



Papers for Schools Forum meeting 1 July 2025

Item 7

Surrey Schools Forum

1 July 2025

For information and discussion

Lead officer: David Green

DFE announcements update

Schools Budget Support Grant (SBSG)

This is an additional grant to support additional costs of the 2025/26 teachers' pay award and of the current national support staff pay offer. It is allocated on a formula basis to all mainstream schools. The DFE has published a calculator for mainstream schools to use.

Special schools and PRUs will receive a further allocation of Core Schools Budget Grant for this purpose. Representatives of the sector will be consulted shortly on how that funding will be allocated.

Termly census for Funded Entitlement for Early years

From April 2026 DfE will fund all early years funded entitlements to LAs via a termly census, which means extending the existing annual early years census (covering providers other than state schools) to a termly collection. The funding impact of this is covered in item 8 below.

Statutory override for Dedicated Schools Block deficits

The government has announced that the "statutory override" whereby local authorities with Dedicated Schools Grant deficits can set those deficits aside as an unfunded non distributable reserve, will continue for two more years.

Action requested of Forum

To note and, if desired, to discuss.

Item 8

Surrey Schools Forum

1 July 2025

For discussion and recommendation

Lead officers: David Green (Schools), Carol Savedra (Early years)

Proposed changes to mainstream schools and funded early years entitlement funding for 2026/27 funding consultation:

- a) Schools: Transfer to high needs block, Minimum funding guarantee, ceiling and other routine formula factor issues**

Summary

This paper summarises the annual decisions which need to be made on the mainstream schools funding formula, on which schools should be consulted within the autumn consultation paper. All proposals in this paper are subject to there being no significant changes in school funding regulations and guidance for 2026/27. While the 11 June spending review has specified the amount of additional funding available for schools in 2026/27, we do not yet know how this will be split between schools block NFF, high needs and specific grants, and the timing of the review means that we are unlikely to know before early September.

Transfer of 1% of National funding formula (NFF) funding to high needs block.

As in 2023/24, 2024/25 and 2025/26, we anticipate asking for a transfer of 1% of schools funding to the high needs block. While it is recognised that this transfer is challenging for schools, it forms part of the safety valve agreement with DfE, which is essential to restore the high needs block to sustainability. Therefore the LA anticipates applying to DfE for such a transfer, whether or not it is supported by schools or by the Forum. The transfer necessitates setting formula funding rates roughly 1%-2% lower than if no transfer were made. The gap will depend on whether the minimum per pupil funding level is varied. If it is not varied then schools on minimum funding level do not contribute, which means that other schools contribute appreciably more than 1%.

Schools would be asked to support the transfer.

Varying the minimum per pupil funding level

The minimum per pupil funding level is a guaranteed minimum amount per pupil for schools where the NFF factors, applied to their pupil data, would give them a lower amount. Such schools receive additional "MPPL funding" to bring their average funding up to the minimum. Thus the MPPL provides additional funding to large schools with low levels of additional needs (at least as measured by the proxy factors used by the DfE). The minimum per pupil funding level can only be varied with approval from the Secretary of State. 70 primary schools and 3 secondary schools in Surrey received extra funding under MPPL in 2025/26 at a total cost of £5.6m.

If the MPPL is delivered in full, this means that schools on MPPL do not contribute to the cost of the high needs block transfer, and thus other schools need to contribute more than 1% (1.7% in Surrey in 2025/26). We are considering consulting on an

application to the Secretary of State to lower the MPPL by 0.5%, so that more schools contribute towards the cost of the block transfer. Had MPPL rates been reduced by 0.5% in 2025/26 the formula rates could have been set 1.6% below NFF rather than 1.7% below NFF. Any further reduction in MPPL would largely have been offset by minimum funding guarantee payments to the affected schools, as MPPL falls within the minimum funding guarantee calculation. Annex 1 provides some background data.

Schools might thus be asked whether they would support a reduction in MPPL, as a fairer way of distributing the cost of the high needs block transfer across schools.

Balance between minimum funding guarantee, ceiling on gains and increase in formula funding rates.

Surrey is required to use all formula factors within the NFF which are relevant to Surrey schools but can vary the funding rates for each factor within narrow limits. In 2025/26 Surrey set funding rates 1.7% below the NFF except that lump sums were set slightly higher and basic entitlements slightly lower, than 1.7% below NFF.

