/20 outturn we have identified scope to reallocate a further £1.0m within the current budget (or 1.7% of budget). We are proposing to use this to increase the hourly rate funding for 3-4 year olds. This would support an increase in hourly rate of up to 8p. The actual increase would be determined in January. Part of the £1.0m is available due to take up of deprivation funding being below budget. Increased take up of the funded

entitlement by disadvantaged groups is a priority and a combination of greater promotion of funded entitlement to disadvantaged groups, a focus on encouraging settings and schools to draw down all the funding they are entitled to and the impact of COVID 19 may mean an increase in demand for deprivation funding. This would need to take priority over delivering the whole of the 8p increase proposed above, if our objectives of greater inclusion and closing the attainment gap remain paramount.

We propose this increase in the hourly rate in preference to an additional increase to the Inclusion Fund as there was such a significant increase in the inclusion fund in 2020/21, the impact of which has not been fully evaluated due to the lack of time and the COVID-19 pandemic interrupting provision delivery. In addition we are acutely aware of the sustainability issues affecting the sector and believe the increase in the base rate would go some way to ameliorate this. The basic hourly rate must be the same for all categories of providers (ie both maintained and PVI), except where a difference is justified by the costs of different statutory requirements.

We propose to maintain hourly rate funding for deprivation at present levels and to increase the funding rate for free meals provision in line with DfE assumptions for schools.

The proposals above assume that there will be no significant reduction in the maintained nursery schools transitional grant (which currently averages £0.2m per maintained nursery school and which is currently guaranteed only to July 2021). Should there be a significant reduction in this grant, it may be necessary to provide some local transitional funding, which would mean a reduction in the proposed hourly rate increase above. We will aim to consult separately on this later if the grant is reduced.

Annex 10 provides an overview of the current and proposed budgets for 3-4 year olds.

D2 Inclusion Fund

Early intervention funding (EIF) replaced Inclusion Funding and Discretionary Funding as of April 2020 for Early Years and is a supplement of the Early Years Funded Entitlement for 2, 3 and 4 year olds. EIF can only be awarded for Early Years Funded Entitlement hours. Any setting, school or childminder who is registered to deliver Early Years Funded Entitlement can apply for funding to support children with SEND. This funding is awarded by the Early Years Governance Panel which is made up of multi-disciplinary professionals with specialist knowledge of Early Years and interventions. Focus for interventions include closing the attainment gap, supporting emotional resilience, addressing childhood trauma and supported transition. There is built in monitoring and evaluation within the funding process and data collected will be carefully and regularly monitored to ensure the funding is effective. We expect to see an

improvement in the number of children achieving a Good Level of Development at the Early Years Foundation Stage, especially in the groups identified as disadvantaged. (See Annex 10)

D3 Maintained nursery school transitional grant

We propose to distribute this grant in 2021/22 using the same principles as in 2020/21;

- Use first to fund business rates at actual cost (excluding income generating space) and split site funding in maintained nursery schools on the current basis;
- Distribute the remainder equally among the four maintained nursery schools.

It should be noted that, even if the maintained nursery school transitional grant continues beyond July 2021, it could be less in 2021/22 than in 2020/21.

D4 SEN resource places in maintained nursery schools and nursery classes

We are not proposing any changes to the funding of SEN resource places in 2021/22 ie they will continue to attract place funding at £9,145 per fte and hourly rate funding at the normal rate. Hourly rate funding for Universal hours and for DfE funded extended hours in resource places will continue to be funded from the Early Years budget.

D5 Early Years Specialist Places

We are proposing that from September 2021 all Early Years specialist places including Resource places and nursery places in Special Schools are offered at 15 hours per week term time only. Currently, although the majority are offered at 15 hours (86%), which is the entitlement for all children, some places are offered at 25 hours and others at 30 hours, for children not entitled to 30 hours under DfE criteria for working families. This proposal seeks to create a fair and equitable offer for all children who require access to Early Years specialist provision and would mitigate the risk of challenge. Current funding arrangements will continue (i.e. places will continue to be funded pro rata to £9,145 per 25 hr place), and there will be an opportunity to consider whether additional 15 hour places might be created if required. No children currently attending will have their hours reduced. Dorking and Chertsey Nursery Schools will need to carry out HR consultation with staff as there would be an impact on contractual arrangements.

D6 Centrally retained funds

We propose to continue to retain 5% of the funding for three and four year olds in order to meet statutory duties in administering and distributing the funding, ensuring that there are sufficient places for eligible two, three and four year olds and providing a range of support to individual providers (see annex 10). It should be noted that a significant part of this funding is distributed to individual

providers. We are not proposing to transfer any of this funding out of the early years block in 2021/22.

D7 Proposed Headlines: Principles for Early Years Funding distribution

- Increase the basic hourly rate for 3-4 year olds (currently £4.72) by the same % as any increase in DfE funding rates, plus up to an additional 8p;
- Increase the two year olds basic rate of £5.96 per hour in line with any increase in DfE funding rate, retaining the 100% pass through for two year old funding;
- Maintain the current level of the inclusion fund;
- Continue to deliver a deprivation supplement with funding criteria linked to Early Years Pupil Premium criteria, and increase it in line with any percentage increase in DfE hourly rates. Taken together with the Early Years Pupil Premium rate of 53p per hour this generates an uplift of at least £3.34 per hour for the benefit of disadvantaged children;
- Continue with current approach to Maintained Nursery Schools Transitional Grant – subject to government announcements and to possible transitional protection if it is withdrawn or reduced by government;
- Maintain centrally retained funds at 5% of funding for 3-4 year olds to meet all the costs of support and administration to deliver funded entitlement for 2, 3 & 4 year olds and to support a sufficiency of provision and on-going provision of 2 year old Inclusion Fund;
- Increase the funding rate for free school meals for eligible children aged 2, 3 & 4 years attending a full day of funded entitlement at Surrey state maintained provision to £2.44 (in line with DfE assumptions on meal costs).

