



Papers for Schools Forum meeting 10 January 2023

Item 5

Surrey Schools Forum

10 January 2023

For discussion (part) and decision (part)

Lead officers: Liz Mills/David Green/Sarah Bryan

Update on final Dedicated Schools Grant settlement for 2023/24 including high needs block update and CSSB funding

Summary

This paper summarises the changes in 2023/24 Dedicated Schools Grant allocations between the July provisional allocations and the December final allocations. It also provides an update on high needs block costs and related information, which was requested at the previous meeting.

Background

The DfE announced the “final” Dedicated Schools Grant (DSG) settlement for 2023/24 on 16 December 2022. The table below summarises the final DSG allocations (before deductions for academy recoupment or direct funding of academy places) and compares them with those for 2022/23 and with the provisional 2023/24 allocations announced in July 2022.

Table: summary of DSG changes between 2022/23 and 2023/24

DSG block	2022/23 (latest) £m	2023/24 July 2022 £m	2023/24 (Dec 2022) £m	2023/24 Change July to December £m
National funding formula (NFF) schools	745.8	781.9 assuming growth unchanged	792.9	9.957m pupil nos 1.039m growth
Central schools	6.4	6.5	6.5	0.064m Pupil numbers
High needs	199.4	208.6	218.3	See below
Total before Early years	951.6	997.0	1,017.7	
Early years	79.5	Not quoted	84.5	Subject to update during the year
Total including early years	1,031.1		1,102.2	See above

In addition, an estimated £27m of “mainstream schools additional grant” has been allocated to mainstream schools for year R to 11, in order to distribute mainstream schools’ share of the additional schools funding from the autumn spending review.

The mainstream schools additional grant will be distributed to schools using a separate formula specified by the DfE. It is estimated to be worth 3.4% of Surrey's schools block allocation, although the impact varies from school to school (2.9%-3.9%). There is no additional grant in 2023/24 for maintained nursery providers or for schools with sixth forms, which received additional grant in 2022/23, and the former schools supplementary grant will not continue for those providers (because it was deemed to be paid to these providers for the health and social care levy only).

Note that the increase in schools block between 2022/23 and 2023/24, shown above, includes the transfer into DSG of the 2022/23 schools supplementary grant of £22m.

NFF schools block, including mainstream schools additional grant

The 2023/24 DfE funding rates per pupil for the NFF schools block remain the same as announced in July. There is a 2.4% increase in most funding factors, 4.3% increase in deprivation factors and a 0.5% increase in funding floor and minimum per pupil level, making an approximate 1.8% increase in average funding per pupil in Surrey, before transfer to high needs block (subject to Secretary of State's approval), which reduces the average by 1%.

The overall increase in DSG funding, compared to that announced in July, is largely due to an increase in pupil numbers, which come with associated costs, but there is a £1.0m increase in growth funding. Revised proposals for formula funding of mainstream schools, and for the growth fund, are set out in separate papers. The overall average impact for mainstream schools will be an increase of around 4.2%, taking NFF and grant together, although it will vary from school to school.

Central schools services block (local authority retained duties)

There is an increase of £64,000 in central schools services block (retained duties funding), due to increased pupil numbers. £17,000 of this is required to fund increased copyright licensing charges. At the December meeting it was noted that the council faced additional cost pressures in supporting the EYES system and in respect of children missing education and it was agreed to use residual CSSB DSG then estimated at £191,000) for those purposes. It is proposed that the remaining £47,000 is used in the same way.

High needs block

The allocation is £9.6m higher than the July provisional allocation, of which £0.9m is due to increased pupil numbers in special schools (where an increase was anticipated, and where additional costs have been incurred), and £8.7m is new funding. The DfE has increased high needs block funding at LA level by 4.6% of the July total (excluding basic entitlement, hospital education and former teacher pay and pension grants). The DfE requires that all special schools and PRUs receive an additional sum in 2023/24 equal to 3.4% of their average place and top up funding per place in 2022/23 x the number of places in 2023/24. This sum is to be allocated separately from place and top up funding.

The additional “3.4%” is separate from the special schools minimum funding guarantee. That guarantee will continue to operate in 2023/24 and means that special schools (only) must receive an increase in average per pupil funding (place and top up) of at least 3% compared to 2021/22 if the number and needs of pupils remain the same, i.e. there are two separate inflation mechanisms operating in 2023/24. In 2022/23 Surrey provided an inflation uplift of 2.5% for special schools, so on average Surrey would now need to increase funding rates for Special Schools by 0.5% in order to deliver the minimum funding guarantee.

Officers are working through the mechanism for establishing the average per pupil funding in light of the Special School Banding which was introduced in 2022/23. We propose to share details with the Special Schools Heads working group with the aim of communicating the details more widely by 31 January 2023.

The Local Authority is allowed to apply for “disapplication” of the “3.4%” and/or the minimum funding guarantee in respect of specific schools where it would create significant anomalies, but no decisions have yet been taken on that.

An update on high needs costs and placements is provided at Annex A.

Early years block

Early years block funding rates for 2023/24 were announced in December 2022. The early years funding blocks have been updated following the DfE’s summer consultation on the early years funding formula and a summary of the impact on Surrey is given below. As proposed, the former teacher pay and pension grant has been merged into the DfE hourly rates, except for maintained nursery schools, where the funding has been merged into the maintained nursery school supplementary rate. Therefore we propose to implement the consultation proposal to introduce an additional hourly rate supplement for state maintained providers, who are required to employ qualified teachers.