A higher minimum funding guarantee means a lower increase in formula funding rates. Historically Surrey has set minimum funding guarantees at the highest permissible level, as this is the only increase in funding rates seen by a significant minority of schools, sometimes for several years. The balance between the MFG and the increase in funding rates is best considered when the gap between the two in the NFF is known, but in order to avoid a huge number of schools being on MFG the increase in funding rates needs to exceed the MFG percentage. We would generally suggest that the increase in formula factors should exceed the MFG percentage by at least 0.5%. Subject to this, we propose to set the MFG at the maximum allowable,

A ceiling, or limit on large per pupil gains, can be used to make the formula affordable, instead of setting lower formula funding rates. This has the advantage of mitigating huge increases in per pupil funding caused by short term increases in additional needs (which could otherwise then be preserved by minimum funding guarantee for several years) but it also means that schools do not see the full benefit of some nationally driven changes in funding eg split site funding in 2024/25. In 2025/26 Surrey did not use a ceiling and only a minority of LAs did in 2024/25. It is proposed that in 2026/27 Surrey considers setting a ceiling to restrict exceptional increases only (over 10% per pupil). A decision to use a ceiling would then be taken having regard to the circumstances of those schools affected by such a ceiling, although the ceiling would have to apply to all such schools or none.

Schools would be asked to agree that the proposed levels of MFG were the fairest in all the circumstances.

Level of lump sum and small school protection

The LA proposes to continue to maintain the lump sums for primary and secondary schools above NFF level, with corresponding reductions in basic entitlement funding in each sector, in order to provide limited protection to small schools. It should be emphasised that, if retained, this protection would be temporary if a direct NFF is introduced, although the current government's position on a direct NFF is unknown and

previous experience suggests that minimum funding guarantee protection would apply if the higher lump sums were to be phased out.

Schools would be asked to support retention of lump sums above NFF, as the only available means of providing support to small schools not meeting the sparsity criteria.

Equalities impact of main proposed formula variations

This will be provided in the consultation paper. Previous experience suggests that these proposals should not have significant equalities impact in principle and the actual impact will depend on Oct 2025 funding data.

Notional SEND budgets

Part of the budget share of mainstream schools is designated as the “notional SEND budget” which the school is expected to spend to support pupils with special educational needs, although the DfE sees it as “neither a target nor a constraint” on the level of SEN funding.

In 2025/26 the percentage of basic entitlement, Ever 6 FSM funding and low prior attainment funding deemed notional SEN funding in Surrey was matched to the 2024/25 national average. It is proposed that the same general approach is adopted in 2026/27, i.e. to set the proportion of each factor deemed notional SEND funding at the 2025/26 national average, (although we propose to round up to the nearest whole percentage) in the absence of any reason to do otherwise. This will mean that part of the specific grants expected to be merged into NFF in 2026/27 would be deemed notional SEND funding. In future years we may consider whether a higher notional SEN budget is appropriate.

Element 2 place funding for pupils with EHCPs in mainstream sixth forms

The LA currently funds mainstream sixth forms for £6,000 “element 2 funding” per pupil in receipt of IPSB top up funding, based on number of eligible pupils on October 2024 census date (for April-July 2025) or October 2025 census date (for Aug 2025-March 2026). This is a local arrangement in lieu of funding a pre-agreed number of post 16 mainstream SEN places, and means that element 2 funding is distributed according to current, rather than historic, need. It is proposed that this arrangement continues.

(Note: this is funded as part of the high needs block, and is outside the NFF)

Action requested of the Forum

To discuss the proposals

To support the proposals as appropriate choices for wider consultation

To suggest any way in which the proposals and accompanying questions (where provided) might be made easier for colleagues to understand, or otherwise improved

To consider whether they would wish to see other proposals included in the consultation

Annex 1 Illustration of impact of varying minimum per pupil funding level

The table below shows how the level of MPPL funding and the values of funding factors might have been affected, had MPPL been reduced in 2025/26. It is worth noting that, unless the level of minimum funding guarantee is reduced, any reduction in MPPL of more than 0.5% would generally have been offset by minimum funding guarantee.