Assessment of impact of proposals on protected groups under the Equalities Act

The funding proposals are for an increase in the funding rate to all children (including deprivation supplement) and increasing takeup among disadvantaged and hard to reach groups is a specific priority. As such, while the funding rate changes should be neutral in impact the overall impact on priority groups is expected to be positive.

Consultation questions 21-29

Question 21

Do you agree that the hourly rates in the early years funding formula for 3-4 year olds (both basic and deprivation) should increase by the same percentage as the funding rates paid by DfE to Surrey? YES/NO/NO VIEWS

Question 22

Do you agree that the hourly rates in the early years funding formula for 2 year olds should increase by the same percentage as the funding rates paid by DfE to Surrey? YES/NO/NO VIEWS

Question 23

Do you agree that the basic hourly rate should then increase by a further 8p/hr, subject to affordability? YES/NO/NO VIEWS

Question 24

Do you agree that the inclusion fund for 3-4 year olds should be maintained at the same level in 2021/22 as in 2020/21? YES/NO/NO VIEWS

Question 25

Do you support the continued provision of an Inclusion Fund for 2 year olds? YES/NO/NO VIEWS

Question 26

Do you support the continued retention of 5% of funding for 3-4 year olds for 2021/22 for use as described in annex 10? YES/NO/NO VIEWS

Question 27

Do you support the proposal to offer all Early Years specialist places at 15 hours per week for 38 weeks per year in line with entitlement? YES/NO/NO VIEWS

Question 28

Do you support the proposed changes to the funding rate for free meals provision for entitled pupils in state maintained schools? YES/NO/NO VIEWS

Question 29

Do you have any other comments on the early years funding proposals in this paper?

Annex 1 Mainstream schools: Surrey Formula Factors 2020/21

The table shows the funding factors and funding rates used in the Surrey mainstream schools funding formula in 2020/21.

	£ per eligible pupil		Total allocated		% of total funding
	Primary £	Secondary £	Primary £m	Secondary £m	
Basic entitlement per pupil	3,040.2988	KS3 4272.5679 KS4 4851.3200	272.4	252.1	79.4%
Lump sum per school	123,638	129,837	37.1	7.4	6.7%
Social Deprivation Per pupil on free school meals	479.1331	479.1331	4.1	2.2	1.0%
Per "Ever 6" Free school meal pupil	621.4083	867.7633	2.0	2.6	2.3%
Per pupil in DFE IDACI Band F*	225.3022	319.4221			
Per pupil in DFE IDACI Band E*	268.2170	431.2198			
Per pupil in DFE IDACI Band D*	402.3265	569.6360			
Per pupil in DFE IDACI Band C*	434.5116	617.5493			
Per pupil in DFE IDACI Band B*	466.6976	665.4626			
Per pupil in DFE IDACI Band A*	643.7209	894.3818			
Low prior attainment: Per low attainer based on Foundation Stage Profile results **	1,133.9483		25.1		3.8%
Low prior attainment: Per secondary pupil scoring below level 4 in either or both maths and English at key stage 2***		1,714.2317		17.7	2.7%
English as an Additional Language, Per pupil with EAL in school system for fewer than three years	569.6360	1,533.2259	4.2	1.3	0.8%

	Primary £/pupil	Secondary £/pupil	Primary £m	Secondary £m	% of funding
Pupil mobility (per mobile child > 6% of roll)	932	1,331	0.3	0	0.1%
Sparsity lump sum	27,683	71,976	0.1		0.00%
Minimum per pupil (funding) level	3,750	5,000	2.4	0.7	0.5%
Minimum funding guarantee (net of ceiling)			3.2	1.2	0.7%
Total NFF factors			359.6	293.6	99.0%
Outside the NFF Per looked after child	396	396	0.1	0.1	
Others including rent, rates, split site costs			4.3	2.7	1.0
Total (incl NFF and non NFF factors)			364.0	296.4	100.0

NOTES:

Total formula funding makes up only part of the Schools Block. The block also includes growing schools funding. Delegated funding above also includes funding of £0.870m, which prior to 2018/19 was held centrally as Combined Services budgets for confederations and for additional school improvement services, which is part of the separate central schools services block and thus outside the NFF.

Teachers' pay and pension grants are being paid separately in 2020/21 but this funding is being added to the national funding formula in 2021/22.

*Income Deprivation affecting children index

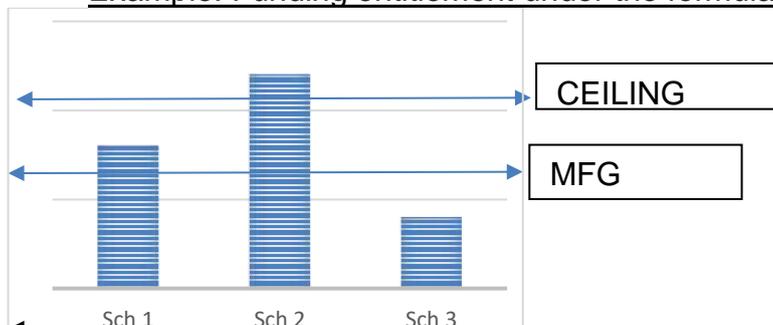
***Pupils in years 7, 8, 9 and 10 were weighted at 0.6453, 0.6359, 0.5805 and 0.4802 respectively (these are national weightings).

Annex 2 The Minimum Funding Guarantee (MFG) and the Ceiling

In recent years the DfE has set a minimum funding guarantee (MFG) to limit the funding reductions at individual school level. In 2021/22 the MFG requires a minimum increase in average funding per pupil at all schools, which the authority may set between 0.5% and 2%.

Local authorities are also allowed to impose a ceiling, or maximum percentage per pupil gain, on schools with large per pupil funding increases. The diagram below illustrates the working of the minimum funding guarantee and ceiling.