DFE early years hourly rates for Surrey (NOTE: these are not the rates which individual providers will receive)

	2022/23 £/hr	teacher pension assimilated £/hr	2022/23 +pensions £/hr	2023/24 £/hr	Increase £/hr	Increase %
3-4yos	5.49	0.05	5.54	5.81	0.27	4.87%
2yos	6.25	0	6.25	6.87	0.62	9.92%
MNS	4.57	0.44	5.01	5.17	0.16	3.19%

It should be noted that DfE has applied a “ceiling cap” on hourly rate increases and that Surrey is subject to this ceiling both for two year olds and 3-4 year olds (i.e. the increase shown above is lower than if the national formula were applied in full).

As usual, early years funding received by Surrey will be amended during the year based on January 2023 and January 2024 census data, but the hourly DfE funding rates will not change. Rates paid by Surrey to providers will be determined over the next few months, once current take up trends are clearer., and may differ from the DfE hourly rate increase in order to ensure affordability.

We are proposing to use up to 3p of the hourly rate increase to increase the value of the early intervention fund. This is both in response to continuing high levels of demand on the fund and the positive feedback we have received from early years settings to enable them to support children with additional needs.

A 3p increase would mean an increase of around 9% (£400,000) in the value of the fund and it might mean that the increase in the basic hourly rate is around 10% less than it might otherwise be. However, we recognise the pressures on all providers of current circumstances and the need for a significant increase in the hourly rate.

As this differed from the proposal in the autumn consultation paper, we propose a mini-consultation with the sector, and to share the results with the Chair and Vice-Chairs of Forum and the early years representatives. The final decision on the early years formula is for the LA, delegated to the Director.

Reminder of the role of Schools Forum in respect of DSG

The Forum has the right to:

- Approve the level of the growth fund budget (item 6)
- Be consulted on the proposed schools and early years funding formulae (final decision is for the local authority) (as above)
- Be consulted on the proposed use of the high needs block.

Recommendations

That the Forum notes the updated DSG allocations and the updated high needs block position.

That the Forum agrees the proposed use of the additional CSSB funding (all members may vote)

That the Forum supports the proposals for early years funding,

That the Forum supports consulting the early years sector on a further increase in the Early Intervention Fund, equivalent to 3p of the hourly rate.

ANNEX A High needs block Finance update

Finance data year on year

The key growth assumptions underpinning the 2022/23 model in year 2022/23 is EHCP growth of 9.1% and inflation contained to within 2%. Within that same model, the 23/24 growth assumptions range between 5.4% and 14.6% (where applied) with inflation contained within 2%.

These assumptions were established at the beginning of 2022, before the cost of living crisis and much higher inflation materialised. Officers are now working on revised growth and inflation forecasts. Modelling to date indicates that revised assumptions will be contained within the overall additional funding arising from the December 22 settlement. I.e. costs will be contained to stay within the original planned 2023/24 deficit of £42m although the details of how that is broken down by spend type are still being finalised.

Table 1 provides a year on year data of actual and planned expenditure, comparing 21/22 Outturn, 22/23 current forecast and 23/24 budget assumptions at February 2022.

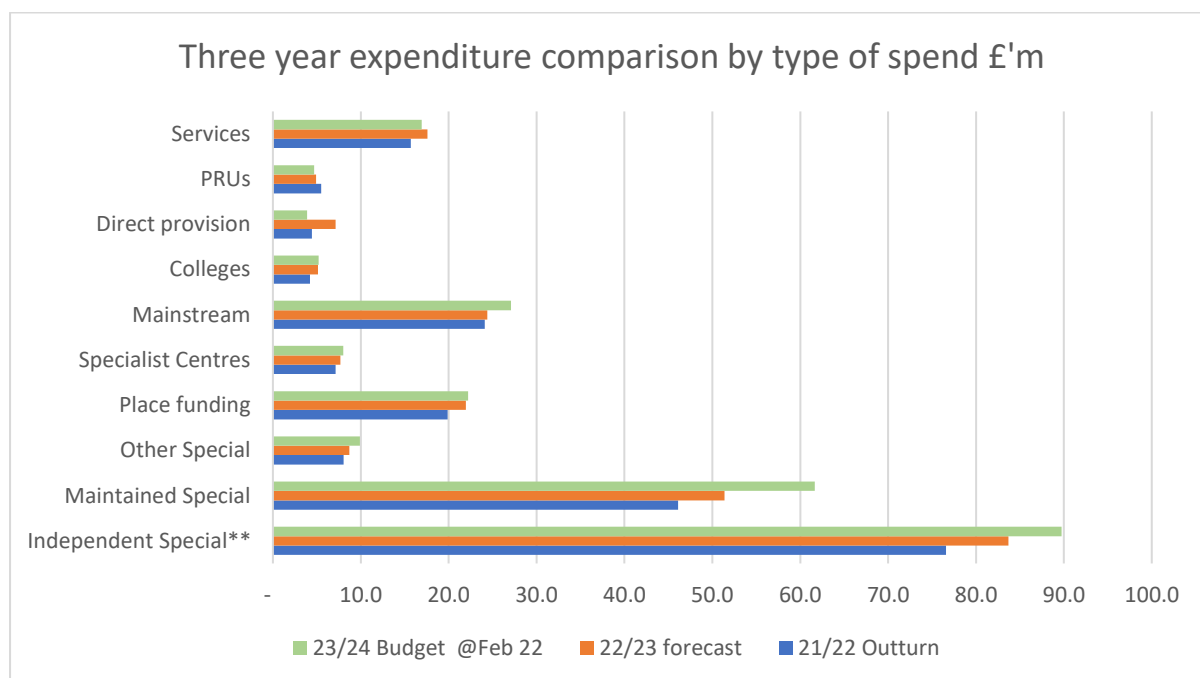
Table 1 - three year expenditure comparison by spend type

