

## Papers for meeting of Surrey Schools Forum Tuesday 10 December 2019

<b>Item 6a</b>
<b>Surrey Schools Forum</b>
<b>10 December 2019</b>
<b>For decision</b>

### Proposed Central Schools Services Block budgets 2020/21

The Central Schools Services Block funds a range of services within the former Schools Block, including those funded prior to April 2017 by the former Retained Education Services Grant (ESG), but not including funding de-delegated or levied sums from individual schools budgets.

These are statutory responsibilities of the LA both for maintained schools and academies. The Forum has the right of approval of expenditure from the central schools services block (except payments to the DfE for licences and subscriptions). The LA has the right of appeal to the Secretary of State.

The value of Surrey's central schools services block funding allocation is expected to be similar in 2020/21 to 2019/20, with the impact of transitional funding adjustments being offset by the impact of increased pupil numbers.

The 2019/20 budgets and proposed 2020/21 budgets for the central schools services block are shown below. No major changes are proposed compared to 2019/20.

<u>CSSB budgets (actual and proposed)</u>	Budget 2019/20 £000s	budget 2020/21 £000s
<b><u>Services</u></b>		
Admissions service team costs	791	791
Admissions service overheads - (property, contact centre, IT, payroll etc)	1,002	1,002
Admissions appeals: community schools	125	125
Devolved admissions appeals funding	230	230
Schools Forum running costs	26	26
Copyright licences (sum charged by DfE)	730	730
	2,904	2,904
<b><u>Former Retained ESG functions (DSG funded part)</u></b>		
Education welfare	1,395	1,395
Asset management	19	19
Contribution to statutory/ regulatory duties (for all schools)		
Services previously provided by Babcock4S (IT, finance, SACRE)	155	155
Head of service (part)	250	250
Vulnerable learners/partnership lead(part)	165	165
Finance (Schools Funding service budgets) <sup>1</sup>	224	224

Phase council supply cover	29	29
Total former retained ESG services (see annex)	<b>2,237</b>	<b>2,237</b>
Total CSSB costs excluding historic commitments <sup>1</sup>	<b>5,141</b>	<b>5,120</b>
Estimated CSSB allocation exc historic commitments	5,141	5,120

The reductions in proposed budgets for Admissions and for devolved admissions appeals funding recognise underspends on these budgets in 2016/17 and 2017/18.

The CSSB also includes an allocation of £870,000 for “historic commitments” (reduced from £1.087m in 2019/20), but that has been delegated to individual schools since April 2018.

### **Estimated total cost of former Retained ESG services**

Prior to April 2017 the DfE allocated Retained ESG funding to local authorities at £15/ pupil (a flat rate nationally), as a contribution to the cost of a range of statutory services which the LA had to provide on behalf of all schools and to the overall cost of managing the school system. Retained ESG funding was transferred into DSG in 2017/18, but the requirement on the LA to provide the services has not changed and indeed individual LAs may spend more or less on these services. Surrey spends far more than £15/head on these services but the amount requested from DSG in 2020/21 for these services is the same cash sum as in 2018/19 and the same as the amount transferred into DSG for this purpose. The additional costs of former retained ESG services were and will continue to be met from council tax.

### **Recommendation**

That the Forum approves the proposed expenditure from the central schools services block.

David Green 3 December 2019

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<sup>1</sup> Including anticipated 1% increase in pupil numbers

<b>Item 6b</b>
<b>Surrey Schools Forum</b>
<b>10 December 2019</b>
<b>For decision</b>

## **Central services levy on maintained schools 2020/21**

The local authority (LA) has a number of responsibilities for maintained schools which until September 2017 were funded by Education Services Grant (General Duties). This grant was also paid directly by the ESFA to academies as these responsibilities transfer to academies or Multi Academy Trusts (MAT).

Following the withdrawal of ESG, DfE regulations were amended to permit LAs to recover these costs from their maintained schools. In Surrey this is achieved via a per pupil levy (the “central services levy”) on maintained schools (per place for special schools and pupil referral units). This ceases as schools convert to academy status and the LA’s responsibilities then cease. Most Multi Academy Trusts (MATs) recover these costs via a top-slice on individual academies within their trust.

Maintained school representatives on the Schools Forum have the right of approval of the levy. The local authority has the right of appeal to the Secretary of State if necessary.

Annex A shows the functions for which the LA is permitted to levy maintained schools. These are unchanged from 2019/20. Annex B shows the proposed deductions for 2020 compared to the initial proposals for 2019/20.

The central services levy deduction cannot apply to maintained nursery schools.

