



## **Papers for meeting of Surrey Schools Forum 11 May 2022**

### **Item 4**

#### **Surrey Schools Forum**

**11 May 2022**

**Lead: David Green**

#### **For information**

#### **Final school and early years funding decisions for 2022/23**

Final decisions on various aspects of the 2022/23 school and early years funding formulae were delegated to the Director for Education and Lifelong Learning, to be made once all of the necessary data was available.

Final decisions were taken as follows and have been notified to providers, but are stated here for completeness:

#### **Mainstream schools**

Units of resource were as previously proposed with a ceiling of 3.90% (cf 3.92% estimated to Schools Forum at last meeting)

#### **Early years**

3-4 year old basic hourly rate £4.87/hr (increase of 9p)

2 year old basic hourly rate £6.13/hr (also increase of 9p)

The equivalent of 8p/hr for three and four year olds will be added to the early intervention fund.

**Item 5  
Surrey Schools Forum**

**11 May 2022**

**Lead: Louise Lawson/David Green**

**For information**

**Dedicated Schools Grant (DSG) Outturn 2021/22**

The final DSG position at outturn 2021/22 was a net deficit of £33.9m against DSG income for the year, before additional safety valve funding from the DfE. However, once again, this includes a significant cumulative overspend on the High Needs block, with underspends in the Schools and Early Years blocks.

**DSG OUTTURN SUMMARY**

The outturn position on DSG can be summarised as follows:

	<b>At 31 March 2021 (Under) / overspend</b>	<b>Prior year adjustment in 2021/22 for 2020/21**</b>	<b>B/f allocated in 2021/22****</b>	<b>In year 2021/22 (Under)/ over</b>	<b>Expected DSG adjustment Jul 2022***</b>	<b>Cumulative Outturn 31 March 2022 (under)Over</b>
	<b>£'000</b>	<b>£000s</b>	<b>£000s</b>	<b>£'000</b>	<b>£000s</b>	<b>£'000</b>
Schools	-6,370		356	-933		-6,947
CSSB	-171			-48		-219
Early Years	-14,103*	-1,058		-3	791	-13,839
High Needs	83,280			35,299		118,579
<b>Total</b>	<b>62,635</b>	<b>-1,058</b>	<b>356</b>	<b>34,315</b>	<b>791</b>	<b>97,573</b>
<b>Adjusted</b>	<b>total</b>	<b>63,693</b>				<b>97,573</b>
<b>Adjusted</b>	<b>Change in year</b>					<b>33,880</b>

*\*Based on allocation before year end adjustment for latest January census data. This adjustment was a deduction of £1,058,000 in respect of 2020/21 (confirmed Nov 2021) and is estimated at an increase of £791,000 for 2021/22.*

*\*\* Grant deducted in 2021/22 in respect of 2020/21*

*\*\*\* Adjustment expected in July 2022 in respect of Jan 2022 early years census data*

*\*\*\*\* Planned spending in 2021/22 from previous year Schools Block surplus*

The in-year deficit on the High Needs Block was £35.3m and the cumulative deficit on that block is now £118.6m, less initial safety valve contribution from DfE of £40m.

The key variations per block are as follows:

## 1. SCHOOLS BLOCK OUTTURN:

	2021/22 budget	Add b/f from prev years	2021/22 outturn	2021/22 (Under) / over- spend	Explanation of variance
	£'000	£'000	£'000	£'000	
Main formula	713,773	213	714,014	28	Various minor adjustments including rates adjustments
Growing Schools	4,094		3,530	-564	We are obliged to allocate funding for planned bulge classes and PAN increases but in many schools (particularly secondary) the expected growth did not happen. Growth costs are currently falling year on year. Budgets for 2022/23 have been scaled down as a result of this experience.
De-delegated contingency (maintained primaries only)	156		0	-156	Fund deducted from budgets of maintained primary schools. The contingency was not spent at all in 2021/22 A sum of £154k from previous de-delegated contingency underspends has been added into maintained primary schools' budgets in 2022/23
De-delegated intervention fund (maintained primaries only)	434	143	560	-17	Intervention fund is managed by SAfE and used to support maintained primary schools facing leadership and standards issues.
De-delegated Special Staff costs (union facilities)	94		77	-17	Dependent on academy buyback rate, which is always uncertain until well into the year. As this is promoted as a ringfenced fund the