Spend type	21/22 outturn £'m	22/23 forecast £'m	23/24 budget @Feb 22 £'m
Independent special**	76.6	83.7	89.7
Maintained special	46.1	51.4	61.7
Other Special	8.1	8.7	9.9
Place funding	19.9	22.0	22.2
Specialist centres	7.1	7.7	8.0
Mainstream	24.1	24.4	27.1
Colleges	4.2	5.1	5.2
Direct provision	4.4	7.1	3.9
PRUs	5.5	4.9	4.7
Services	15.7	17.6	16.9
Expenditure	211.8	232.6	249.4
Funding*	-176.5	-199.4	-207.2
HNB Deficit	35.3	33.2	42.1

**Funding reflects actual allocations for 21/22 and 22/23, 23/24 funding @ Feb 22 reflects the MTFs assumptions at that point*

***Includes non-maintained special schools*

Chart 1 - three year expenditure comparison by spend type



Capital Programme

SCC has a legal duty to manage its state-maintained specialist education estate effectively. Increased demand for specialist school places over the past 5 years has created a sustained reliance on high cost independent school places to ensure all Surrey resident pupils who require a specialist school or SEN Unit placement are able to access a suitable full-time education.

As of September 2022, Surrey’s existing state-maintained specialist education estate has approximately 4,000 places with around 97% occupancy. Some existing specialist accommodation is not fit for purpose. Surrey’s current state-maintained Alternative Provision Estate is also not fit for purpose and it doesn’t provide suitable facilities and opportunities for statutory short-stay provision for primary and secondary age pupils.

The Capital Programme is expanding and improving this provision at pace to ensure children with SEND and Alternative Learning Needs can have their education needs met while remaining rooted in their communities and within state-maintained provision wherever possible. The Programme forms one important aspect of SCC’s Additional Needs Strategy and Transformation Programme which aims to improve outcomes for children and young people and eliminate the council’s Dedicated Schools Grant High Needs Block deficit.

The Council’s Safety Valve agreement with the DfE (March 2022) includes a condition to deliver an ambitious Capital programme that will improve the long term sufficiency of state maintained specialist educational provision that meets the needs of communities across Surrey.

Each additional state maintained specialist school place delivered under the Capital Programme realises c£30k cost containment when it is filled. This is based on the difference between the average costs of SEND independent school places at c£53k and equivalent state maintained school places at c£23k.

Increasing capacity in the Specialist Education Estate is essential to Surrey delivering a sustainable High Needs Block aligned with SCC’s Safety Valve Agreement with the DfE and the ambition for more children and young people with additional needs and/or disabilities to be educated closer to home.

Between 2019 and 2022 Surrey’s Cabinet approved a combined Capital investment of £139.6m for Phases 1-4 of the SEND Capital Programme, and £43.2m for the Alternative Provision Capital Programme. This investment needs to deliver at least 2,300 permanent additional state-maintained specialist school places in Surrey by 2026 to meet projected demand for up to 6,000 places by 2030/31.

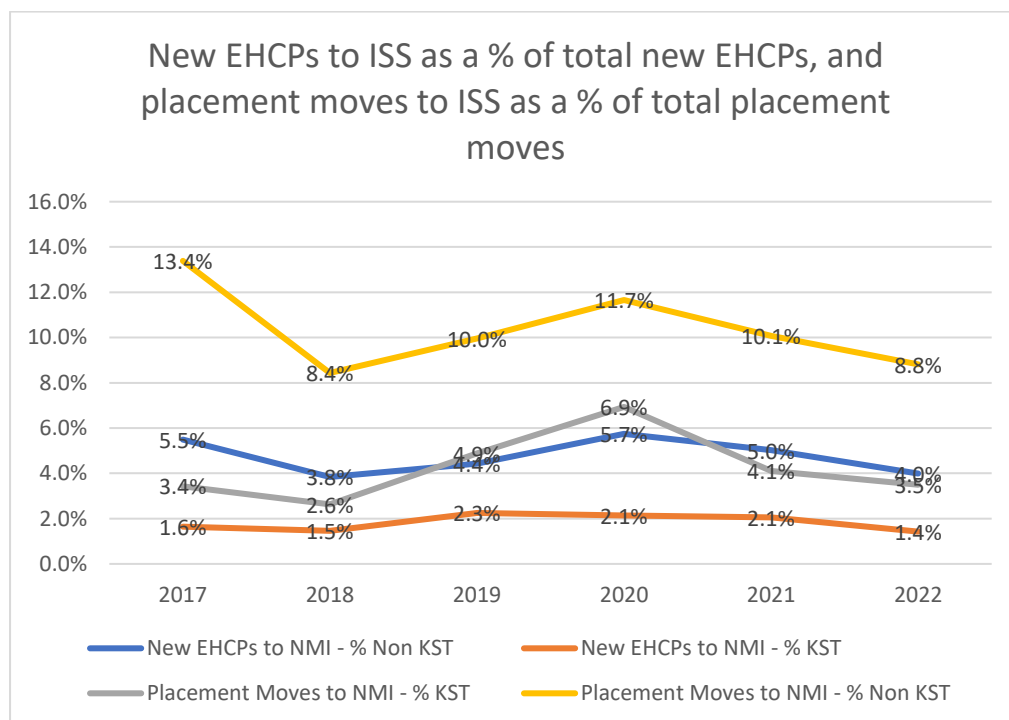
As of the end of financial year 2022/23 the Capital programme has delivered 34 projects in full which have created over 770 (30%) of the intended 2,300 permanent additional specialist school places in Surrey. The programme is on track to deliver a further 340 new places in 2023/24.