	Actual	Scale down MPPL by 0.25%	Scale down MPPL by 0.5%	Scale down MPPL by 1%
Schools on MPPL	73	67	62	55
MPPL total £m	5.608	5.071	4.614	3.876
Mainstream scaling factor	0.983	0.9837	0.9841	0.9843
MFG £m	3.208	3.181	3.298	3.866

So, for example, had MPPL rates been reduced by 0.5%, formula factors would have been reduced from NFF by 1.49% (to $NFF \times 0.9841$) rather than by 1.7% (to $NFF \times 0.983$). The actual impact in any year would depend on how the MPPL rates increase relative to formula funding rates and relative to MFG.

b) Additional Special Educational Needs and Disabilities (SEND) funding for 2026/27

Summary

In 2025/26 the Forum agreed proposals for additional funding, from the high needs block, for primary schools where the cost of the first £6,000 per EHCP exceeded 80% of the notional SEND budget. It was agreed that the basis of this funding ought to be reviewed regularly by the Forum. The Forum is asked to support continuation of the current additional SEND funding mechanism for another year, while its impact is assessed.

Background

Part of mainstream schools' core National Funding Formula (NFF) budgets must be designated as a "notional SEND budget" which schools are expected to spend on SEND. Schools are expected to fund the first £6,000 of additional support for pupils with EHCPs from their core budgets, in addition to support for pupils with SEND but without EHCPs. The notional SEND budget must be based on NFF formula factors. A formula based allocation is unlikely to meet the needs of all schools, and therefore DFE encourages LAs to provide additional funding from the high needs block to assist schools with disproportionately high levels of SEND in funding the first £6,000 per EHCP.

From April 2025, with the support of the Forum, the LA introduced additional funding for primary schools to cover the excess cost of the first £6,000 per year R-11 EHCP above 80% of the notional SEND budget, with technical variations to assist infant schools. Allocations are made "in year", but schools are able to estimate their entitlement once they know the number of eligible EHCPs. The first additional funding allocations are being made in June/July 2025, based on the average number of pupils receiving IPSB

top up on the dates of the October 2024, January 2025 and May 2025 school censuses. 22 schools receive allocations, as summarised below, but they will be updated at the end of the summer term to include any EHCPs completed after the May census date but backdated to before that date, less any EHCPs ceased and any leavers. Pupils in SEN centres are excluded from the calculation, because the school does not need to find the first £6000 per EHCP for those pupils.

For academies, the funding will be calculated on the same basis as for maintained schools.

For infant schools, each eligible EHCP counts x1.3. This was to recognise that it takes some time to secure an EHCP for children entering year R, and that that delay has a proportionately greater impact on infant schools.

For 2025/26, schools were asked to choose between basing the threshold on previous academic year EHCP average or current financial year average. The former allows earlier confirmation of funding, whereas the latter is more responsive to changes in need.

Summary of estimated 2025/26 additional SEND funding allocations

£ per school	Number of schools
>0	22
>2,000	16
>5,000	12
>10,000	6
>20,000	5
Max value	39,146
Total allocations	220,000

It can be seen that the number of schools affected in 2025/26 is small, but that the value may be significant for individual schools. A similar pattern can be expected in 2026/27 if the criteria remain the same.

Recommendation

That the Forum supports continuation of additional SEND funding for 2026/27, on the same basis as 2025/26, while its impact is assessed.

Does the Forum wish to re-consult on whether funding should be based on previous academic year EHCP numbers or current financial year EHCP numbers?

c) Proposals for de-delegation from maintained primary and secondary schools for 2026/27

Summary

De-delegation is the deduction of funds for a specific service from the budgets of maintained primary and/or secondary schools, with the approval of the Schools Forum. The council is proposing continued de-delegation in 2026/27, for the same services as

in 2025/26. This paper also covers the maintained primary schools' intervention fund, which technically is a deduction from all maintained schools, but which has been managed as de-delegated, from maintained primary schools only.

Scope

In 2025/26, funding was de-delegated from maintained mainstream schools, and held centrally, for the following services:

- Behaviour support (primary schools only: part of specialist teacher service or STIP service)
- Teacher and trade union facility time (primary schools only)
- Other special staff costs (e.g. suspensions)
- Free school meals eligibility checking
- Race Equality Minority Achievement (REMA) travellers service (primary schools only).
- Maintained primary schools intervention fund

Continued de-delegation of funding for all of these services is proposed for 2026/27.