					surplus ought to be carried forward. .
De-delegated special staff costs (other)	37		0	-37	
Central services levy-new redundancies	470		382	-88	Necessarily demand led budget
Others, including behaviour support and area exclusion budgets	2916		2837	-79	Travellers -48k, behaviour +15k, various central services -44k
<b>Total</b>	<b>721,974</b>	<b>356</b>	<b>721,400</b>		
<b>Over (under)</b>				<b>-930</b>	

## 2 CENTRAL SCHOOLS BLOCK (CSSB) OUTTURN

	2021/22 budget	2021/22 outturn	(Under) / over-spend	Explanation of variance
	£'000	£'000	£'000	
Devolved Admissions Appeals	230	188	-42	Demand led ie depends on the number of admissions appeals claimed by individual schools
Never allocated	41	0	-41	
Various centrally managed services	5629	5664	35	
Historic commitments (delegated)	695	695	0	
<b>Total</b>	<b>6595</b>	<b>6547</b>		
<b>Over(under)</b>			<b>-48</b>	

### 3. EARLY YEARS OUTTURN

	Budget	Outturn	(Under) / overspend
	£'000s	£'000s	£'000
<b>Three &amp; Four Year Olds</b>			
Main Formula	64,086	63,610	-476
Early intervention fund	3,429	2,894	-535
Central Retention)	3,559	3,747	188
<b>Two Year Olds</b>			
Hourly rate	4,485	4,456	29
<b>Over(under)</b>	<b>75,530</b>	<b>74,736</b>	<b>-794</b>

1. Note: "main formula" includes early years pupil premium and disability access fund
- 2.
3. Note: 2021/22 was an unusual year for Early Years because DfE funded local authorities using termly census data, rather than average of successive January counts. This change was meant to recognise concerns that January 2021 takeup was reduced because of COVID-19 lockdown effects. It is estimated that Surrey lost £168,000 as a result of this change. But it means that the 2021/22 outturn may not be a reliable predictor of future years' outturns.
4. Budgets shown have been adjusted to recognise the expected £791,000 early years grant adjustment due in 2022/23 in respect of 2021/22 based on the January 2022 census data. The cumulative early years carry forward has also been adjusted for the final 2021/22 grant adjustment made in autumn 2021.

Note: 2021/22 was an unusual year for Early Years because DfE funded local authorities using termly census data, rather than average of successive January counts. This change was meant to recognise concerns that January 2021 takeup was reduced because of COVID-19 lockdown effects. It is estimated that Surrey lost £168,000 as a result of this change. But it means that the 2021/22 outturn may not be a reliable predictor of future years' outturns.

Budgets shown have been adjusted to recognise the expected £791,000 early years grant adjustment due in 2022/23 in respect of 2021/22 based on the January 2022 census data. The cumulative early years carry forward has also been adjusted for the final 2021/22 grant adjustment made in autumn 2021.

#### 4 HIGH NEEDS BLOCK OUTTURN

	Outturn	
	£000	
Independent Special	76,591	36%
Maintained Special	46,105	22%
Other Special	8,055	4%
Place funding	19,891	9%
Specialist Centres	7,124	3%
Mainstream	24,118	11%
Colleges	4,217	2%
Direct provision	4,446	2%
PRUs	5,506	3%
Services	15,709	7%
<b>Total High Needs</b>	<b>211,763</b>	
HNB DSG	176,464	
<b>Overspend</b>	<b>35,299</b>	
Brought forward from previous years	83,280	
Total HNB shortfall	118,579	
Less DfE Safety Valve Contribution	-40,500	
<b>Balance c/f</b>	<b>78,079</b>	

#### Reason for Overspend

As previously reported the High Needs DSG is insufficient to meet the historic demand increases for EHCPs. The SEND transformation programme is addressing ongoing pressures and the recent Safety Valve agreement addresses the historic under funding.