### **Savings**

If charged at the 2019/20 rate of £35.98, the total income from the levy is estimated to reduce from £2.227m (original estimate) in 2019/20 to £2.064m in 2020/21 as maintained school pupil numbers fall due to academy conversions. The LA has had to make savings in the cost of services in order to reflect this, although in practice this is difficult because of diseconomies of scale as the number of maintained schools falls. For this reason no change in the per pupil levy deduction rate is proposed in 2020/21.

### **Recommendation**

That representatives of maintained primary, secondary and special schools and PRUs approve a levy on those sectors of £35.98 per pupil/place, for central services to maintained schools.

David Green 3 December 2019

## Annex A

### LA Responsibilities to Maintained Schools within the scope of the central services levy

Financial monitoring and administration	<ul style="list-style-type: none"> <li>• Payment of funding tranches to schools</li> <li>• Ensuring proper monitoring of schools' expenditure and accounting on schools and council systems, reconciliation of Local Bank Accounts, external audit liaison. (Includes Consistent Financial Reporting functions (Sec 44 of the 2002 Act)</li> <li>• Promoting strong financial management – via maintenance of Scheme for Financing Schools, Finance Manual, bulletins, support on CFR etc;</li> <li>• Validating budget plans and assisting schools in deficit</li> </ul>
HR	<ul style="list-style-type: none"> <li>• Undertaking statutory HR responsibilities in respect of schools where SCC is the employer and supporting other maintained schools in meeting their HR employment and education legal responsibilities.</li> <li>• Supporting schools with their statutory and good employment practice obligations in relation to HR issues arising from the safeguarding of children and young people.</li> <li>• Developing and maintaining effective partnerships with unions and professional associations on matters relating to schools</li> </ul>
Governance	<ul style="list-style-type: none"> <li>• SCC fulfils its statutory obligations with regard to the governance of its maintained schools. Surrey governing bodies operate effectively and individual governors have the opportunity to be well informed of their roles and responsibilities.</li> <li>• An accurate Surrey governor database is maintained.</li> <li>• Chairs of Governors, individual members of governing bodies and clerks of SCC schools have access to up to date guidance and support via Governor Update, website, helpdesk, email alerts and access to training and development opportunities.</li> </ul>

	<ul style="list-style-type: none"> <li>• Two Chairs of Governors liaison and briefing meetings are provided per term, administered and supported by Babcock 4S. Clerks' Briefings are organised on a termly basis (traded service).</li> <li>• Additional Skills Governors are recruited, trained, and deployed to schools</li> </ul>
Monitoring national curriculum assessment	<p>The LA has statutory obligations relating to assessment for maintained schools as directed by the Standards &amp; Testing Agency (STA). These include:</p> <p><u>National Curriculum Assessment</u></p> <ul style="list-style-type: none"> <li>• responsibilities for monitoring of key stage tests in maintained primary schools and other education settings</li> <li>• Support for new and experienced Year 2 and Year 6 teachers so that they understand STA requirements.</li> <li>• Quality assurance procedures are in place and data submitted to the DfE is accurate and consistent with national standards.</li> <li>• Statutory guidance and DfE updates are disseminated and shared with schools</li> </ul>
ICT (data collection and analysis)	<ul style="list-style-type: none"> <li>• Facilitating data transfer including data storage. Management &amp; assistance with statutory data collections for maintained schools (eg Consistent Financial Reporting, pupil census etc)</li> <li>• Support to schools to ensure accurate data – and therefore accurate funding entitlements to schools</li> </ul>
Teachers pensions admin	<p>Provision of accurate information to the Teachers Pensions Agency thereby ensuring accurate deductions are made and accounted for and pension entitlements are protected.</p> <p>Resolving queries and tracking staff as they enter and leave the scheme.</p>
Schools' strategic risk management	<p>Includes compliance with duties under the Health &amp; Safety at Work Act.</p> <p>Updates on regulatory &amp; legislation changes via School Bulletin and SRM Health &amp; Safety newsletter</p> <p>Unlimited access to telephone and email support</p>