The services proposed for de-delegation can be summarised as follows:

- Behaviour support (part of STIP service)
STIP support to maintained primary schools for 'behaviour support' consists of evidence-based early intervention, understanding the function of pupils' behaviour, recommending and modelling of de-escalation strategies, 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.
- REMA traveller service
The current core offer for maintained primary schools aims to provide schools with the right tools to support their GRT pupils. It is continually developed and promoted to ensure schools receive the service which best fits them. Specialist teachers work with schools, providing an annual MOT of GRT support, surgeries and advice and support for those pupils who most benefit. TESWs support families often by often advocating on their behalf to schools and services, removing barriers such as low literacy, lack of trust and historical myths.
As a team, REMA works with schools, supporting both their GRT and EAL communities. We use our experiences with each cohort to inform our working. We endeavour to be pro-active, encouraging schools to plan ahead for support and expected need. (NOTE: EAL support is fully traded)
- Teacher association and trade union facility time
This funds a small number of teacher association and trade union representatives to provide countywide advice in maintained schools, thus reducing the need for individual schools to release their own staff.
- Other special staff costs -
This contributes to cost of suspensions and release for specified public duties, which can have significant unplanned effects 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 eligible pupils are identified and that schools receive the additional funding provided for these pupils. This includes additional formula funding income and the pupil premium.

As in 2025/26 no request is being made to de-delegate a school specific contingency.

Proposed de-delegation rates for 2026/27

For 2026/27 it is proposed that de-delegation rates will increase in line with the percentage increase in basic entitlement rate for all sectors (including the impact of assimilation of specific grants). This is in line with the principles adopted in 2025/26:

- Behaviour support: rate per pupil and deprivation rates to be set so that the average deduction per pupil and the average deprivation deduction per pupil increase in line with the increase in basic entitlement rate;
- Rates for free school meals eligibility checking, and travellers support: rates would increase in line with basic entitlement rate.

The total funding held for each service in 2026/27 would be likely to be less than in 2025/26 due to further academy conversions.

De-delegation is not allowed from nursery or special schools or pupil referral units.

Recommendation

That the Forum support the proposals as a basis for consultation,

The Forum is also asked to suggest any other information which might be useful in encouraging maintained schools to form a view on the proposals.

d) Falling rolls funding update

Summary

LAs are allowed to allocate additional funding to mainstream schools with temporary falls in roll, where the vacancies thus created are expected to be needed within the next three years as a result of pupil number growth in the area (not changes in relative popularity of schools). LAs receive an allocation within the Schools Block of DSG for that purpose, although it is not earmarked, and any surplus can be used to support the mainstream formula. In 2025/26 Surrey received £1.062m in this way and allocated £731,000 in this way. Officers propose to maintain substantially the same criteria for 2026/27, subject to affordability.

Background

Falling rolls funding can only be used to support schools where there has been a recent fall in pupil numbers and where those places are needed within three years as a result of pupil growth in the area (not changes in relative popularity of schools). It is intended

to avoid the need for schools to make short term structural changes or to make staff redundant who will be needed within a few years.

In Surrey in 2025/26, falling rolls funding was made available to primary schools and five schools were eligible for funding totalling £243,000 based on the following criteria:

- There has been a fall of more than 5% in pupil numbers from Oct 2022 or Oct 2023 (whichever was higher) and Oct 2024 (excluding impact of loss of bulge classes/pupils over PAN, and excluding any places removed or to be removed by reduction in PAN, because they would not be available to be filled)
- Places would be required in or by Oct 2027(three years from Oct 2024) based on 2024 SCAP data (mandatory DFE criterion), assuming all vacant places in other schools in the planning area were filled first. The first 5% growth would not be funded. Funding may be varied where SCAP projected an increase but later local data suggested that the increase was unlikely in fact.
- Eligible places would be funded at 90% of net basic entitlement (same rate as for growth funding)

For 2026/27 the places would be needed in or by Oct 2028 and the 5% fall would be between Oct 2023/Oct 2024 and Oct 2025 (although modelling is still based on Oct 2024)

Adjustments might be made where falling rolls funding duplicated sparsity funding in small schools (in practice no such adjustments were made in 2025/26).

There was an additional special allocation to one school (Lakeside Primary), which lost funding due to pupils moving to nearer schools when the school moved site onto a new housing development. This applies to year groups where the pupils moved and was proposed for three academic years from Sept 2024 (year 3-6 in 2026/27).

For 2026/27 officers propose to retain the same criteria for falling rolls fund eligibility and funding, subject to affordability. However, allocations would be reviewed if the formulaic basis generates results at variance with local knowledge, Officers propose an annual review of the criteria.

The Forum has the right of approval of falling rolls fund criteria and budgets.