Example: Funding entitlement under the formula:



The bars show the average per pupil formula funding entitlement for three schools, based on their varying pupil characteristics. In the example above, School 1 would receive its full formula funding entitlement. School 3's formula allocation would fall beneath the minimum funding guarantee (MFG) so it would qualify for additional funding to reach that level. School 2 would lose funding, down to the ceiling level.

The MFG and ceiling are applied to the total budget of each school and therefore gains or losses arising from changes in the value of individual formula factors may be overridden by the MFG or ceiling calculation at school level.

The minimum funding guarantee (MFG) protects the level of funding per pupil. It does not protect against the loss of funding resulting from falling pupil numbers.

The minimum funding guarantee and ceiling must be the same for both primary and secondary schools.

Note: The MFG protects schools against funding losses whether due to changes in the local formula or to changes in levels of additional need. LAs are not allowed to protect schools against the impact of formula changes alone.

The table below shows the number of schools on MFG and ceiling over the last few years. It also shows the number of schools on MPPL (because schools on MPPL are exempt from ceiling deductions). They could in principle be on MFG but usually haven't been so far.

Number of schools on minimum funding guarantee and ceiling in recent years

The table shows the number of Surrey primary and secondary schools whose funding was affected by the minimum funding guarantee (MFG), ceiling on gains or minimum per pupil level (MPPL) over the last three years.

	2018/19	2019/20	2020/21
MFG level (min % change in funding/pupil)	0%	0%	2.34%
Ceiling level(max per pupil increase)	4.22%	3.10%	n/a
Number of schools on MFG	73	91	51
Number of schools on ceiling	175	93	0
Number of schools on MPPL	4	26	54
No of mainstream schools	358	356	357
% on formula (incl those on MPPL)	30.70%	48.30%	85.70%
% of schools not on MPPL which are on formula	29.90%	44.20%	83.10%
Number of primary schools on MFG	62	75	45
Number of primary schools on ceiling	165	93	0
Number of primary schools on MPPL	3	12	45
Number of secondary schools on MFG	11	16	6
Number of secondary schools on ceiling	10	0	0
Number of secondary schools on MPPL	1	14	9

In 2019/20 and 2020/21 there were no schools on MPPL which were also on minimum funding guarantee, although some schools are likely to be eligible for both in future, where a school has been funded above MPPL and its level of additional need falls such that its funding would be below the MPPL threshold.

It can be seen that in 2018/19, the first year of transition towards the NFF, when there were major changes in formula factors, only a small minority of schools were actually funded according to the formula, but that now a significant majority of schools are funded on the formula alone.

Annex 3 Schools: Notional SEN budgets

Surrey's 2020/21 notional SEN budgets have been calculated at school level based on the following criteria in the table below. These are reviewed annually.

	primary £	secondary £
Level 1 notional SEN (based on pupil numbers)		
Per pupil KS1 and KS2	113.70	
Per pupil KS3		143.59
Per pupil KS4		177.32
Level 2		
Per Ever6 FSM pupil	177.2878	57.5327
Per pupil in IDACI band F	64,2787	21.1777
Per pupil in IDACI band E	76.5223	28.5899
Per pupil in IDACI band D	114.7835	37.7669
Per pupil in IDACI band C	123.9662	40.9435
Per pupil in IDACI band B	133.1488	44.1202
Per pupil in IDACI band A	183.6536	59.2975
Per Low attainer (using DFE definition)	457.1732	951.5216
% of deprivation funding deemed notional SEN (excluding cost of free school meals)	28.53%	6.63%
% of low prior attainment funding deemed notional SEN	40.32%	55.51%
Average level 2 SEN funding per pupil	147.13	187.80

Annex 4 Schools: “De-Delegated” Services: Proposed De-delegation Rates for 2021/22

The table shows the de-delegation rates for 2020/21 and the provisional proposed de-delegation rates for 2021/22.

Service	2020/21 rates		2021/22 provisional proposal	
	Primary	Secondary	Primary	Secondary
Behaviour support services	£6.92 per pupil + £44.80/FSM6 + £16.24/IDACI band F+ £19.34/IDACI band E+ £29.00/IDACI band D+ £31.32/IDACI band C+ £33.64/IDACI band B+ £46.40/IDACI band A	n/a	£6.92 per pupil plus deprivation bands based on the same average deprivation funding per pupil+2.3% inflation	n/a
Licences and subscriptions	£3.82 per pupil	£5.14 per pupil (KS3+4)	£3.82 per pupil+ inflation	£5.14 per pupil (KS3+4)+ inflation
Special staff costs-union facility time	£1.68 per pupil	£2.27 per pupil (KS3-4)	£1.47 per pupil	£1.99 per pupil in KS3-4
Special staff costs (other eg suspensions)	£0.47 per pupil	£0.64 per pupil in KS3-4	£0.59 per pupil	£0.80 per pupil in KS3-4
Free school meals eligibility checking	£275 per school	£435 per school	£275 per school	£435 per school

	2020/21 rates		2021/22 provisional proposal	
	Primary	Secondary	Primary	Secondary
Primary school specific contingency	£3.23 per pupil	n/a	£3.23 per pupil	n/a
Additional school improvement -intervention fund -travellers education service	£8.75 per pupil £9.09 per pupil	n/a	£8.75 per pupil £9.30 per pupil	n/a

Proposed de-delegation rates for 2021/22 may need to be updated when October 2020 data is known. All pupil numbers are year R-6 only for primary and year 7-11 only for secondary.

Annex 5 Illustrative school level illustrations of impact of transfer of 0.5% of schools block funding to high needs block

The tables below show illustrative impacts of the transfer of 0.5% of schools funding to the high needs block on the number of schools on MFG and MPPL and on individual schools which would not be on MPPL were there no transfer. The transfer to high needs block has no impact on schools which would be on MPPL under all options. The actual impact on individual schools will depend on its particular circumstances so these tables should only be treated as a general illustration. (For example some schools will be funded above MPPL if there were no block transfer, but would be due MPPL protection if there were such a transfer).