	<p>Provision of Oshens – online accident reporting system</p> <p>Provision of Evolve – offsite trips website</p> <p>Support with accident investigations and RIDDOR reporting</p> <p>Fire safety advice and support with fire risk assessments</p> <p>Radiation Protection Advisor (RPA) for secondary schools</p> <p>Membership of CLEAPSS for Science / DT H&amp;S advice and membership of ROSPA</p>
Facilities management	<ul style="list-style-type: none"> <li>• Ensuring schools are complying with statutory health &amp; safety obligations where the LA is the ultimate employer and supporting all maintained schools, as partners in education</li> <li>• Providing web site, helpdesk, briefings to heads and email support ensuring up to date advice and intervention</li> <li>• Tree stock located on maintained schools' premises are inspected under a cyclical three year inspection programme</li> </ul>
Basic Need Capital & asset management	<p>General landlord duties for all maintained schools; responsibilities under School Premises Regulations 2012 to ensure school buildings have appropriate facilities, the ability to sustain appropriate loads, safe escape routes, water, lighting, heating &amp; ventilation to required standards. Management of asbestos risks.</p> <p>Management of individual maintained schools' capital projects.</p>
Redundancy costs in maintained schools	<p>Costs of redundancies (teaching and support staff) in Surrey maintained schools.</p>
Other	<p>Provision of information on maintained schools to or at request of government departments</p> <p>Investigation and resolution of complaints relating to maintained schools.</p> <p>Overheads relating to the above services and ensuring payments are made in respect of taxation, national insurance and pension contributions.</p>

**Annex B Budgets for statutory LA services to be funded from the central services levy**

	2019/20 Levy reported to Schools Forum 11 Dec 2018 (£)	2020/21       Estimated levy (£)
<b>Statutory/regulatory duties</b>		
Finance	381,700	228,682
Governance	60,000	60,000
HR	175,200	175,200
Monitoring national curriculum assessment	92,900	94,000
ICT (mainly data collection)	54,000	66,700
Teachers pensions admin	160,800	170,404
Facilities management (incl trees)	152,400	114,700
Schools risk management	193,500	203,265
<b>Asset management</b>		
Basic need capital projects, asset management, site surveys, commissioning etc		
Property schools basic need	486,900	462,238
	469,500	469,500
<b>New redundancy costs</b> in maintained schools		
	<b>2,227,900</b>	<b>2,044,689</b>
Estimated pupil numbers	61,514	57,378
Levy per pupil	35.98	35.98
Amount raised	2,227,666	2,064,458



<b>Item 7</b>
<b>Surrey Schools Forum</b>
<b>10 December 2019</b>
<b>For decision</b>

## **Growing schools funding for 2019/20 and 2020/21**

**(including criteria for the use of average pupil numbers in expanding schools)**

### **Summary**

This paper provides an update on the growing schools budget for 2019/20 and proposes criteria and budgets for 2020/21. The Forum has the right of approval of the growing schools budget and criteria. The Forum is asked to note the latest estimates for 2019/20 and to approve the proposed criteria and provisional budget for 2020/21, subject to update if necessary at the January meeting, when final 2020/21 funding data is available. No major changes are proposed to the growing schools funding criteria in 2020/21.

### **Scope**

The growing schools budget for 2020/21 funds pupil growth from September 2020 due to PAN increases or bulge classes, plus funding for eligible vacancies in extra classes and other related costs.

Growing schools funding is now allocated to LAs by DfE using a separate formula, outside the main schools national funding formula and based on pupil number growth in the previous year, **under which Surrey expects to receive at least £1m less in 2020/21 than in 2019/20**. While it is difficult to identify a fairer method of allocation which would work at a national level, the DfE method does not distinguish between increased pupil numbers filling up existing vacancies and increased numbers requiring growth in provision, which creates difficulties for LAs like Surrey, where a high proportion of the increase in pupil numbers requires new places and thus additional in-year funding.

LAs are allowed to move funding between NFF allocations and the growth fund, indeed DfE guidance states that:

“We are not illustrating allocations of growth at school level and do not expect local authorities to necessarily use (the methodology used to fund LAs) to decide how much growth funding to allocate to individual schools. Local authorities should continue to make decisions about growth funding locally as they do now. We do not anticipate that local authorities’ spending on growth will necessarily match precisely the sum allocated to them for growth, and they will continue to have the ability to ‘top slice’ their overall schools block funding to fund pupil number growth”.

Schools extending age range (such as infant schools expanding to primary, or wholly new schools) must be funded on “average pupil numbers” ie the average of October 2019 and estimated October 2020 pupil numbers. The difference between the cost of average pupil numbers and the cost of using October 2019 pupil numbers alone is a further cost to the growth fund, although schools receive this funding as part of their main formula budget share, rather than separately.

### Current growing schools budget

The current state of the growing schools budget for 2019/20 is shown below, although this will require updating when complete October 2019 school census data is available.

Initial estimates for 2020/21 are also shown. . Updated estimates both for 2019/20 and 2020/21 will be provided at the January meeting, although, as ever, there will be much uncertainty for 2020/21 until place allocations for September 2020 are known.

