

Papers for items 4, 5, 6, 7 and 12 for meeting of Surrey Schools Forum 14 May 2021 (Others to follow)

Item 4
Surrey Schools Forum
14 May 2021
For information and discussion

Dedicated Schools Grant (DSG) Outturn 2020/21 and next steps

The accumulated DSG position at outturn 2020/21 was a net deficit of £32.2m against DSG income. 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:

| | At 31 March 2020 (Under) / overspend | B/f allocated in 2020/21**** | Prior year adjustment for 2019/20** | In year 2020/21 (Under)/ over | Expected DSG adjustment Jul 2021*** | Cumulative Outturn 31 March 2021 |
|---------------------------|---|---------------------------------------|--|--|--|---|
| | £'000 | £'000s | £000s | £'000 | £000s | £'000 |
| Schools | -5,740 | 1,206 | | -1,837 | | -6,371 |
| CSSB | -110 | | | -61 | | -171 |
| Early Years | -11,438* | | -852 | -1,813 | 1,085 | -13,018 |
| High Needs | 48,806 | | | 34,474 | | 83,280 |
| Total | 31,518 | 1,206 | -852 | 30,763 | 1,085 | 63,720 |
| Net change in year | | | | | | 32,202 |

*Based on allocation before year end adjustment for latest January census data. This adjustment was £852,000 in respect of 2019/20 (confirmed July 2020) and is estimated at £1.085m for 2020/21.

** Grant received in 2020/21 in respect of 2019/20

*** Adjustment expected in autumn 2020 in respect of Jan 2021 early years census data

**** Planned spending in 2020/21 from previous year Schools Block surplus

The in-year deficit on the High Needs Block was £34.5m and the cumulative deficit on that block is now £83.3m.

The Department for Education (DfE) expects local authorities to carry forward DSG overspends and to repay them from future years' DSG, although a very small number of local authorities with very high DSG deficits (much higher than Surrey as a proportion of DSG at 31 March 2020) have been allocated additional high needs block DSG subject to various conditions. Local authorities with DSG deficits are expected to prepare recovery plans and to discuss them with the DfE and with their Schools Forums. The recovery plan is the subject of another item on this agenda.

The DfE does not specifically require surpluses and deficits on individual blocks to be carried forward separately, although it expects them to be reported.

The key variations per block are as follows:

1. SCHOOLS BLOCK OUTTURN:

| Budget category | 2020/21 (Under) / overspend | Explanation of variance |
|--|-----------------------------------|---|
| | £'000 | |
| Main formula | -100 | Rates relief on academy conversions and year end rates adjustments |
| Prior year rates adjustments | -55 | Retrospective refunds in respect of previous year academy conversions |
| Growing Schools | -1,003 | 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. Budgets for 2021/22 have been scaled down as a result of this experience. |
| De-delegated contingency (maintained primaries only) | -160 | Fund deducted from budgets of maintained primary schools. Any surplus is returned to maintained primaries over time via an explicit formula factor, the amount returned is determined annually. The contingency was not spent at all in 2020/21 |
| De-delegated intervention fund (maintained primaries only) | -81 | Intervention fund is managed by SAfE and used to support maintained primary schools facing leadership and standards issues. Funding was carried forward from 2019/20 for specific projects and the impact of COVID19 has led to delays in those projects. |
| De-delegated Special Staff costs (union facilities) | -35 | 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. Contribution rates have been reduced for 2021/22. |
| Others, including behaviour support and area exclusion budgets | -149 | Travellers 52k (staff travel and bank staff), risk management 68k (income, staffing and travel), behaviour 29k (mainly staff travel). |
| Income offset by expenditure in the high needs block | -76 | Funding recovered from maintained schools when pupils are permanently excluded. The provision for these pupils is made from services within the high needs block. But this was partly offset by £60k of central services levy costs which ought to have been charged to the high needs block, thus £16k of the underspend ought to be transferred to HNB. |
| Local learning fund | -178 | This was a new budget in 2019/20 which was funded from previous year underspend on Schools Block. Underspend was carried forward from 2019/20. |
| Over (under) | -1,837 | |

Note: The Schools Block budget included £1.206m allocated from previous year underspends, largely for SAFE and Local Learning Funds.