Amount to transfer to high needs	£3.4m	£3.4m	£0m	£0m
MFG	1.43%	1.10%	2.00%	1.50%
Increase in formula factors	1.0%	1.66%	2.55%	2.69%
Primary Schools on MFG (of 300)	87	68	65	44
Primary Schools on MPPL	130	125	111	108
Secondary schools on MFG (of 57)	22	8	9	6
Secondary schools on MPPL	16	16	11	11

Approximate average gain compared to 2020/21 (excluding schools which would be on MPPL if there were no block transfer)

	£	£	£	£
Primary v small (<80 pupils)	4,100	3,400	5,900	5,400
Primary small 80-200 pupils	9,900	10,700	16,000	16,200
Primary medium 200-370 pupils	16,500	16,100	24,400	23,700
primary large 370+ pupils	28,100	25,700	41,100	38,100
Secondary v small <700 pupils	51,300	52,700	82,200	81,900
Secondary small 700-900 pupils	66,800	69,400	111,700	110,400
Secondary medium 900-1200 pupils	90,800	93,900	140,500	146,200
Secondary large 1200+ pupils	121,000	120,200	173,400	180,800

Note: the impact of the change in MFG on the average funding per school depends on the proportion of schools on MFG, eg if there is no block transfer, the proportion of secondary schools on MFG is lower than the proportion of primary schools on MFG, and thus the average secondary school gains (slightly) from a reduction in MFG. The variation for individual schools will depend on their individual circumstances eg the level of additional needs funding.

It is worth noting that while 121-144 schools (34-40%) are on MPPL (depending on the option) they account for 40-47 % of the total delegated budget (ie somewhat higher) because schools on MPPL are generally larger schools.

Annex 6 Equalities impact assessment information Summary

The Public Sector Equality Duty requires the council to have regard to the impact of policy changes on people (service users and staff) with protected characteristics i.e.

- Age
- Disability
- Gender reassignment
- Marriage and civil partnerships
- Pregnancy/maternity
- Race
- Religion
- Sex
- Sexual orientation
- Carers (because of their association with protected groups)

Most of the proposals in this consultation paper concern the distribution of delegated funding to schools under the national funding formula and it is for individual schools to decide how they use the funding and to ensure that changes do not have a disproportionately negative impact on people with protected characteristics.

Funding may only be delegated to individual schools using factors specifically permitted by the Department for Education (which largely do not link directly to protected characteristics) and the council does not have comprehensive data on the incidence of protected characteristics among school pupils (where relevant) or staff. For example, the LA is not permitted to fund schools directly based on the incidence of pupils from specific ethnic groups (although that data exists).

Therefore we have generally considered that a proposal may disadvantage protected groups if it is less advantageous to schools with a high incidence of pupils with SEND (as the nearest measured proxy for disability) or with a high incidence of pupils from ethnic minorities) or a high incidence of economic deprivation (as a proxy for a range of disadvantage characteristics). Individual proposals have been considered in this way and a summary of key data is provided below.

We have not considered the equalities impact of funding changes directly driven by the Department for Education and where the authority has little or no discretion, such as the requirement to move towards the national funding formula itself.

Impact on protected groups of specific proposals

We have modelled the changes against data on the categories below which is available from the school census for all schools:

- incidence of pupils with Education Health Care Plans
- incidence of pupils on SEN support or above
- incidence of non British and non white ethnicity
- incidence of economic deprivation measured by eligibility for free school meals.

Transfer of funding from schools block to high needs block (proposals C1.2 and C4.2)

This requires a lower minimum funding guarantee and lower per pupil funding rates (including rates for pupils with additional needs) than if no transfer was made. But the impact is skewed by the fact that the larger and lower need schools are protected by the government's minimum per pupil funding level, which in effect means that a third of schools bear none of the cost of a transfer, so that the impact on the remaining schools is a loss exceeding 0.5% of the funding which they would receive were no transfer made.

Summary impact of transfer of 0.5% of school funding to high needs block, by incidence of SEN, ethnicity and deprivation (cost of block transfer as % of budget)

The following table shows the proportion of schools where the reduction in budget, with a block transfer, would be more than either 0.1%, 0.5% or 0.9% compared to the budget they would receive without a transfer. This is based on the assumption of MFG of 2% with no transfer, or MFG of 1.43% with transfer.

Schools which are not supported by MPPL or MFG will generally see a reduction of 0.9%-1%.

Reduction in Budget (as % of budget without transfer)	Primary			Secondary		
	>0.1%	>0.5%	>0.9%	>0.1%	>0.5%	>0.9%
% of schools seeing specified reduction or more						
Of all schools	63.3%	50.8%	32.3%	80.4%	75.0%	46.4%
Of schools with						
above average non British	60.8%	48.0%	27.0%	78.6%	71.4%	39.3%
above upper quartile non British	63.5%	47.3%	25.7%	71.4%	57.1%	14.3%
Above average non white	58.8%	47.3%	24.3%	82.1%	75.0%	39.3%
Above upper quartile non white	59.5%	47.3%	23.0%	71.4%	64.3%	21.4%
Above average for EHCPs	63.5%	50.7%	26.3%	89.3%	85.7%	64.3%
Above upper quartile for EHCPs	77.0%	62.2%	28.4%	85.7%	85.7%	57.1%
Above average for %SEN	75.7%	60.1%	31.8%	100.0%	96.4%	60.7%
Above upper quartile for %SEN	81.1%	66.2%	28.4%	100.0%	100.0%	64.3%
Above average for %FSM	76.3%	59.5%	31.1%	100.0%	100.0%	60.7%
Above upper quartile for %FSM	93.2%	70.3%	28.4%	100.0%	100.0%	57.1%

Among primary schools the proportion of schools which receive a smaller increase in funding if there is a transfer to high needs block, is higher among those schools with above average SEN and above average deprivation, Among secondary schools the proportion of schools which receive a smaller increase in funding if there is a transfer to high needs block is highest among those with highest incidence of SEN and deprivation. In both cases there is no link to ethnicity.