<u>Growing schools budget</u>	2018/19 outturn	2019/20 initial	2019/20 Latest est	2020/21 Initial est
	£000s	£000s	£000s	£000s
New bulge classes/permanent PAN increases primary (assume same number as originally provided for Sept 2019)	1,250	1,400	985	1,400
Resources for new primary classes	312	336	288	300
Protected vacancies in existing bulge classes	1,910	1,449	1,412	832
Protected vacancies: exceptional cases				
Missing year groups (diseconomies of scale)	188	88	88	70
Secondary schools exceeding/raising PAN	1,317	2,068	2068	2,080
Others (possible commitments)	109	69	300	208
Prior year vacancy adjustments				
Contingency				
Pre opening costs of wholly new schools			50	100
	5,086	5,700,	5,191	4,630
Budget available		4,953	4,953	4,036
Use of previous year underspend		747	238	
Estimated overspend to be found (underspend)			-	594

The available budget for 2020/21 is calculated as shown below

Est DFE growth allocation (Assume £1.5m reductn)	5,176
Less cost of average pupil number growth	1,140
Less falling rolls fund (discontinued)	0
Available to fund growing schools (est)	4,036

At its last meeting, the Forum agreed that, if necessary, funding could be moved from NFF schools formula to increase the funding available for growth, if that was the only way of maintaining funding for pupils in growth classes at the same level as funding rates in the main formula.

The estimated growing schools cost excludes the cost of April-August funding for actual additional pupils in growth classes in academies, which is offset by deductions from funding recouped by ESFA. The estimates for 2020/21 also exclude any additional vacancy funding required when budgets for schools on average pupil numbers are adjusted from estimates to actuals, which is covered by savings arising from the associated reductions in formula funding

### **Further information on proposed criteria for growing schools funding**

Annex A provides full details of proposed growing school criteria (other than pre opening funding) for those who are interested. The main categories of growing schools funding are:

- Funding for additional classes opening in September 2020 (annex A, part 1);
- Funding for resources for new classes in primary schools opening in September 2020 (annex A, part 2);
- Funding for protected vacancies in existing growth classes (annex A, part 3);
- Funding for missing year groups (or “diseconomies of scale”): (annex A, part 4);
- Additional funding for infant schools expanding to primary schools (annex A, part 5).
- Funding for notional vacancies in primary schools where an expansion accompanied by a change in PAN requires the school to run small classes during the period of reorganisation (Annex A, (part 6).
- Vacancy funding for a school simultaneously increasing PAN across several year groups (Annex A part 7)

### **Use of average pupil numbers for schools extending age range**

Where a school is extending its age range (eg infant converting to primary, or wholly new school opening one year group at a time), the additional pupils in the new year groups must be funded by using average pupil numbers (ie  $5/12 \times$  Oct 2019 actual plus  $7/12 \times$  Oct 2020 estimate) rather than via growing schools funding. Such schools will still receive growing schools funding for resources, missing year groups etc.

Where the PAN of such a school is not changing, we propose that average pupil numbers should be used only for the expanding phase (infant, junior or secondary) rather than for the whole school. Thus, for an infant school expanding to a primary school, actual Oct 2019 pupil numbers would be used for all infant year groups, and

average numbers for all junior year groups. For a secondary school in this position average pupil numbers would be used for all secondary year groups.

Where a school is extending age range, and its PAN is changing, we propose that average numbers are used in the new phase, and also for those year groups in the old key stage which are affected by the change in PAN only. The logic is that a school on average pupil numbers should not gain or lose funding in year for a change which could have happened, and which would not have been funded, in any other school.

Where a school has been funded in part on estimated pupil numbers, and actual pupil numbers differ from the estimates, the DfE encourages LAs to adjust the school's funding from estimated to actual pupil numbers, but this adjustment must be made in the following year. Such adjustments have been made in Surrey since 2016/17 and we propose to make them again in respect of 2020/21 estimates. In some cases, this may require a change in vacancy funding, where the number of pupils in the oldest year group (which attracts vacancy funding) differs from the estimated number. Adjustments would be made only in respect of year groups to which estimated pupil numbers were used initially.

### **Pre opening funding for wholly new free schools**

Where the LA runs a competition to provide a new free school, in order to meet a basic need requirement identified by the LA, it is expected to provide funding for pre opening costs and is required to advise potential bidders of the revenue funding which will be available to meet pre-opening costs. These costs are met from the growth fund and therefore the basis of funding requires the approval of Schools Forum.