2. CENTRAL SCHOOLS BLOCK (CSSB) OUTTURN

| Budget category | (Under) / overspend | Explanation of variance |
|-----------------------------|---------------------|---|
| | £'000 | |
| Devolved Admissions Appeals | -67 | Demand led ie depends on the number of admissions appeals claimed by individual schools |
| Various others | 6 | |
| Over(under) | -61 | |

3. EARLY YEARS OUTTURN

| Budget category | (Under) / overspend |
|-----------------------------------|---------------------|
| | £'000 |
| Three & Four Year Olds | |
| Main Formula | 545 |
| Early intervention fund | -1,208 |
| Central retention) | -163 |
| Two Year Olds | |
| Expenditure above grant | 356 |
| Other DSG Grants | -257 |
| Over(under) | -728 |

Note: contingencies were reduced by £2m in 2020/21 to reflect estimated ongoing underspend and that £2m was added to the early intervention fund. It will be recognised that in 2020/21 patterns of take up of the early years free entitlement were unusual due to the impact of COVID 19, and also that protected funding has been allocated to some providers in 2020/21, increasing costs. The circumstances had an impact both on costs and funding and the DfE decision to use termly counts in 2021/22 may have a further impact on early years funding for 2021/22.

Budgets shown have been reduced to recognise the expected £1.085m grant reduction in 2020/21 based on the January 2021 census.

4 HIGH NEEDS BLOCK OUTTURN

| Budget category | (Under) / overspend | Explanation of variance |
|--|------------------------|--|
| | £'000 | |
| Special schools' places, top-ups, and outreach | 1,029 | In year uplift on top ups of £0.4m, the remainder reflects the net impact of increased number of Surrey pupils in line with the SEND strategy to maximise the appropriate use of maintained provision. |
| Placements in non-maintained, independent, OLA schools, within children's homes and Post 16 colleges plus personal budgets | 8,352 | The transformation programme delivered £5.1m cost containment in this area however the target was £10.4m, leading to an overspend of £5.3m. In year placement moves and pupils moving into the county lead to a further £3.1m overspend. |
| Individual support budgets | 2,288 | Planned cost containment of £2.3m was not achieved as demand for support continued. |
| SEND Services - speech and language therapies, special early education, access to education, hospital education and area exclusions. | -1,042 | Mainly staffing vacancies early in the year (7% of the staffing budget) plus unspent travel budgets. |
| Total | 10,627 | |
| Budgeted shortfall | 23,847 | |
| Total in year shortfall | 34,474 | |
| Brought forward from previous years | 48,834 | |
| Total HNB shortfall | 83,308 | |

It should be noted that SEND transformation delivered almost £14m of either planned cost containment or in-year mitigations to offset pressures. If this hadn't been achieved the High Needs Deficit would have been £48.5m.

Surplus balances of maintained schools

Surplus balances of those individual schools which were maintained by the LA at 31 March 2021 increased by £8.2m in 2020/21. The position at 31 March 2021 is summarised below:

| Number of maintained schools | Nursery and primary | Secondary | Special and PRU |
|---------------------------------|---------------------------|-----------|--------------------|
| with balances >15% of funding | 45 | 4 | 11 |
| with balances 10-15% of funding | 53 | 4 | 5 |
| with balances 0-10% of funding | 78 | 3 | 3 |
| with deficits | 2 | 0 | 0 |
| | 178 | 11 | 19 |
| with balances >15% of funding | 25% | 36% | 58% |
| with balances 10-15% of funding | 30% | 37% | 26% |
| with balances 0-10% of funding | 44% | 27% | 16% |
| with deficits | 1% | 0% | 0% |

Note: some of these surpluses will include funding specifically saved up for large projects over an extended period. The impact of COVID19 will vary between schools, e.g. loss of extended school income vs delays to specific projects. The balances may also include unspent Covid catch up grant and PE grant.

The ESFA has said that surpluses should not increase as a result of additional C19 grants so some of this surplus may be clawed back.