If we are to maintain the general features of the NFF the only realistic alternative method of transferring funding to high needs would be a lower MFG in order to allow higher formula factors. But in general the proportion of schools on MFG Is higher among those with high incidence of SEN or ethnic

minorities, which supports our proposal to maintain the MFG at the highest possible level (see table below).

Schools on minimum funding guarantee (2020/21)

	Primary	Secondary
all schools	15.10%	10.71%
Schools with..		
above average non British	20.81%	10.71%
above upper quartile non British	21.33%	21.43%
top 10% non British	23.68%	28.57%
Above average non white	20.81%	10.71%
Above upper quartile non white	22.67%	21.43%
Top10% for non white	26.32%	28.57%
Above average for EHCPs	22.15%	10.71%
Above upper quartile for EHCPs	28.00%	14.29%
Top10% for EHCPs	28.95%	28.57%
Above average for %SEN	26.85%	17.86%
Above upper quartile for %SEN	34.67%	21.43%
Top10% for %SEN	50.00%	28.57%
Above average FSM deprivation	28.86%	17.86%
Above upper quartile FSM deprivation	50.67%	28.57%
top 10% deprivation	68.42%	42.86%

Changes to lump sum in order to assist small schools (proposal C1.3)

Schools which might be expected to have higher incidence of priority groups generally do not benefit as much as others from the proposed changes to the lump sum. This applies whether or not there is a transfer to high needs block.

Small schools and lump sum (% of schools gaining from lump sum protection)	Primary With no block transfer	Secondary with no block transfer	Primary with no block transfer	Secondary with no block transfer
all schools	34.34%	21.43%	27.27%	12.50%
above average non British	22.97%	17.86%	21.62%	10.71%
above upper quartile non British	22.97%	14.29%	25.68%	7.14%
Above average non white	22.30%	17.86%	20.27%	10.71%
Above upper quartile non white	21.62%	14.29%	22.97%	7.14%
Above average for EHCPs	25.68%	35.71%	20.27%	17.86%
Above upper quartile for EHCPs	25.68%	57.14%	18.92%	28.57%
Above average for %SEN	29.05%	39.29%	23.65%	25.00%
Above upper quartile for %SEN	22.97%	64.29%	17.57%	35.71%
Above average for deprivation	27.03%	35.71%	22.30%	17.86%
Above upper quartile for depr	16.22%	42.86%	14.86%	21.43%

Annex 7 SEND: Total high needs block DSG, movements between DSG Blocks and local authority contributions

The table below shows movements between the three DSG blocks in each of the years 2014/15 to 2020/21.

Budget transfers from other DSG blocks to High Needs block 2014/15 – 2020/21

	2014 /15	2015 /16	2016 /17	2017 /18	2018 /19	2019 /20	2020 /21 So far	2014 -21 estim ated
	£m	£m						
Early Years	6.6			1.3	0		0	7.9
Schools		10.0	11.6	4.6	0	3.1	0	26.6
Less Technical Adjustment	-0.9	-0.9	-0.9				0	
Net Transfers	5.7	9.1	10.7	5.9	0	3.1	0	34.5

(The technical adjustment represents the transfer of funding to secondary schools in 2014/15 for the increase in the ISPSB threshold from £4,400 to £6,000. Both budget and costs became part of the Schools Block rather than High Needs but the DfE blocks were not adjusted.)

- Surplus 2 year old funding formed a large part of the Early Years sum contributing to the High Needs block in 2014/15, because Surrey was funded for growth which didn't happen. In 2015/16 funding for 2 year olds moved to an actual count basis and thus there was no surplus to contribute to High Needs in that year;
- 2017/18: The Schools Forum agreed to work with the LA to identify savings in 2017/18 to avoid the need for further transfers from the Schools block to the High Needs block in 2017/18. In fact those savings were only partially achieved, although part of the shortfall was offset by other, unplanned, savings. At the end of the year and following discussions with the Schools Forum the LA transferred £5.9m of unallocated schools and early years block funding to partially offset the high needs block overspend;
- 2018/19: The council's request to transfer 0.5% of the Schools Budget (approx. £3m) to High Needs was refused by the Schools Forum;
- There was a net uncommitted underspend of £10m across the schools and early years block at the end of the year, which is still held separately and has not been applied to offset the high needs block overspend;
- 2019/20: £3.1m (0.5%) was transferred from schools block to high needs block. This was not supported by the Schools forum but was approved by

the Secretary of State on appeal. Underspends on schools NFF and on early years block at year end have been held separately.

- 2020/21 the council's request to transfer 0.5% of schools block to high needs block was rejected both by Schools Forum and by the Secretary of State;
- In 2016/17 the DfE undertook a national re-baselining exercise to recognise that many LAs had made transfers from the schools to the High Needs block and the 2017/18 block allocations were amended to recognise those transfers. Nationally this meant a transfer of £258m (0.8% of the national Schools Block) to High Needs. The starting value of the NFF schools block reflects the total of these transfers nationally.

Contributions to high needs block from other LA funds 2014/15-2018/19

The table below shows the amount of other LA funds (ie non DSG) used to support the high needs block between 2014/15-2018/19.

2014/15	2015/16	2016/17	2017/18	2018/19	Total
£m	£m	£m	£m	£m	£m
0	0	1.650	3.942	0.000	5.592

Note: such contributions are no longer allowed without specific approval from the Secretary of State

Annex 8 SEND: High Needs Budget & Pressures

The table below shows how the main High Needs budget was spent in 2019/20 and the 2020/21 budget. The 2020/21 budget includes an overspend of High Needs DSG of £24m and contains growth by £14.7m.