To contain the overspend set to £35m, £26m of cost containment and in year mitigations were delivered as shown in the table below.

	£m
Sufficiency Strategy	11.4
Preparation for Adulthood	7.3
Partnership Engagement	3.4
In Year Mitigation	3.6
Total for year	25.8

#### Action for the Forum

To note and discuss.

## Item 6

### Surrey Schools Forum

11 May 2022

**Lead: David Green (National Funding Formula)/TBC (SEND review)**

**For information**

#### **Update on DfE funding consultations**

##### **a) Hard/direct National Funding Formula (NFF) consultation: outcome**

In late March 2022, DfE published its response to its consultation on next steps to a hard or direct NFF, by which the government will directly determine individual school funding. As expected, most of the DfE's proposals will be implemented, although there are some areas in which further development will be required and a second stage consultation paper will set out detailed proposals in those areas.

#### **Issues for Surrey**

In 2023/24 the DfE will require all LAs to use all NFF formula factors, and no others will be permitted. Therefore, the factor for looked after children must cease for Surrey mainstream schools in 2023/24. (We may wish to consider whether the equivalent funding for special schools should continue). Looked after children will continue to be funded through "pupil premium plus".

In 2023/24 all LAs must move every formula factor 10% closer to the NFF factor values, unless they are already deemed close enough (within 1%). Most Surrey factors are already within 1% of the NFF, the exceptions are:

- Primary and secondary lump sums, which are 2.2% and 7.4% above NFF respectively;
- Primary Ever 6 FSM is 2.36% above NFF due to including former historic commitments funding.

However, it isn't clear how the convergence rules would operate in respect of transfers of funding out of the schools block, which would necessitate a reduction in formula factors relative to the NFF.

The government will consult further on:

- developing a national formula for funding split site costs at school level,
- future funding of exceptional premises costs (in Surrey this covers premises rents on essential accommodation which is rented)
- increased standardisation of growing schools and falling rolls funding (and to what extent any local flexibility in funding growth and falling rolls may be allowed). One option would be a standard national formula, possibly including national thresholds below which growth would not be funded, but there might still be some flexibility beyond this. Any local flexibility on growth funding will be constrained if it is the only element of the schools block over which there is local flexibility. Currently LAs may move funding between the DfE growth allocation and the main NFF formula if they choose, but under a hard NFF this would not be possible.

It appears unlikely that any changes in those areas will be made before 2024/25.

The government is not setting a specific timetable for implementation of a hard NFF. Instead it intends to review the impact of the first year's transitional measures before deciding on convergence requirements for the following year.

The government has also made various proposals for future funding of historic commitments in respect of private finance contracts, and of DSG funded historic commitments in respect of past redundancies yielding future revenue savings. Surrey does not incur costs in either category.

There is no indication of any changes to de-delegation/central services levy, at least in the immediate future, although both would cease if all maintained schools joined academy trusts by 2030, as proposed in the schools white paper.

The government consulted on moving to academic year funding allocations for all schools. No immediate action is being taken on this proposal.

Separately, within the SEND Green Paper, the government states that it will move to standardise the basis on which local authorities calculate notional SEN budgets as part of the hard or direct NFF, which is currently a matter for local decision. The government also proposes to issue guidance to local authorities, aimed at reducing the diversity of notional SEN budget calculations, while a national formula is developed.