The LA does not have information on academy surpluses at 31 March 2021 because of the different year end dates.

Action for the Forum

To note and discuss.

Summary of final budget decisions for 2021/22 including additional SEN funding

Mainstream formula 2021/22

LA request for transfer of 0.5% of schools block funding to high needs was rejected by the Secretary of State, therefore mainstream funding was based on:

- * Minimum funding guarantee of 2% (maximum permitted level)
- * No ceiling, so all schools gaining from formula or data changes (eg increased deprivation) received those gains in full.
- * Units of resource 0.2% above NFF (except that lump sum was slightly higher and basic entitlement slightly lower, in order to provide a little protection to small schools).

Additional SEN funding (for schools where the cost of the first £6,000 per EHCP is high relative to level 2 SEN funding)

Additional SEN funding ceased from April 2021 subject to transitional arrangements as follows:

- **Summer term** – a full term of funding, at 2020/21 level, for schools receiving such funding in 2020/21 (1/3 of 2020/21 funding)

PLUS

- **September 2021 – Mar 2022 -**

the lower of the additional SEN funding received in 2020/21 or that which would have been due in 2021/22 under the 2020/21 method with updated data

LESS the summer term transitional funding

LESS 1.5% of budget share

subject to a minimum of zero.

The Vulnerable Learners service is working with three schools to minimise the impact by exploring options such as creating units.

Future arrangements for funding schools with a high incidence of EHCPs will form part of the review of mainstream SEN, which is considered elsewhere on this agenda.

For clarification there is no change to mainstream IPSB funding in 2021/22.

Update on DfE funding consultations which may affect schools and high needs funding in 2022/23, and on the school improvement monitoring and brokering grant consultation

The DfE has issued three separate consultation papers on possible changes to schools and high needs funding in 2022/23 since the January meeting of Schools Forum. Additionally, the DfE has proposed changes to the School Improvement Monitoring and Brokering Grant, which will affect the scope of local authorities to support maintained schools. DfE consultations are now typically open for only one month.

Distribution of high needs block funding to local authorities (closed 24 March 2021)

The DfE is considering some interim changes to the allocation of high needs block funding to LAs, pending the outcome of their SEND review, which may mean more extensive changes. In particular, part of the high needs block (40% of Surrey's allocation) is currently distributed based on 2017/18 estimated expenditure. The DfE consulted on:

- Whether it should be distributed based on 2017/18 actual costs rather than estimated (although they ruled out using later year costs, on the basis of perverse incentives).
- Whether the proportion of DSG distributed in this way should be increased.

The impact of the proposed changes on Surrey is not likely to be significant because 10% of Surrey's HNB formula allocation is made up of "floor protection" i.e. the minimum average annual percentage increase in funding per 2-18 year old per year has protected Surrey at a higher level of funding than the formula would deliver (This is a similar principle to the minimum funding guarantee for schools). As such, Surrey's priority would be the highest possible minimum funding increase per head. The DfE has yet to announce the national high needs block funding increase for 2022/23.

Changes to the allocation of sparsity funding within the NFF (closed 6 April 2021)

Currently sparsity funding for small rural schools depends on the number of pupils on roll of a school and on the average straight line distance from home to next nearest school for those pupils (which must be at least 2 miles for a primary school and three miles for a secondary school). The DfE is proposing moving to road distance rather than straight line distance, while retaining the same distance thresholds as at present, thus more schools would qualify for sparsity funding. They are also proposing an increase of £10,000 in the maximum sparsity allocation which individual primary and secondary schools can receive (remember the maximum applies only to primary schools with fewer than 10.5 pupils per year group and

secondary schools with fewer than 60, so only one Surrey school receives the maximum).

Only five Surrey schools currently receive sparsity funding. The proposals would mean a small increase (possibly to eight) in the number of schools receiving sparsity funding but there are simply very few schools in Surrey which are small enough to meet the size criteria.

If the changes were implemented, Surrey would be obliged to use road distance but would be able to choose whether to increase the maximum allocation.