	2019/20 Outturn £000	2020/21 Budget £000
Placements		
Non-maintained Independents & Colleges	71,199	69,345
Other Local Authority Special Schools	6,813	6,295
Individual Support in Schools	22,163	22,020
Surrey Maintained Special Schools	36,402	39,307
SEND Services		
Therapies	5,044	6,343
Access to Education	1,742	2,279
Special Early Education	661	1,219
Other SEND Services including overheads such as IT & Property	6,539	6,628
Other SEND Provision (incl PRUS, nurture groups, learning support units, nursery SEND)	13,379	14,333
Academies & College place funding	17,096	16,831
Total High Needs DSG	181,038	184,601

Increased Local Provision

The table below shows the number of places Surrey has funded in mainstream SEN centres, state maintained special schools and colleges over the last few years. Within the net increase we have also tried to remove places from schools and centres where there has consistently been under-occupancy and where this appears likely to continue.

	Jan-18	Jan 19	Jan 20	Jan 21 (est)
Number of places				
Special schools	2,314	2,394	2,555	2,718
Centres	699	723	730	758
From colleges	430	468	431*	459*
	<u>3,443</u>	<u>3,585</u>	<u>3,744</u>	<u>3,935</u>

Note: figures include St Dominic's and Grafham Grange schools which were non maintained special schools converted to academies from 1 January 2018_(which were excluded from data shown in previous years)

*Excludes Guildford (154 in Jan 2019, no longer a Surrey institution)

Increasing numbers of pupils with EHCPs

The table below shows the number of Surrey children with EHCPs/statements of special educational needs in various categories of provision (using DfE SEN2 data).

Statements/EHCPs	Jan-17	Jan-18	Jan 19	Jan 20
Placements				
Mainstream	2,336	2,635	2,960	3,307

State maintained special schools and SEN centres	2,507	2,725	2,984	3,122
Further Education and sixth Form Colleges	854	1,144	1,259	1,433
Non Maintained/ Independent Schools	815	793	967	1,165
Special Post 16 Institutions	53	80	75	85
PRUs and alternative provision	14	61	45	79
Others	264	272	462	592
Total	6,843	7,710	8,732	9,783
% increase	19.0%	12.7%	13.2%	12.0%
Average for SE counties	12.7%	12.1%	12.0%	10.7%

Note: Jan 2017 figure for non maintained and independent special schools includes St Dominic's and Grafham Grange schools, which converted to academies on 1 January 2018.

Annex 9 Health and Social Care Contributions to the cost of specialist places

The following table shows contributions made by Health and Social Care to jointly funded placements:

SEND Non-Maintained & Independent Placements

Funding source	Health	Health	SEN social care	SEN social care	Adult social care	Adult social care	Dedicated Schools Grant	Dedicated Schools Grant
	Number part funded	Value £'000	Number . part funded	Value £'000	Number part funded	Value £'000	Number. part funded	Value £'000
2016/17	6	399	164	4,682	32	437	171	9,011
2017/18	7	442	168	5,216	36	501	177	9,588
2018/19	7	545	174	5,766	33	415	136	8,388

SEND Post 16 Placements

Funding source	Health	Health	SEN social care	SEN social care	Adult social care	Adult social care	Dedicated Schools Grant	Dedicated Schools Grant
	Number . part funded	Value £'000	Number . part funded	Value £'000	Number . part funded	Value £'000	Number. part funded	Value £'000
2016/17	0	0	0	0	46	917	46	1,089
2017/18	0	0	0	0	105	750	105	5,137
2018/19	0	0	4	213	56	673	56	3,143

Children Educated in Social Care Establishments (excluding HOPE service)

Funding source	number part funded	Health value	Children's social care value	DSG value	Total (excluding HOPE)
		£000s	£000s	£000s	£000s
2017/18	74	117	6,671	1,434	8,222
2018/19	52	156	6,522	1,327	8,005
2019/20	49	202	6,244	1,579	8,025
2020/21 (est)	29	229	5,228	1,514	6,971

HOPE service-joint funded

	health value £000s	Social care value £000s	DSG value £000s
2017/18	885	113	733
2018/19	894	106	732
2019/20	858	111	737
2020/21 (est)	859	122	733

Annex 10 Early Years Funding

The table shows a breakdown comparison of distribution of funding for 3-4 year olds 2020/21 and proposed 2021/22

Based on 14,246 fte 3 & 4 year olds census Jan 2020		
	2020/21 £000s	2021/22* £000s
Base rate	62,625	62,625**
Deprivation	1,572	1,572**
Inclusion	3,429	3,429
Central retention	3,559	3,559
Total from DFE hourly rate funding	71,185	71,185
Transitional grant for maintained nursery schools***	786	TBA
Disability Access Fund***	243	TBA
Early Years Pupil Premium***	278	TBA
Total	72,494	TBA

**based on 2020/21 DFE hourly rates*

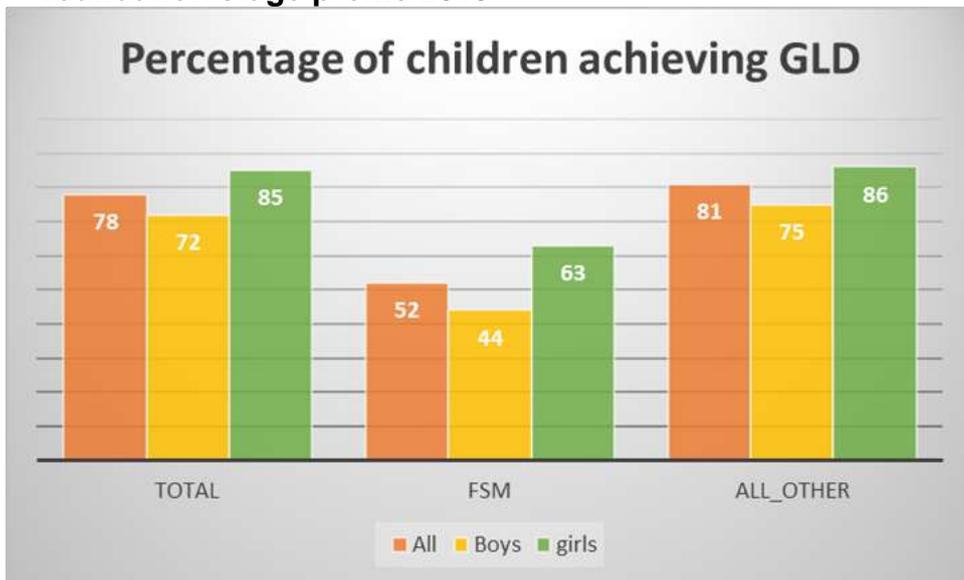
***plus a transfer of up to 300k from deprivation to base rate if incidence of deprivation remains at current levels*