## **b) SEND Review: Right Support, Right Place, Right Time**

### **Overview**

The SEND Review is a Department for Education Green Paper and consultation on the SEND and alternative provision (AP) system in England, presented to Parliament by the Secretary of State for Education Nadhim Zahawi on 29 March 2022. Many of the proposals contained in the Green Paper were suggestions Surrey County Council included in its response to the SEND Review consultation in January 2021.

The Green Paper is available in full [here](#),

### **Background**

- Since the 2014 reforms, 90 percent of state funded special schools are rated 'outstanding' or 'good'.
- Despite the reforms, there are still poor experiences and outcomes especially with the growing pressures on the system including delays in accessing support and financial strain for local authorities.
- The SEND Review was commissioned by the government in 2019, in response to a decline of confidence in the system and lack of financial feasibility.



- The SEND Review included involvement from various stakeholders from across the SEND system: children, young people, families, early years providers, education settings, local authorities, health and social care providers, and voluntary organisations. Surrey County Council provided written evidence to the SEND Review in January 2021.
- Alternative Provision is being increasingly depended on to support the SEND system while pupils wait for their Education Health and Care Plans (EHCPs) or a place at a special school.
- The responses to the SEND Review Green Paper consultation will be considered alongside the Independent Review of Children’s Social Care to ensure the cumulative implications of reform deliver for children. There is significant overlap between the SEND cohort and those in the care system.

### Three key challenges facing the SEND system

- Challenge 1: outcomes for children and young people with SEN or in alternative provision are poor
- Challenge 2: navigating the SEND system and AP is not a positive experience for children, young people and their families
- Challenge 3: despite unprecedented investment, the system is not delivering value for money for children, young people and families

A vicious circle of late intervention, low confidence and inefficient resource allocation is driving these challenges.

## Core Proposals

### Chapter 2: A single national SEND and AP system

- Establish a **national SEND and AP system setting nationally consistent standards** for every stage of a child’s journey across education, health and care.
- Review and update the **SEND Code of Practice** to ensure it reflects the new national standards to promote nationally consistent systems, processes and provision.
- **Establish new statutory local SEND partnerships**, bringing together education, health, and care partners with local government to produce a **local inclusion plan** setting out how each area will meet the national standards.

- **Introduce a standardised and digitised Education Health and Care Plan process and template** to minimise bureaucracy and deliver consistency.
- **Support parents and carers to express an informed preference for a suitable placement by providing a tailored list of settings**, drawn from the local inclusion plan, including mainstream, specialist, and independent settings, that are appropriate to meet the child or young person's needs
- **Streamline the redress process**, making it easier to resolve disputes earlier, whilst retaining the tribunal for the most challenging cases, including mandatory mediation before an appeal to tribunal

### Chapter 3: excellent provision from early years to adulthood

- **Invest an additional £1bn in 2022-23 alone** for children and young people with complex needs as part of a **£7 billion increase in our total investment in schools' budgets by 2024-25, compared to 2021-22.**
- **Consult on a new SENCo National Professional Qualification for school SENCos**, and increase the number of staff with an accredited Level 3 SENCo qualification in early years settings.
- **Commission analysis to better understand the support that children and young people with special educational needs and disabilities need from the health workforce** so that there is a clear focus on special educational needs and disabilities in health workforce planning.
- **Improve mainstream provision**, building on the ambitious Schools White Paper, through teacher training and a 'what works' evidence programme.
- **Fund more than 10,000 additional respite placements through an investment of £30m**, alongside £82m to create a network of family hubs, to improve wraparound support for families.
- **Invest £2.6bn, over the next three years, to deliver new places and improve existing provision** for children and young people with SEND or who require AP.
- **Set out a clear timeline that, by 2030, all children will benefit from being taught in a family of schools**, with their school, including special and alternative provision, in a strong multi-academy trust (MAT), or with plans to join or form one.
- **Invest £18m over the next three years to build capacity in the Supported Internships Programme**, and improve transitions at further education by

introducing Common Transfer Files alongside piloting the roll out of adjustment passports.