Impact on Independent Special School Placement – 6 year trend

There is a clear downward trend in overall Independent Special School placements as a percentage of total new EHCPs, and in placement moves to Independent Special Schools as a percentage of total placement moves..

This downward trend is seen across all categories when broken down further to Key Stage transfer (KST) and non KST (Chart 2).

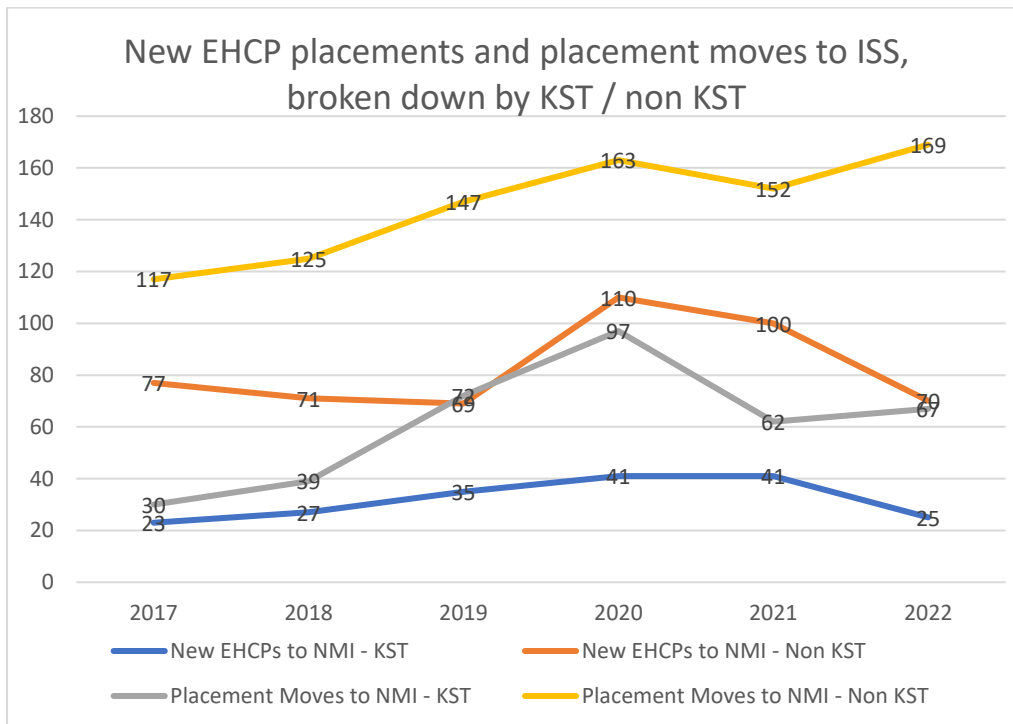
Chart 2 New EHCPs to Independent Special Schools as a percentage of total new EHCPs, and placement moves to Independent Special Schools as a % of total placement moves



Breaking the number of new Independent Special School placements down into KST and non KST, the highest frequency group is non KST placement movement, in which numbers continue to rise.

There has been a decrease in KST and Non KST placements to Independent Special Schools since 2020, while KST placement movement to Independent Special Schools has also seen a reverse in trend since 2020 (Chart 3)

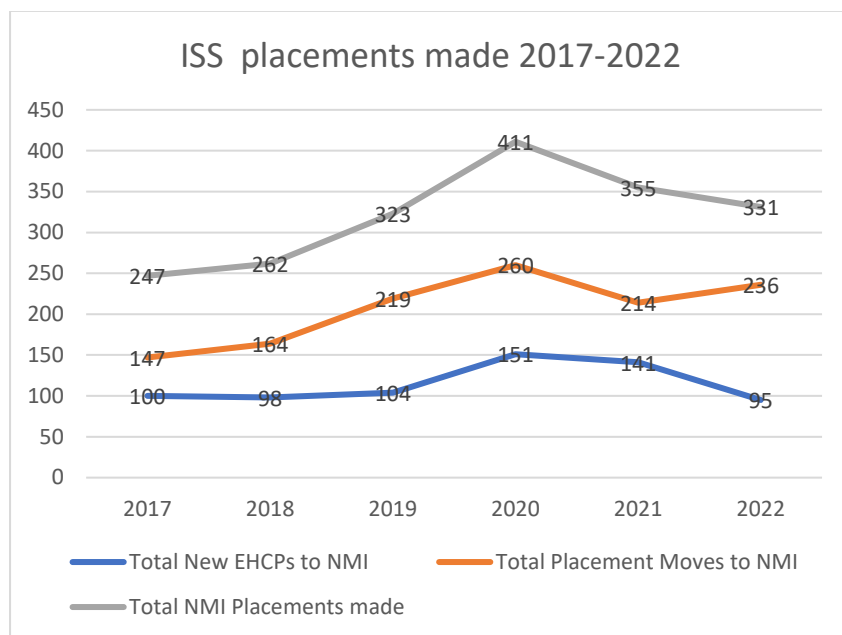
Chart 3 New EHCP placements and placement moves to Independent Special Schools, broken down by KST/Non KST



