

## Papers for Schools Forum meeting 12 January 2021

Item 4  
Surrey Schools Forum  
12 January 2021  
For discussion and support

### Update on Dedicated Schools Grant (DSG) and mainstream schools funding proposals 2021/22

The table below shows movements in Surrey's National Funding Formula (NFF) Schools Block between 2020/21 and 2021/22.

	Funding £m
<b>NFF Schools Block</b>	
2020/21 (Oct 2019 pupil numbers)	663.838
Share of national growth	21.884
Transfer of teacher pay funding (DFE fig, previously separate grant)	32.529
Change in premises costs	<u>-0.280</u>
July 2020 DFE provisional DSG figure for 2021/22(based on Oct 2019 pupil numbers)	717.971
Change in growth allocation	-0.822
Funding for increased pupil numbers	<u>4.828</u>
2021/22 funding for mainstream formula and growth fund	721.977

The main change from the July provisional figures is due to updating pupil numbers from Oct 2019 data to Oct 2020, which will largely be offset by increased costs of funding the extra pupils in schools

### Proposed distribution of NFF schools block- with and without transfer to high needs block

The table below shows the DSG to be allocated through the mainstream formula with and without the proposed £3.4m transfer to high needs block (which will be made if the DfE approves Surrey's appeal, outcome currently awaited) and the current estimated impact on formula funding rates. These are still subject to clarification of some data issues and should not be used for budget planning purposes at this point. The proposed funding rates are compared with those on which the November Cabinet report was based.

	Reported to Cabinet Nov 2020 With £3.4m tfr to HNB	Current estimate with £3.4m transfer to HNB £m	Current estimate if transfer to HNB refused by DFE £m
NFF schools DSG total		721.977	721.977
Plus combined services		0.695	0.695
Plus contingency recycling		0.152	0.152
Less to high needs		-3.400	
Less growth fund		-4.098	-4.098
Amount to distribute through mainstream formula		715.329	718.729
Key variables			
Formula factors compared to NFF values	99.17%	99.17%	100.12%
Formula factor increase compared to 2020/21 Surrey rates	1.44%	1.44%	2.39%
Minimum funding guarantee	1.43%	1.43%	2.00%
Ceiling on gains	n/a	2.14%	n/a

As a reminder, the maximum permissible MFG is 2% per pupil and the LA is expected to converge its funding rates onto NFF values. However, 1.43% is the maximum MFG affordable if there is a transfer of funds to high needs block. This was the basis of the proposal in the November Cabinet report. In practice the MFG percentage cannot be higher than the increase in formula funding rates (1.44% or 2.39%). A higher MFG (of 2%) is affordable only if no funding is transferred to the high needs block and thus is proposed if the DfE reject Surrey's appeal. Note: as agreed by Cabinet, lump sums will be set slightly higher, and basic entitlement rates per pupil slightly lower, than specified percentage of NFF rates, in order to protect small schools.

#### **Schools receiving additional funding under the minimum per pupil funding level (MPPL)**

Number of schools receiving additional MPPL funding	With transfer to HNB	No transfer to HNB
Primary (of 300)	128	121
Secondary (of 57)	16	12
Total	144	133

#### **Schools on Minimum Funding Guarantee (MFG)**

Number of schools receiving additional MFG funding	With transfer to HNB	No transfer to HNB
Primary (of 300)	111	102
Secondary (of 57)	20	11
Total	131	113

### **Schools subject to ceiling deduction (ie per pupil funding increase is limited)**

Number of schools subject to ceiling deduction	With transfer to HNB	No transfer to HNB
Primary (of 300)	63	
Secondary (of 57)	6	
Total	69	0

NOTE: there was a 15% fall in incidence of primary low prior attainment between Oct 2019 and Oct 2020 (which seems to be the result of summer 2014 Foundation Stage Profile data dropping out of the calculation). Incidence of low prior attainment at secondary has increased by around 2%.

Incidence of pupils on free school meals has increased from 9.56% to 11.61% for primary and from 8.11% to 9.74% in secondary, although the overall cost isn't huge because FSM is only now generally used to distribute funding for free meals provision rather than generalised deprivation funding. There has also been a reduction in IDACI funding per pupil due to moving to IDACI 2019 data, with some areas moving to lower (less deprived) IDACI bands.

The combined impact of these is that Surrey can afford to slightly exceed NFF funding rates (if there is no block transfer) because the incidence of additional need which Surrey has to pay for is lower than that for which the DfE funds Surrey (which is a year older).

### **Central schools services block (CSSB)**

This funds admissions, copyright licences and a range of statutory services. The final allocation was as estimated for the December meeting (ie £5.298m plus £0.695m for historic commitments) plus a sum for pension costs of centrally employed teachers, which was previously funded by separate grant.

### **High needs block**

The high needs block includes an adjustment for actual pupil numbers in special schools (which is advised at the start of the year) and a further adjustment (import export deduction) for the net number of "exported" pupils (ie placed in OLA schools or non maintained special schools), which is made during the year.

The latest high needs block allocation includes an increase of £1.671m in the basic entitlement element of the high needs block (part of the high needs allocation, which depends on the number of pupils in state maintained and independent special schools), compared to that announced in July. This reflects an increase of 311 pupils in state special schools between Oct 2019 and Oct 2020 (which contributes to increased costs of provision). Since July the forecast high needs block overspend has increased by £5m to £33m, mainly due to increased places.

It should be noted that in 2020/21 there was a similar increase in basic entitlement at the start of the year but that £0.8m of it was then offset in year by an increased "import export" deduction (around 133 pupils). We might expect a similarly increased deduction in 2021/22 given that use of non maintained special schools is still

increasing and also if we are placing fewer OLA pupils in our own special schools because we are using more places for Surrey pupils. Any such import/export change would need to be offset against the basic entitlement increase above.

### **Early years block**

DFE early years funding rates have increased by 6p/hr for 3-4 year olds (to £5.32/hr) and by 8p for two year olds (to £6.04/hr). Maintained nursery transitional grant is retained for the summer term but subject to review thereafter. We are still awaiting details of funding for teachers' pay and pensions for the maintained nursery sector, which were previously funded by specific grant.