In December 2018, the Forum agreed that a lump sum of £100,000 could be made available to proprietors of wholly new primary free schools, established in response to a competition run by the LA, to meet revenue pre-opening costs. This would cover costs of early appointment of staff and non capital resources costs, including resources for non classroom accommodation. One such school is due to open in September 2020, and £50,000 is expected to be paid in 2019/20 and the remainder in 2020/21. The Forum is asked to confirm agreement to a similar lump sum allocation, if required for any new LA initiated free school opening in 2021/22.

For the avoidance of doubt, this funding would not apply to free schools established by the "centrally determined" route, whereby potential proprietors apply directly to the DfE to open new free schools.

## **Funding rate for additional pupils in bulge classes or additional pupils due to an increase in PAN**

This is meant to be the average per pupil funding which the school already receives (net of de-delegation and central services levy for maintained schools) and therefore it is proposed that in 2020/21 (as in 2019/20) this average should include Minimum Per Pupil Level supplement for those schools which receive it.

## **Funding rates for vacancies in eligible primary classes**

We are proposing that the funding rate for existing vacancies should change to reflect the proposed changes in basic entitlement funding and in the levels of de-delegation and central services levy deductions. The same principles would be used as in previous years ie 100% of net basic entitlement for infant vacancies and 95% for junior vacancies. We expect the cost of funding vacancies to fall as the increased pupil numbers move from primary (in which vacancies in some new classes are funded) to secondary (in which they are not);.

However, we are proposing that eligible vacancies in new primary classes opening in or after September 2019 should continue to be funded at 90% of net basic entitlement rate only.

## **Recommendation**

That the Forum:

- \* notes current estimates for growing schools funding for 2019/20;
- \* agrees the proposed criteria for growing schools funding for 2020/21 (summarised above and described in Annex A);
- \* agrees the provisional growing schools budget for 2020/21
- \* supports the proposed methods for the use of average pupil numbers for schools changing age range
- \* agrees the proposals for advance funding of pre opening costs of wholly new primary schools;
- \* supports the proposed change in the basis of funding rates for vacancies in new classes not already committed.

Growing schools funding affects the future funding of individual schools and potentially the value of mainstream formula factors. Therefore officers recommend that only representatives of maintained school, academies and PVI early years

providers (who are allowed to vote on mainstream formula funding issues) should be allowed to vote on this item.

David Green 3 December 2019

## **Annex A: Details of proposed growing schools criteria for 2020/21: existing schools**

### **1 Additional classes opening in September 2020 (both primary and secondary)**

Where the LA has requested a school to open an additional class above its PAN or supports its opening (or an increase in PAN of ten or more is supported by the LA), actual pupils admitted above the old PAN (or above the number of pupils in the leaving year group, if higher) would be funded at the average per pupil funding rate for the school (including share of minimum funding guarantee or ceiling deduction and/or minimum per pupil level funding, if any<sup>2</sup>) x 7/12 for the part year. Thus the pupils would be funded at 7/12 of the rate which they would have received had they been on roll in October 2019. For maintained schools, funding would be net of any de-delegated amounts and central services levy. The original allocation would be based on an estimate and would be corrected to actual pupil numbers at the end of the year. (This would include any additional classes within the school's existing age range -whether bulge classes or increased PAN - but would exclude additional classes due to an extension of age range, which must be funded through use of average pupil numbers in the main formula, see above). In some circumstances vacancies may attract funding, but at a lower level than actual pupils (see below).

Additional funding would not be allocated to schools exceeding PAN on appeal or admitting excepted infant pupils or to schools adding additional classes which were not supported by the LA or otherwise exceeding PAN without the support of the LA).

### **2 Resources allocations for new classes (primary sector only)**

£8,000 per new class is allocated for classroom resources. For the avoidance of doubt this only applies where a school is asked to provide additional places such that the number of classes is increased. Additional resources funding is not provided for small increases in PAN. This applies to bulge classes and to permanent expansions (whether increases in PAN or extensions of age range).

A further £8,000 for resources will normally be allocated where an existing year 2 bulge class moves into year 3.

Where one bulge class leaves in July and another is admitted in September, no additional resources funding will be allocated.

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<sup>2</sup> For the avoidance of doubt, funding for an academy would be based on the MFG or ceiling which it would have received from the LA, even if the value it receives from the ESFA is different

Where a school is expanded permanently, the resources allocation given will be based on the number of additional classes created, excluding any bulge classes which have already received resources allocations.

Resources allocations are provided whether the additional classes are funded through growing schools fund or through use of average pupil numbers.