Total numbers of Independent Special Schools placements made annually increased overall from 2017-2020, however after the peak of 2020 annual numbers have fallen to just above 2019 levels (chart 3).

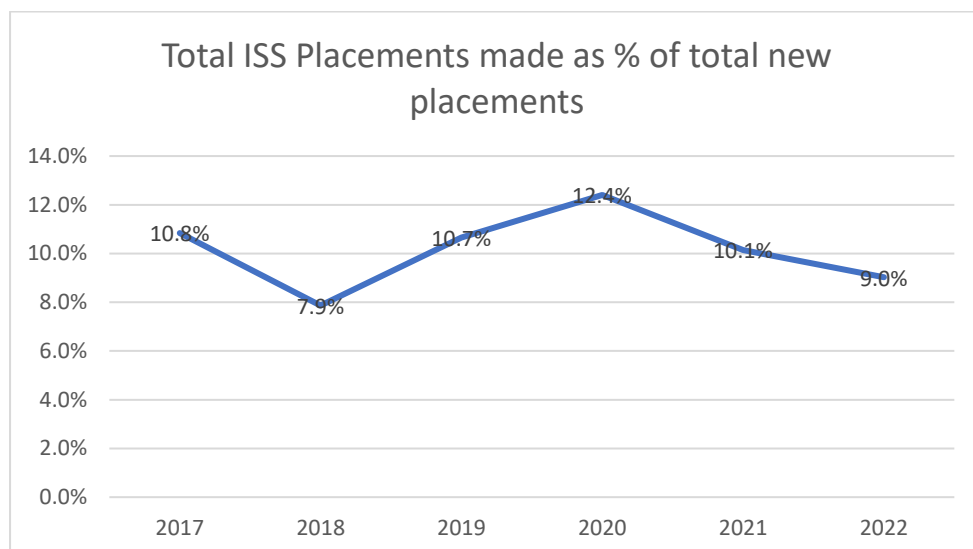
Numbers of new EHCPs being placed in Independent Special Schools has seen a decrease since 2020, with annual numbers falling below that of 2018. Placement movement into Independent Special Schools however has seen less of a decrease and current numbers have risen to roughly 100 more placements per year than in 2017 (chart 4).

Chart 4 Independent Special School Placements made 2017 – 2022



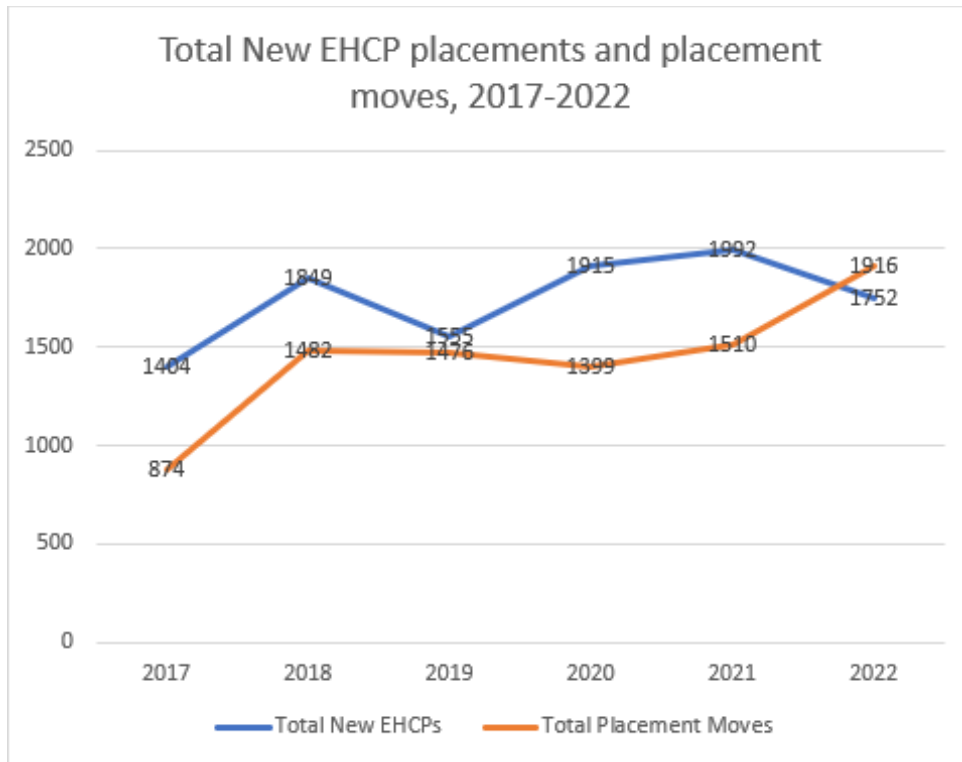
The overall percentage of Independent Special School placements from total new placements made (new EHCPs and placement moves) saw a peak in 2020 but has since decreased, with the 2022 figure of 9.0% just below the average of just over 10% for the whole 6 year period (chart 5)

Chart 5 – Total Independent Special School placements made as a percentage of total new placements



Overall for all placement types, numbers of new EHCPs have fallen since 2021, while placement movement has increased since 2020 (chart 6).