#### **Chapter 4: A reformed and integrated role for AP**

- **Make alternative provision an integral part of local special educational needs and disabilities systems** by requiring the new local special educational needs and disabilities partnerships to plan and deliver an alternative provision service focused on early intervention
- **Give alternative provision schools funding stability to deliver a service focused on early intervention** by requiring local authorities to create and distribute an alternative provision-specific budget
- **Build system capacity to deliver the vision through plans for all alternative provision schools to be in a strong multi-academy trust**, to deliver evidence-led services based on best practice, and open new alternative provision free schools where needed
- **Develop a bespoke performance framework for alternative provision** which sets robust standards focused on progress, re-integration into mainstream education or sustainable post-16 destinations
- **Deliver greater oversight and transparency of pupil movements** including placements into and out of alternative provision
- **Launch a call for evidence, before the summer, on the use of unregistered provision** to investigate existing practice

#### **Chapter 5: System roles, accountabilities and funding reform**

- **Deliver clarity in roles and responsibilities** with every partner having a clear role to play, and being equipped with the levers to fulfil their responsibilities.
- **Equip the DfE's new Regions Group** to hold local authorities and MATs to account for delivery through new funding agreements between local government and the DfE
- **Provide statutory guidance to Integrated Care Boards** to set out clearly how statutory responsibilities for SEND should be discharged.

- **Introduce new inclusion dashboards for 0-25 provision**, offering a timely, transparent picture of how the system is performing at a local and national level across education, health and care.
- **Introduce a national framework of banding and price tariffs for funding**, matched to levels of need and types of provision set out in the national standards
- **Work with Ofsted/Care Quality Commission on their plan to deliver an updated Local Area SEND Inspection Framework** with a focus on arrangements and experience for children and young people, to be implemented in 2023.

## Chapter 6: Delivering change for children and families

- **Invest an additional £300m through the Safety Valve Programme and £85m in the Delivering Better Value programme**, over the next three years, to support those LAs with the biggest deficits; including Surrey County Council
- **The SEND and AP Directorate within DfE** will work with parent groups, system leaders from across education, health and care and the Department of Health and Social Care to develop the national special educational needs and disabilities standards.
- **Support delivery through a £70m SEND and AP change programme** to both test and refine key proposals and support local systems to manage local improvement
- **Publish a national SEND and AP delivery plan** setting out how and by whom change will be implemented.
- **Establish a new National SEND Delivery Board** to bring together relevant government departments with national delivery partners including parents, carers and representatives of local government, education, health and care to hold partners to account for the timely implementation of proposals

### Action for the Forum

To note and discuss.

**Item 7 (b)**  
**Surrey Schools Forum**

**11 May 2022**

**Lead:**

**For discussion and recommendation**

**Impact of Safety valve proposals on schools funding: proposed transfer of funding from schools block to high needs block**

**Summary**

Surrey's "safety valve" agreement includes a transfer of 1% of schools budget to high needs block in each of the years 2023/24-2027/28. The LA anticipates that the Department for Education (DfE) will expect it to consult the Forum and the wider schools community as to HOW such a transfer is implemented (and indeed the LA would wish to do so), although the LA understands that the principle of such a transfer has been agreed as part of the safety valve agreement. This paper discusses possible methods of implementing such a transfer for 2023/24. The Forum is invited to discuss the proposals and to consider whether any other possible methods should be considered. Similar issues will arise in later years, although the year on year impact will be different.

**Background**

A transfer out of the Schools Block can be implemented by varying from the NFF in a combination of ways:

- Lower units of resource
- Lower minimum funding guarantee (MFG) and/or lower ceiling on gains
- Lower level of minimum per pupil level funding (MPPL). This would require specific approval from the Secretary of State and is generally discouraged by DfE, but we understand that as part of the safety valve agreement the Secretary of State would be prepared to look at such a variation.