Where a school expands by half a class a year (eg PAN 45 to PAN 60, or infant school expanding to PAN 15 primary school), resources funding will be allocated in alternate years only.

### **3 Funding for protected vacancies in bulge classes or following permanent expansion (primary sector only)**

Where a primary school is asked to increase PAN, or exceed PAN temporarily, in any year group by ten or more, vacancies in the relevant year group may attract funding. Where due, vacancy funding will be calculated up to the next multiple of 30 for each year group (except where old or new PAN implies vertical grouping). For schools with PAN=15, vacancies will be calculated against year groups of 15.

For extra infant classes resulting from expansions starting before September 2019 the protected vacancy funding would be at the basic entitlement rate less de-delegation and central services levy. For academies it is the basic entitlement rate less £15.93 per pupil<sup>3</sup>. For expansions starting after September 2019, vacancy funding would be at 90% of the above.

For extra junior classes resulting from expansions starting before September 2019, the rate would be 95% of the basic entitlement rate less deductions as above. For extra junior classes resulting from expansions starting after September 2019, the rate would be 90% of basic entitlement rate less deductions as above. Vacancies would only be funded at key stage 2 where an additional class was necessary to avoid class sizes exceeding 34. Protected funding would normally last for three years for a year R bulge class and four years for a bulge class/permanent expansion first admitted at year 3. It would not automatically follow through from key stage 1 into key stage 2, although Schools Forum has previously approved two exceptions which we recommend should continue:

- in December 2014 for one specific school in challenging circumstances for a bulge class which is currently (in Oct 2019) in year 5;
- in September 2017, where a school within the 20% most deprived by FSM has ten or more vacancies in key stage 2 bulge classes, for vacancies above the first ten (and to be implemented from 2018/19 only).

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<sup>3</sup> The sum of £15.93 per pupil reflects historic per pupil de-delegation rates (ie excluding school improvement) The principle is that academies will not attract per pupil support service costs for vacancies

If a school has a PAN of 15, eligible vacancies will be calculated against 15 in any year group.

Where a bulge class already exists at 1 April, continued vacancy funding would only be payable from September if it appeared at the end of May that pupil numbers were such that the bulge class would still be required in September.

Vacancy funding is not available where the school exceeds PAN without the support of the council. Sometimes an expansion may be approved or supported on the specific understanding that vacancy funding will not be made available.

Where a school increases PAN permanently, vacancy funding would be given for three consecutive years' intakes in total, including any bulge year groups admitted immediately before the change in PAN. So, for example, a school admitting one bulge class immediately prior to an increase in PAN would receive vacancy funding for the bulge class and then for the first two intakes following the PAN increase. A school admitting three bulge classes immediately before an increase in PAN would receive no vacancy funding for the first year group admitted after the increase in PAN. Vacancy funding in a primary school which increases PAN would apply only to the infant year groups.

Again the proposed arrangements are the same as in 2019/20.

When calculating the number of vacancies to be funded in a year group, pupils in SEN centre places are ignored if the SEN centre places are over and above the normal PAN.

The LA will reserve the right to review vacancy funding if it becomes clear that an additional class is no longer required and at that point the school has not committed to employ a specific teacher.

#### **4 Missing year groups or diseconomies of scale funding for schools expanding age range**

Maintained schools receive £12,500 per academic year per missing year group and academies/free schools receive £13,500 per academic year per missing year group. This is the equivalent of the DfE's "diseconomies of scale" grant for wholly new schools. Free schools will only receive this funding from the LA if they are established to meet basic need following a competition run by the LA. The ESFA will provide this funding to other free schools directly. The lower rate for maintained schools reflects the additional LA support normally available free to maintained schools

PAN 15 primary schools will receive diseconomies funding at half rate, reflecting their smaller size when the expansion is complete.

## **5 Infant or junior school expanding to become primary school**

£4,000 to be provided for supply cover/other support for a key stage lead for the new key stage, for curriculum preparation, in the term before year 3 (Or year R as appropriate) is admitted.

## **6 Primary schools where a reduction of less than 30 in PAN is required as part of an expansion of age range**

Where schools needs to maintain vacancies temporarily as a result of a reduction of less than 30 in PAN as part of an extension of age range, the “notional “ vacancies thus created will be funded at the normal vacancy rate for that age range. So, for example, a school reducing PAN from 70 to 60 may have to run three infant classes for the last year group of 70, and would attract vacancy funding for the 20 places in those three classes which it would not be allowed to fill.