Chart 6 Total new EHCP placements and placement moves



Item 6
Surrey Schools Forum
10 January 2023
For approval
Lead officer: David Green

Growing schools funding criteria and budget proposals 2023/24

Summary

This paper provides an update on the growing schools fund budget for 2022/23 and proposes a growing schools budget and some changes to criteria for 2023/24.

Background

At its previous meeting, the Forum agreed criteria for use of the growth fund for 2023/24. Since then, on 16 December 2022, the DfE confirmed Surrey's growth fund allocation for 2023/24 at £5.934m, an increase of £1.039m on 2022/23. The DfE growth fund allocation is based on increases in pupil numbers in small areas between Oct 2021 and Oct 2022, ie it is a lagged indicator. Furthermore, it is based on all "gross" growth, not just that requiring additional places to be provided, although funding per additional pupil is lower than that required to fund the part year cost of an additional place. So whether it is underspent or overspent depends in part on the proportion of pupil growth which requires new places, not just on the overall level of growth.

Estimated 2022/23 outturn and initial 2023/24 projections for growth fund requirements in Surrey are shown below:

Table: Growing schools budgets 2021/22-2023/24	2021/22 outturn	2022/23 Est Jan 2022	2022/23 Latest estimate	2023/24 Initial estimate
Available funding	£000s	£000s	£000s	£000s
DFE growth allocation	4,716	4,891	4,891	5,891
Block transfer 1% (subject to DfE approval)	0	0	0	-59
Less cost of average pupil number growth in main formula	-621	-550	-550	-752
Add saving on bulge class disapplication(approx.)	0	0	0	510
Available to fund growing schools (est)	4,095	4,341	4,341	5,590
Less already committed elsewhere in 2022/23	0	556	556	0
Available budget	4,095	3,785	3,785	5,590
Estimated/actual costs				
New bulge classes/permanent PAN increases primary	709	628	274	339
Resources for new primary classes	88	72	32	48
Protected vacancies in existing bulge classes	928	518	377	211
Missing year groups (diseconomies of scale)	73	81	81	76

Table: Growing schools budgets 2021/22-2023/24 (continued)	2021/22 outturn	2022/23 Est Jan 2022	2022/23 Latest estimate	2023/24 Initial estimate
Secondary schools exceeding/raising PAN	1,732	2,183	2,177	1,743
Others (possible commitments)	0	298	4	0
Prior year vacancy adjustments	0	0	0	0
Pre opening costs of wholly new schools	0	0	0	0
Total estimated cost	3,530	3,780	2,945	2,417
Proposed transfer to funding formula (item 7)	0	0	0	2,000
Uncommitted/additional growth contingency	565	5	840	1,173

This excludes April-August growth funding for additional classes in academies, which is netted off recoupment deductions and thus is in effect directly funded by ESFA and is not seen as part of the growth fund.

The main reason for the increased underspend in 2022/23 was that no extra bulge classes were required in the primary sector in September 2022. However, we always need to plan for some additional classes in both sectors, as there is usually some unpredicted need.

In 2023/24 some provision has been made for unidentified new bulge classes, in addition to the continuing impact of recent PAN expansions, particularly in the secondary sector. However, in general the level of additional places requiring funding from growth fund is falling year on year. By way of context a secondary bulge class costs around £100,000 for the period September 2023-March 2024.

No additional funding has been provided in 2023/24 for the Lakeside/Mindenhurst move, as funding for that period will be based on October 2022 pupil numbers, which are assumed to be unaffected by the proposal for the move.

At its December meeting, the Forum was asked to consider whether growth funding should be provided to secondary schools exceeding PAN where that PAN had been reduced within the last five years (ie where the new PAN had not worked all through the school yet) and where the LA had supported the previous reduction in PAN. The Forum agreed that these should be considered on a case by case basis, and examples may be brought to the Forum.

The DSG growth fund allocation is not ringfenced for growth and thus part of it may be distributed through the formula if not required to fund growth. It is currently proposed that £2m be transferred in this way in 2023/24.

Recommendation

That the Forum approves the proposed growing schools fund budget for 2023/24.

Item 7
Surrey Schools Forum
10 January 2023
For discussion and support
Lead officer: David Green

Proposals for mainstream schools funding formula: update 2023/24, including update on disapplication requests

Summary

The funding rates proposed for the mainstream schools funding formula for 2023/24 now require updating to ensure that they are affordable within the available DSG. In particular, the incidence of additional needs (particularly EAL and low prior attainment) has increased between 2022/23 and 2023/24, and an increase in business rates costs is expected following the 2023 revaluation. This paper sets out proposals for managing these costs. The proposal assumes that the Secretary of State will approve the requested transfer of 1% of schools block to high needs block (yet to be confirmed). An update on disapplication requests is included as annex B.