****restricted funds for specific purposes. Funding will be as allocated by DfE*

Note : estimates for both years are based on estimated Jan 2020 school and early years census data.

The impact of the proposed changes is that Surrey estimates that it will fund fewer hours, but at a higher rate (because in previous years the number of hours has been overestimated). The number of hours funded to providers by Surrey is not the same as the number funded to Surrey by the DfE.

Surrey children reaching a Good Level of Development (GLD) under the early years foundation stage profile 2019



Purposes for which centrally retained early years funds are used

The following teams work together to support Early Years provision across all sectors including state maintained, private, voluntary, independent sectors to promote quality and improve outcomes for children in Surrey

Educational Effectiveness Team - Provides support and advice to settings in relation to quality of early education and childcare, Ofsted and statutory requirements, with a focus on settings at requires improvement or inadequate, as well as providing targeted support around work with vulnerable groups. This year there is an additional focus on transition as part of the COVID-19 recovery programme.

Graduated Response Early Years Team - Provides support and advice to settings in relation to support for children with SEND, with a particular focus on inclusion, quality and early identification of need. Access to Inclusion and discretionary funding.

Early Years Commissioning & Team Family Resilience - Meeting the Council's statutory duties to ensure a sufficiency of places for funded 2, 3 & 4 year olds across Surrey. Monitoring and delivering sufficiency; providing support, advice and to promote business sustainability; and individual commissioning of provision for the most disadvantaged families. Delivering census, compliance with DfE statutory guidance and requirements. Brokerage of places for vulnerable children and children identified as disadvantaged and those eligible for FEET funding.

Funded Early Education Team - Managing the funded entitlement by advising providers, processing, administrating and making payments, including support for the FEE portal. Delivering census.

In addition to funding teams as described above centrally retained funds are used for the following.

2 year old Inclusion Fund –enable eligible children with low and emerging to access their funded entitlement.

Sufficiency Fund – Grant funding to create new provision and to support sustainability in areas of identified need.

Provider Portal and Parent Portal - Maintenance and development

Early years Census – statutory requirement and method used by DfE to calculate budget

Communications and publicity – promotional activities to support FEET, 30 hours, Early Intervention Fund, EYPP, Deprivation and DAF uptake.

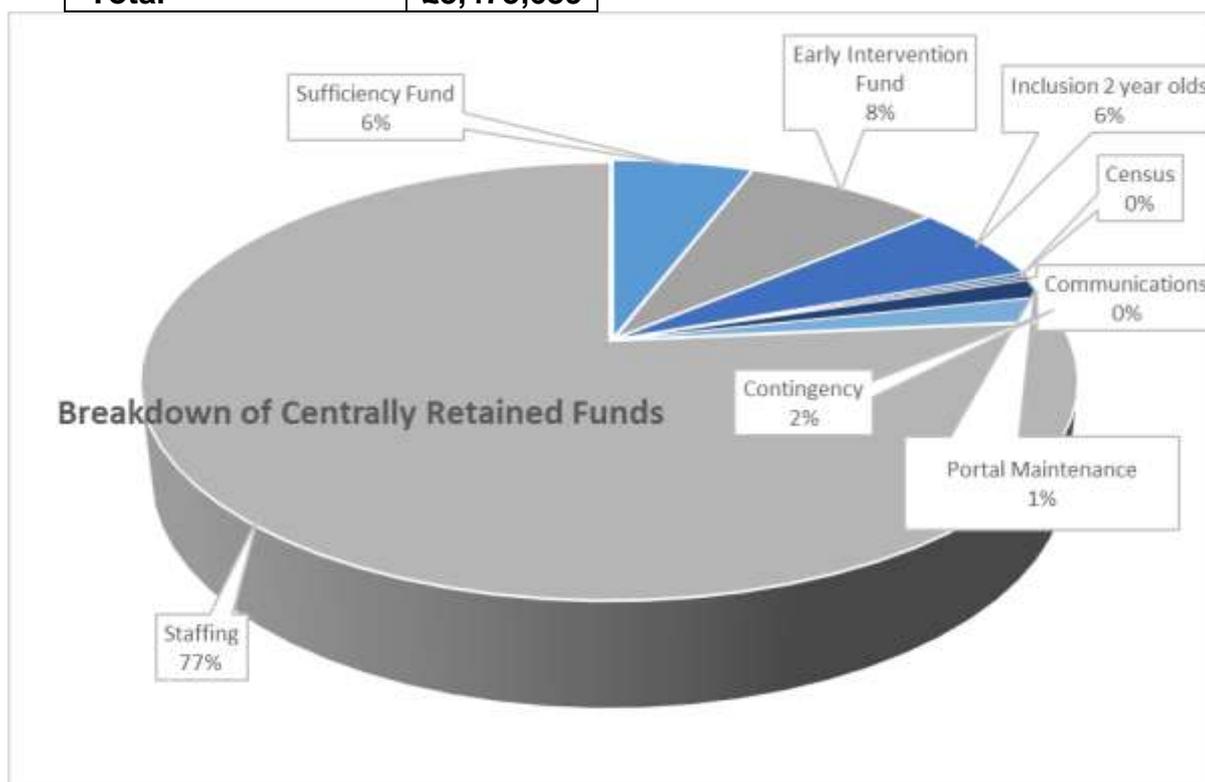
Early Years Phase Council Budget – To meet expenses as necessary.