## **7 School simultaneously increasing PAN across several year groups (Bisley CE Primary School)**

Vacancy funding to be provided for three years for the first three intakes to exceed the old PAN of 45, rather than for the first three larger year R intakes. In practice this means September 2018 year R, September 2018 year 2 and September 2017 year 3 would each receive vacancy funding for three years from those dates.

<b>Item 9</b>
<b>Surrey Schools Forum</b>
<b>10 December 2019</b>
<b>For discussion and recommendation</b>

## **Proposal to increase funding for special schools in 2020/21**

### **Summary**

The LA is considering increasing special schools funding by an average of 1.84% in 2020/21, in line with the recommended minimum funding guarantee for mainstream schools.

### **Background**

In 2020/21 officers are proposing to increase average funding rates for state maintained special schools in Surrey which are funded according to Surrey's top up rates, by an average of 1.84% per occupied place (on the basis of current pupil mix). This is in line with the mainstream minimum funding guarantee level recommended by Schools Forum, although there is no direct link between the two. The increase would apply to both day and residential funding, at an estimated cost of £0.820m. Officers are also proposing an increase in the free school meals funding rate, in line with the infant free meals grant funding rate, at an estimated further cost of £100,000.

The place funding rate is set by DfE at £10,000 per place so Surrey can only vary the rate of top up funding. We therefore propose to vary top up rates in such a way that the average increase for each school (taking place and top up funding together) is as close as possible to 1.84%. This will mean that individual top up rates will increase by varying percentages. We propose to share the detailed proposals with special school headteachers shortly. Simultaneously we will merge the separate inflation factor used in 2019/20, into individual top up rates.

The proposals increase the projected overspend on the high needs block. Final decisions on special school top ups will need to be made as part of the overall budget setting process. They are not part of the schools budget report being considered by Cabinet on 17 December.

### **Recommendation**

That Schools Forum supports the proposals.

David Green

3 December 2019



<b>Item 10</b>
<b>Surrey Schools Forum</b>
<b>10 December 2019</b>
<b>For discussion and recommendation</b>

## **Additional SEN funding and notional SEN budgets 2020/21**

### **Summary**

In the recent schools funding consultation paper, a number of changes were proposed to the basis of distribution of “additional SEN funding” for inclusive mainstream schools, in order to contain the cost within the intended budget of £900,000 in 2020/21. Officers have now reviewed the outcome of the consultation and have proposed a revised set of changes intended to achieve the same result. It is also proposed that notional SEN factors are updated to reflect changes in the main schools funding formula.

### **Background: additional SEN funding**

Additional SEN funding is allocated to those mainstream schools where the cost of meeting the first £6,000 per EHCP is high relative to the school’s level 2 notional SEN budget. In 2019/20 changes were made to the method of distribution, with the aim of containing the cost within a sum of £900,000. However, demand has continued to increase, and thus further changes to the criteria are proposed. Recent outturns and current projections are shown below:

	2017/18 £m	2018/19 £m	2019/20 original £m
Budget	1.772	1.773	0.900
Outturn/projection	1.904	2.580	1.573
Eligibility threshold (% of L2 NSEN budget)			
Primary	68.4%	68.4%	100%
Secondary	100%	100%	100%

Initially, in 2019/20.89 schools have received funding (86 primary and three secondary).

In the recent consultation it was proposed that:

- Allocations should be based only on previous October pupil numbers (ie not updated during the year)
- The eligibility threshold should be increased from 100% of level 2 notional SEN funding to 110%.

Neither of these changes received majority support but, in view of the overall budget situation, officers are recommending that both are implemented

However, given the continuing annual increase in the number of EHCPs of around 13%, additional measures are expected to be needed.

### **Additional funding threshold and minimum per pupil level**

For 2020/21, the government has increased the level of minimum per pupil funding level funding (MPPL) to the lowest funded schools. When a school on MPPL sees an increase in pupils with additional needs, the increased additional needs funding is wholly or partly offset by a reduction in MPPL funding. This would mean a school seeing an increase in level 2 notional SEN funding (and hence in liability to contribute to EHCP support costs) but no overall increase in funding. The only simple way of removing this anomaly is to count part of the MPPL funding within the level 2 notional SEN funding. Therefore, we propose to include 30% of MPPL funding within the level 2 notional SEN funding, for the purpose only of calculating additional SEN funding. This is roughly the same proportion as the average proportion of deprivation and low prior attainment funding deemed notional SEN funding. For most schools the MPPL funding which will count as notional SEN funding in 2020/21 will be less than the increase in MPPL as a result of the increase in MPPL rates. The intended contribution from MPPL is lower than was proposed in the October consultation.