Background

On 20 December 2022, DfE issued the pupil dataset on which the 2023/24 mainstream schools funding formula must be based. The formula funding rates agreed by Cabinet now require updating in order that they are affordable within the available funding. In particular, the DfE funding depends on the level of additional need in October 2021 (deprivation, EAL, low prior attainment), whereas Surrey must fund schools based on the level of additional need in October 2022. Some of these indicators have shown appreciable growth (see table below). The DSG rates paid to Surrey per pupil remain the same as announced in July 2022.

Incidence of additional need driving mainstream formula funding 2021/22-2023/24

% of mainstream pupils funded for	Primary			secondary		
	2021/22 (Oct 2020)	2022/23 (Oct 2021)	2023/24 (Oct 2022)	2021/22 (Oct 2020)	2022/23 (Oct 2021)	2023/24 (Oct 2022)
FSM	11.61%	13.11%	14.13%	9.74%	11.29%	12.83%
FSM6 (ever 6 FSM)	13.12%	14.14%	14.70%	14.73%	14.88%	15.34%
Low prior attainment	22.37%	21.50%	21.98%	19.03%	18.80%	18.92%
EAL3	7.94%	8.37%	9.65%	1.46%	1.60%	2.46%

In particular, the increase in EAL3 costs around £1.6m, and the increase in low prior attainment costs around £1.3m, whereas in recent years the latter has declined. While some increase in the former could have been expected, the scale of the increase could not be anticipated. The overall impact of these and other changes,

plus changes in business rates valuations, is estimated at £3.6m. Average funding per pupil in 2024/25 will reflect the level of additional need in October 2022, so unless the rate of increase in need is maintained, similar pressures on the budget in 2024/25 should be lower.

However, as described in item 6, the LA is expecting a significant surplus on the growth fund (£3.2m in 2023/24), and is proposing to use part of this surplus to support the mainstream funding formula in 2023/24. This is seen as a one off solution, as the DfE funds growth on a lagged basis, ie 2023/24 growth funding is based on growth between Oct 2021 and Oct 2022, and the rate of growth in Surrey is seen to be declining. Furthermore, the future distribution of growth fund is uncertain moving towards the direct NFF, and DfE has suggested that nationally current growth funding allocations are too high. Therefore we should expect lower growth funding in future years.

Revised options for 2023/24

In October, the Forum recommended (and the Cabinet later approved) an increase of 1.52% less than NFF in units of resource (typically giving an increase of 0.88%), minimum funding guarantee of 0.5% and use of a ceiling if necessary to contain costs. The table below shows the impact of implementing these proposals. The table also shows the possible impact of an alternative scenario setting units of resource lower than originally proposed, thus allowing a higher ceiling. A higher ceiling benefits those schools where the level of additional need is increasing (though those schools need not have the highest absolute need), whereas a low ceiling means that the formula is insensitive to changes in pupil need. A ceiling means some restriction on increases in funding due to short term increases in need, which would then be protected in future years by minimum funding guarantee, so it may be seen as an effective response to short term changes. But a ceiling also disproportionately affects small schools, so it is important not to set too low a ceiling. On balance, officers think that the impact of the alternative scenario is insufficient to justify a variation from the units of resource previously supported by the Forum. The proposal (and the illustrated alternative) include a net allocation of £125,000 from historic commitments funding.

Table of revised formula funding options for 2023/24

Proposals	Cabinet	Maintain Oct units of resource	Reduced units of resource
Factors as % of NFF (apart from lump sum change)	98.5%	98.5%	98.5%
Minimum funding guarantee	0.5%	0.5%	0.5%
Ceiling on gains	n/a	1.53%	1.84%
Approx increase in basic units of resource*	0.88%	0.88%	0.7%
Total cost £m (incl rates £0.5m)	**	786.436	786.436
Use of growth fund surplus £m	n/a	2.000	2.000
Use of historic commitment funding £m	n/a	0.125	0.125

	Cabinet	Maintain Oct units of resource	Reduced units of resource
Primary Schools on MFG alone	n/a	52	58
Primary Schools on ceiling	n/a	104	79
Primary Schools on MPPL alone	n/a	38	38
Primary Schools on MPPL and MFG	n/a	50	51
Secondary Schools on MFG alone	n/a	8	8
Secondary Schools on ceiling	n/a	19	8
Secondary Schools on MPPL alone	n/a	0	0
Secondary Schools on MPPL and MFG	n/a	4	4
Number of schools on MFG or ceiling	n/a	237	208
% of schools on MFG/ceiling	n/a	66.4%	58.3%
% of schools on ceiling	n/a	34.5%	24.4%

*based on NFF increase 2.4% less a reduction of 1.52% **this was based on old pupil numbers.

These increases should be seen in the context of schools also receiving mainstream schools additional grant (see item 5).

Annex A provides information on the proportionate impact of the ceiling on those schools affected, and of the impact of the ceiling on small schools. Small schools are inevitably disproportionately affected by the ceiling (because of the way in which the calculation affects the lump sum) which is one reason why it is important to avoid setting too low a ceiling.

Equalities impact assessment

We have considered the impact on protected groups of the two scenarios for the ceiling and units of resource and have concluded that the impact is inconclusive for primary schools, but that there is some indication that secondary schools with higher incidence of priority groups benefit from the higher ceiling. However, we concluded that the effect, combined with data uncertainty, is not strong enough alone to justify the lower units of resource.