In deciding how to implement a block transfer, we may wish to consider whether there are specific categories of more vulnerable schools which need to be protected, but also to recognise that the wider the cost is shared, the lower the impact on individual schools. Historically, when proposing block transfers, we have generally sought to reduce the minimum funding guarantee in relative terms by less than the units of resource in the formula, and the Forum may wish to continue to support that principle. We can only try to protect vulnerable schools where they have characteristics which can be recognised through the NFF (eg high deprivation).

In recent proposals we have not sought to reduce minimum per pupil level funding when considering block transfers. However, the proposed transfer is larger than that considered in previous years and in 2022/23 31% of Surrey schools (with 33% of the budget) were on MPPL. Thus the cost of a 1% transfer to high needs would be borne by only 69% of schools, and those schools would bear a correspondingly higher cost, in a year in which formula funding increases in the NFF might anyway be lower than in 2022/23 (see table below). Therefore, it is proposed that in 2023/24, the LA

seeks approval to reduce MPPL rates below NFF by half of the reduction applied to NFF formula factor rates. This is broadly similar to the approach which has been taken in recent years in respect of the MFG when proposing block transfers, ie the reduction in MFG and MPPL would be lower than the reduction in NFF formula rates.

By way of context, in 2022/23 a 1% transfer out of schools block might have required the following levels of MPPL, MFG and units of resource

Factor	MPPL compared to 2021/22	MFG compared to 2021/22	UOR vs NFF	Ceiling	Schools on ceiling
Illustrative values	2% (unchanged)	0.75%	-2%	1.87%	48
OR	1.33%	1.25%	-1.5%	2.37%	42
COMPARE ACTUAL (no block transfer)	2%	2%	NFF	3.9%	50

It is anticipated that the impact on MPPL and units of resource in the four following years (relative to the NFF) would be similar, but that we would give the Forum the opportunity to review the method annually.

Typical school level variations for schools affected

Average £ loss in 2022/23 compared to actual 2022/23 budget would have been

School sector and size	MPPL unchanged*	MPPL reduced	Number of schools	Of which on MPPL in 2022/23
Primary				
Small primary (up to 185 pupils)	-8,400	-6,100	71	0
Primary 186-260 pupils	-13,300	-9,300	79	5
Primary 261-404 pupils	-16,700	-13,000	72	37
Primary >404 pupils	-18,600	-15,700	77	64
Secondary <760 pupils	-59,500	-41,800	13	1
Sec 760-1050 pupils	-89,200	-64,100	16	0
Sec 1051-1199 pupils	-105,000	-74,600	14	4
Sec 1200+ pupils	-111,000	-97,300	15	3

\*Average impact in this column is for those schools which are affected ie the first column excludes those schools on MPPL. Schools on ceiling will in general see above average reductions if a ceiling is used -as indeed happened in 2022/23 when a ceiling was used.

If a similar block transfer is used for several consecutive years, schools with stable pupil characteristics which are not on ceiling are likely to see a similar impact on

funding every year (eg for the first scenario 2% below NFF if on formula, or 0.75% lower if on MFG). Schools on ceiling may see a wide range of losses, depending on how stable their pupil characteristics are, although as shown above, the proposals do not significantly increase the number of schools subject to ceiling deductions.

The table below illustrates impact of the ceiling (in terms of the level of deduction per school) in 2022/23:

ceiling deduction %	number of primary schools	number of secondary schools
up to 1%	22	5
1-2%	17	0
2-3%	2	0
3-4%	1	0
4-5%	1	0
5%+	0	0

This shows that most schools on the ceiling are not seeing huge percentage deductions, and there is no reason to assume that this situation should change over the next few years. Schools with deductions of over 3% are both schools receiving sparsity funding, which increased hugely between 2021/22 and 2022/23.

#### **Action requested of the Forum**

The Forum is asked to discuss the issues set out above and to consider whether it would wish any specific scenarios to be developed for consideration at the June meeting.