### **Changing the threshold and the rate of funding for schools above the threshold**

We have considered two options for further containing costs

- Increase the threshold further
- Scale back the funding rate for EHCPs above the threshold (eg fund costs above the threshold at 70%-or 87%- rather than 100% -so that schools would still have to find part of the £6,000 for EHCPs above the threshold).

The Annex shows the estimated impact of these options on total costs and the number of schools affected, in 2020/21, based on reducing estimated cost to £0.9m in 2020/21, or reducing estimated cost in instalments (to £1.1m in 2020/21 and then to £0.9m in the following year):

- Thresholds of 116% and 123% (with costs above those levels fully funded]
- Threshold of 110% with costs above those levels funded at 70% or at 87%)

The second method means that fewer schools lose all additional funding, but that those schools currently receiving the highest allocations are likely to lose more.

Scaling back the funding rate would mean that all schools receiving additional SEN funding would have to bear part of the cost of pupils above the threshold.

In order to protect schools which would face large losses from these changes, we are proposing to limit the loss to individual schools as a result of changing the

threshold and funding rates and moving to a single count. We have modelled protection at 1%, 1.55 and 2% of formula budget (including MPPL, minimum funding guarantee and ceiling) Note: the protection would not apply to the use of MPPL in determining the threshold, because in general this is new money for schools.

### **The level 2 notional SEN budget**

A Surrey school's notional SEN budget is made up of part of the basic entitlement funding (level 1 ) and part of the deprivation and low prior attainment funding (level 2). Historically the level 2 funding factors have been updated each year so that:

- The average amount of level 2 notional SEN per pupil funding remains the same across each of the primary and secondary sectors;
- The relative proportions of deprivation and low prior attainment funding deemed notional SEN remain the same<sup>4</sup>

It is proposed that the notional SEN funding rates are updated for 2020/21, on this basis, once the deprivation and low prior attainment incidence for 2020/21 are known. This is consistent with our practice in previous years and does not itself systematically change the amount which schools have to contribute to EHCP support.

### **Recommendation**

That the Forum supports the proposals to reduce the cost of additional SEN funding, and identifies a preferred option.

David Green

2 December 2019

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<sup>4</sup> Eg in 2019/20 for primary, 28.53% of deprivation funding and 37.3% of low prior attainment funding were deemed notional SEN funding In 2020/21 we would apply these percentages to the new deprivation and low prior attainment funding but if that meant a 10% increase in average notional SEN funding per pupil we would scale both percentages down by 10% so that the average notional level 2 SEN funding per pupil remained the same

## Annex Illustration of possible impact of changes to additional SEN funding

Several options have been considered for containing this budget (or at least moving it closer to target). The estimated impact for 2020/21 is summarised below (assuming 13% increase in EHCP from Oct 2018 to Oct 2019). together with an estimate of the number of schools affected (based on 2018/19 and 2019/20 data)

The number of schools affected is based on a comparison with 2019/20 allocations (ie 100% threshold) adjusted for MPPL (because that is largely new money) and including an estimate for in year adjustments in 2019/20 (because we don't know what those adjustments are yet). Much of the impact arises from the removal of termly updates; the number of schools with various levels of losses from that is shown in column F

	A	B	C	D	E	F
Threshold	110%	110%	<b>110%</b>	123.70%	116%	
% funding rate above threshold	100%	87%	<b>70.50%</b>	100%	100%	
Est cost £m	1.274	1.108	<b>0.898</b>	0.9	1.099	
Est number of schools funded						
Primary	76	76	<b>76</b>	63	70	
Secondary	3	3	<b>3</b>	2	2	
Number of primary schools showing loss in range below (as % of budget) relative to their funding with 100% threshold (adjusted for MPPL and with estimate of termly count)						
0 to 0.5%		31	<b>29</b>	27	30	12
0.5% to 1%		15	<b>14</b>	18	17	9
1 to 1.5%		20	<b>13</b>	15	18	1
1.5% to 2%		14	<b>22</b>	21	17	1
2 to 2.5%		5	<b>5</b>	6	5	1
2.5% to 3%		2	<b>3</b>	3	1	0
3% plus		1	<b>4</b>	1 1		2
Cost of protecting at 1% max loss		£305,000	<b>£459,000</b>	£440,000	£297,000	
Or at 1.5% max loss		£123,000	<b>£230,000</b>	£204,000	£109,000	
Or at 2% max loss		£59,000	<b>£112,000</b>	£73,000	£42,000	

Note: additional SEN funding is outside the calculation of minimum funding guarantee, ceiling and MPPL.