Note: the cost of processing funding and census data for three and four year olds in state maintained providers is met from the centrally managed Schools Budget (and census data in part from the central services levy). The number of early years pupils does not feature in the calculation of either.

Breakdown of Centrally Retained Funds

Breakdown of Centrally Retained Funds	
Sufficiency Fund	£200,000
Early Intervention Fund	£280,000
Inclusion 2 year olds	£200,000
Census	£10,000
Communications	£10,000
Portal Maintenance	£50,000
Contingency	£66,927
Staffing	£2,658,712
Total	£3,475,639

Teams Funded and Partially Funded
Educational Effectiveness
Early Help
Partnership with Parents (SSIASS)
CSF Performance Improvement Team
Early Years Commissioning
Funded entitlement finance Team
Education Safeguarding



GLOSSARY OF TERMS (including abbreviations)

ADCS Association of Directors of Children's Services

AWPU or Basic Entitlement The "basic entitlement" is the sum allocated to a school for any pupil at a specific key stage. This was formerly known as the Age Weighted Pupil Unit (AWPU)

Budget share The total sum allocated to a school each year under the local authority's funding formula. It excludes allocations from specific grants. It also excludes contingency allocations, allocations from the growing schools and falling rolls funds and additional funding for high needs SEND pupils, other than place funding.

Ceiling The LA may agree a maximum percentage increase in average funding per pupil which all its schools may receive, even if the formula would otherwise generate more than that. This is the "ceiling".

Dedicated Schools Grant (DSG) The funding source for the total Schools Budget from April 2006. DSG funds mainstream schools' delegated budgets (Schools block), a range of centrally managed services to schools (central schools services block or CSSB) provision for pupils with special educational needs (High Needs block) and free entitlement to nursery provision (Early Years block). Transfers between blocks have often been necessary in recent years – primarily to support high needs SEND budgets.

DfE The Government's Department for Education, which prescribes on schools funding issues

Delegated budget Budget which a school's governors may spend as they determine, for the benefit of the school. It may also be spent, in limited circumstances, for the benefit of pupils at other schools.

De-delegation Where Schools Forum approves the deduction of funding from maintained primary and secondary schools' budgets, to be retained centrally to fund specified services.

Devolved budget Budget which is allocated to a school for a specific purpose and must be spent for this purpose only

EAL English as Additional Language

ESFA

and Skills Funding Agency is the body currently responsible to the DfE for maintaining the policy framework for funding LAs and academies, administering the allocation of funding to academies, co-ordinating the funding of post 16s in mainstream school sixth forms and colleges and for maintaining the post 16 funding formula. These roles were previously undertaken by the Education Funding Agency (EFA) for schools and 16-19 education providers.

The Education

FSM6 (or “Ever 6 FSM”). Children who have been eligible for free school meals on a termly school census date within the last six years, even if they are not currently eligible. This is an indicator of deprivation increasingly used by the DFE for school funding and accountability purposes.

High cost pupil Pupil requiring £6,000 or more in additional support (usually with an education health care plan). Applies only where an LA has agreed to fund additional support

HNB High Needs Block within the Dedicated Schools Grant, intended to fund services for pupils with high levels of special educational needs and disabilities.

IDACI Income Deprivation Affecting Children Index, government index often used as a proxy indicator of deprivation

IPSB Individual pupil support budget: (previously ISPSB – individually stated pupil support budget). Additional funding allocated (largely) to mainstream schools to meet the costs of additional support for high cost SEN pupils beyond the first £6,000 per pupil per year, where the LA has agreed that such additional support is required. (NB based on a standard rate per hour of support.)

KS1, KS2 etc Key Stage education phases:

KS1 - pupils in years 1 and 2

KS2 – pupils in years 3, 4, 5 and 6

KS3 – pupils in years 7, 8 and 9

KS4 – pupils in years 10 and 11

LA The Local Authority, which in Surrey is Surrey County Council

Minimum Funding Guarantee (MFG), the minimum percentage increase (or maximum percentage reduction) per pupil which each school should receive in its new budget LAs must set a local MFG annually, within a range set annually by the government.

Minimum per pupil funding level (MPPL) This is a minimum average funding level per pupil which each school will receive under the National Funding Formula if the individual formula factors would otherwise generate less than this

NFF The National Funding Formula, introduced on a phased basis by the DfE at LA level in 2018/19. From April 2018 Surrey has been expected to change its local schools funding formula to converge towards the NFF over time.

NMI A non-maintained special school (NMSS) or independent special school catering for pupils whose needs cannot currently be met within the state maintained sector. Due to the complex nature of some pupils' needs, NMI placements can be expensive.

NOR Numbers on roll at a school

PAN Published Admissions Number for a school – i.e. the maximum number of pupils a school is expected to admit in its normal year of entry.

PRU Pupil Referral Unit. An education facility for pupils who have specific needs and are currently unable to attend a mainstream school. Placements are often part-time or temporary.

SAFE Surrey Alliance for Excellence

Schools block The Schools block is one of four funding blocks within the Dedicated Schools Grant. It funds schools' delegated budgets. In addition there are funding blocks covering Central Schools costs, High Needs and Early Years.

SENCO Special educational needs co-ordinator

SEND Special Educational Needs and Disabilities

Schools Forum Each local authority is required to establish a Schools Forum with which it consults on issues relating to the financing of schools and the wider Dedicated Schools Grant. The Forum has decision making powers in specific instances.

STIP Specialist teachers for inclusive practice

Unit of resource The funding allocated to any school for pupils with specific characteristics (eg a sum per pupil entitled to free school meals). Previously it was most commonly used to refer to the basic funding rate per pupil.