Recommendation

That the Forum supports consultation on continuation of allocation of falling rolls funding, on the basis described above (including the special case), subject to data update and affordability.

e) Proposal for the distribution of Early Years Funded Entitlement funding 2026/27

Expansion

This will be the first financial year (2026/27) that will be subject to the implementation of the expanded Early Years offer to 30 hours per week for working parents from the age of 9 months to school age for 38 weeks per year for the full financial year.

For this reason we do not have a full set of trend data on which to base assumptions.

In 2025/2026 DfE increased the required pass through (the proportion of funding which must be passed through to individual providers) from 95% to 96%. In 2023 when the expansion to Early Years entitlement was announced, DfE stated that they intended to further increase this to 97% once the entitlements are embedded. They have not yet confirmed when this further increase will be required. Please note that only 5 months' notice was given previously so it is possible that the change will be implemented from April 2026. All planning and forecasting has been carried out based on this assumption.

Funding Rates for Each Age Group

Funding for all entitlements will continue to be passed through according to DfE statutory requirements whether at 96% or 97%. We are expecting that SCC will be notified of the rates at which we will be funded in 2026/27 in December 2025 and that we will be required to publish the rates to be passed through to providers no later than 28th February 2026. In order to calculate the level of funding for each age group we will need the January census data.

Termly Census

DfE has notified Local Authorities that from April 2026 they will be funded for all entitlements on the basis of termly census data. Although the new working parent entitlements have been funded to LAs on this basis, the 3 and 4 year olds universal and extended entitlements have always been funded to LAs via January census. This was based on the assumption that Autumn term would reflect a lower take-up that would be balanced by a higher up-take in the summer term. Due to the demographic in Surrey we have benefited from this approach as our up-take is relatively flat across the year, and this has been reflected in a relatively high hourly rate for providers. The change is likely to reduce the risk in setting the rate (ie lower contingency, because both income and expenditure will link to the same count) but may mean that the overall affordable hourly rate for providers will be lower.

We commit to passing through as much as we are able to, whilst mitigating the risk associated with the lack of trend data for the new entitlements and the new method of funding.

Funded Early Education for Two year olds (FEET)

This is a separate entitlement with eligibility criteria based primarily on deprivation measures related to economic factors plus children eligible for Disability Access Funding and Looked After Children or Post Looked After Children. DfE allows for FEET children to be funded at a different rate to WPE for 2 year olds as long as the FEET rate is no lower than the WPE rate. We propose to fund all eligible 2 year olds at the same rates both for basic hourly rate and supplements. Additional funding will be available through EYPP, Deprivation and Brighter Beginnings, as indeed is the case for the other entitlements.

Teacher pay and pension funding for schools employing teachers on DfE terms and conditions

This will continue to be paid to eligible providers at the same hourly rate for 3-4 year olds as in 2025/26. We will consider whether any increase in hourly rate is due when the DfE announce the 2026/27 funding rates for LAs.

Funding for free meals provision for eligible two, three and four year olds

This is proposed to continue in 2026/27 and to continue to be linked to the free school meals rate in the mainstream funding formula.

EYPP and Deprivation funding

This will continue to be available for eligible children from the age of 9 months. Both funding streams will continue to apply to all children eligible for EYPP, whether or not on deprivation grounds. We provisionally propose no change to the hourly rates for the “Surrey deprivation supplement” in 2026/27, although additional support will be available through the Brighter Beginnings funding stream.

Early Intervention Funding

Propose to continue to distribute the current proportions of funding

Under 2 years – 1%

2 year olds – 3 %

3 and 4 year olds – 5%

Centrally Retained Funds

As described above DfE have not yet confirmed the required level of pass through for 2026/27. For this reason we have based all forecasting on the assumption that we will pass through 97% and therefore retain 3 %. We are working closely with EY sector representatives including EY Phase Council to establish the priorities for the allocation of CRF including:

- EY Commissioning Team – sufficiency, sustainability and compliance. Market management
- EY Quality and Inclusion Service – direct support to settings
- Funded Early Education Team – making payments and code checking
- EY, Education, Additional Needs and Disabilities – managing EIF allocation
- Safeguarding
- Workforce Development

- Reception Inclusion Pathway Planning Leads – support transition for children with an EHCP into mainstream Reception
- Virtual School
- Data and analytics

Additionally Brighter Beginnings funding and sufficiency and sustainability grants count as centrally retained funding, even though they are distributed to individual providers.

Recommendation

That the Forum supports the proposals as a basis for consultation.