Disapplication requests to DfE

An update on disapplication requests is provided in Annex B. The Forum should note that one additional request has now been submitted, which is necessary in order fully to implement the discontinuation of recycling of the school specific contingency surplus.

Recommendations

That the Forum supports the proposed principles for setting the mainstream formula funding rates for 2023/24, including transfer of £2m from the DfE growth allocation (school/academy/early years reps only to vote, if necessary).

That the Forum decides which of the two illustrated funding scenarios to support (maintain Oct units of resource/reduce units of resource to allow a higher ceiling). (school/academy/early years reps only to vote)

That the Forum supports the proposed minimum funding guarantee disapplication request in Annex B.

That the Forum notes the outcomes of the other disapplication requests, and related actions to be taken by the LA.

Notes: further minor changes may be needed to maintain affordability as formula data is refined over the next few weeks.

While the general increase in NFF units of resource was 2.4% (and hence a 1.52% reduction meant a residual increase of 0.88%) there was some variation in the increases applied to different factors, so that the increase in individual factors in Surrey will differ from 0.88%

Schools should not rely on this paper for the purpose of budget planning, as the proposals for funding rates and ceiling are not final.

Annex A

Illustrative impact of the ceiling on gains

The table shows the estimated ceiling deductions of schools where the ceiling deduction is more than 1%, as a percentage of budget before ceiling (including lump sum and sparsity)

	0.88% increase in funding rates	0.88% increase in funding rates	0.7% increase in funding rates	0.7% increase in funding rates
	Primary (Of 299)	Secondary (of 58)	Primary (Of 299)	Secondary (of 58)
Ceiling deduction>4%	1	0	1	0
Ceiling deduction>3%	4	0	2	0
Ceiling deduction>2%	13	0	10	0
Ceiling deduction>1%	51	3	34	2

Impact of the ceiling on small primary schools

Proportion of primary schools on ceiling deductions

Proportion of primary schools on the ceiling	% of schools on ceiling (0.88% increase in funding rates)	% of schools on ceiling (0.7% increase in funding rates)
Of all primary schools	34.78%	25.42%
Of schools<100 pupils	59.38%	53.13%
Of schools<215 pupils	53.23%	43.55%

The impact of the ceiling on small primary schools is relatively high because the lump sum and sparsity are in effect outside the ceiling (eg a 1% ceiling means a 1% increase on funding excluding lump sum and sparsity and 0% on lump sum and sparsity)

Annex B

Proposed disapplication request to vary minimum funding guarantee baseline to exclude former recycled school specific contingency allocations

Summary

The Forum is asked to support a disapplication request to DfE to exclude the 2022/23 recycled school specific contingency allocations to maintained primary schools from the 2022/23 minimum funding guarantee baseline. The impact of the proposal would be that the recycled contingency allocations received by maintained primary schools in 2022/23 would not be protected by minimum funding guarantee (or offset against ceiling deductions) in 2023/24, whereas if no further action is taken they would be protected.

Background

In 2022/23 (and several previous years) the council obtained approval for an “exceptional factor” to redistribute unspent primary school specific contingency to maintained primary schools. In summary:

- The previous year-but-one’s contingency underspend was distributed to maintained primary schools, and was treated as a minimum funding guarantee exception in the year in which it was delegated (i.e. schools received it whether or not they were in receipt of minimum funding guarantee, or after calculating any ceiling deduction)
- The contingency underspend in the previous year was excluded from the minimum funding guarantee calculation (ie it was not protected by minimum funding guarantee). So both new and old allocations were outside minimum funding guarantee.

In 2023/24, following previous discouragement from the DfE, the LA is not proposing to recycle unspent contingency back to primary schools. Instead, the LA proposes to carry the underspend forward and not to de-delegate funding for this purpose in 2023/24. The net impact on most maintained primary schools would be similar to that of the previous arrangements, provided that the 2022/23 contingency recycling is not protected by minimum funding guarantee/ceiling in 2023/24. Previously, the disapplication request to recycle contingency in the new year had been combined with a request to exclude previous year recycling from the next year MFG calculation. Advice from DfE is that a disapplication is still required in order to exclude the 2022/23 recycling from the MFG. The proposal affects however many of the 184 schools receiving recycled allocations are on minimum funding guarantee or ceiling in 2023/24 (likely to be a large majority) and the total cost of the refund was £154,000. The DfE generally expects to know the Forum’s view on any disapplication proposal.

Officers see the proposed exclusion as consistent with the recycling being a year on year decision, and thus not a sum on which schools could rely in future.

If the application is not submitted, or not approved, then the cost would need to be met by an overall increase in ceiling deduction from all schools (ie a lower ceiling).

Other disapplications

The DfE has approved the following disapplications and therefore they will be implemented in 2023/24:

- * to use average pupil numbers to fund schools losing bulge classes from September 2023, so that the bulge classes will be funded for the summer term only (Subject to some pupil number variations where the bulge class was larger in October 2022 than in previous years)
- * to use average pupil numbers to fund one school, where the year 3 PAN is being removed as part of a local reorganisation
- * to allocate a second transitional lump sum to a school formed by a merger in September 2021.

The request to use average pupil numbers to fund other schools reducing PAN was withdrawn in December and the LA proposes to discuss its policy on this issue further with Schools Forum and others. The LA will not propose such reductions for schools already committed to reduce their PAN (except in the rare situation where such a school is losing a class admitted as a bulge class).