Changes to the arrangements for payment of business rates for schools (closed 5 May 2021)

The DfE is proposing that it should pay business rates directly to billing authorities on behalf of both maintained schools and academies. The costs would still be included in Dedicated Schools Grant and in maintained schools' budget shares (and included in the amounts which DfE deducts from local authorities for academy budgets) and so the proposed change should not directly affect the funding of individual schools. The costs would still need to be reported as part of individual schools' expenditure, as now, but academies would no longer need to pay rates and reclaim the cost, and the LA would no longer need to process the payment of maintained school rates.

Changes to the School Improvement Monitoring and Brokering Grant (closing 26 May 2021) Note: this affects 2021/22

The School Improvement Monitoring and Brokering Grant has been paid to local authorities since the demise of Education Services Grant in 2017, in order to fund their school improvement duties as set out in the Schools Causing Concern statutory guidance and in the Education and Inspections Act in respect of maintained schools. It is a grant to local authorities rather than to schools, and thus technically outside the remit of the Forum. However, it funds support which is important to maintained schools, including much of the work of SAfE (that part which is not funded by de-delegated funds) and thus any changes to its availability will have an impact on schools. The grant has been paid on an annual basis and is not committed by DfE for future years.

Currently the grant is not legally ringfenced. The DfE is proposing to impose two conditions, effective from part way through the summer term:

- That the grant may be used only to support the LA's school improvement functions (as set out in the consultation paper and at annex A)
- That in exercising those functions, LAs in receipt of the grant must take active steps to support the successful and sustained return of all pupils to school and in addressing any adverse impacts of the pandemic on their education.

It isn't clear whether there would be restrictions on carrying forward any grant not spent on the specified purposes.

While much of the work in Surrey funded by the grant is within the definition of statutory school improvement support, the proposed conditions would reduce the LA's (already limited) flexibility to spend it to support individual schools with standards challenges in ways which were not specifically within the scope of its school improvement responsibilities as described above.

Separately the DfE has advised that from September 2021, the national level of grant will be reduced, in line with the reduction in the number of maintained schools since the grant was introduced in September 2017. The estimated impact on Surrey is a reduction of £0.2m, from £0.9m to £0.7m, which could potentially have an impact on the level of support available to schools. This is not specifically part of the consultation.

Action requested of the Schools Forum

To note the closed consultations (and if so minded discuss their impact)

To consider the impact of the proposed changes to monitoring and brokering grant.

David Green

5 May 2021

Annex: School improvement monitoring and brokering grant consultation: list of LA school improvement functions and powers:

Where a school is deemed eligible for intervention because the LA has significant concerns over performance standards, governance, or pupil safety the LA may

- Require governing body to enter into arrangements with another party for advisory services with a view to improving standards
- Appoint additional governors
- Appoint interim executive board
- Suspend delegated budget.

The schools causing concern guidance requires that LAs:

- Understand the performance of maintained schools in their area, using data as a starting point to identify any that are underperforming, while working with them to explore ways to support progress.
- Work closely with the relevant Regional Schools Commissioner (RSC), dioceses and other local partners to ensure schools receive the support they need to improve.
- Where underperformance has been recognised in a maintained school, proactively work with the relevant RSC, combining local and regional expertise to ensure the right approach, including sending warning notices and using intervention powers where this will improve leadership and standards; and
- Encourage good and outstanding maintained schools to take responsibility for their own improvement; support other schools; and enable other schools to access the support they need to improve.

The general presumption is that the LA does not actually provide or fund the support, but simply facilitates it. There is a power to provide and fund additional support through de-delegation.

DfE Consultation questions

Question 1: (DfE) intend to attach a condition to the payment of the grant that the grant must be used exclusively to support LAs' school improvement (SI) functions for which the grant is paid.

What would be the impact of making this change for LAs, in particular for schools and pupils, and on LAs' ability to deliver their SI functions? Please provide evidence where possible.

Question 2: We intend to attach a condition to the payment of the grant that, in fulfilling their existing SI functions, LAs in receipt of the grant must take active steps to support the successful and sustained return of all pupils to school and in addressing any adverse impacts of the pandemic on their education.

What would be the impact of making this change for LAs, schools and pupils, in particular on LAs' ability to deliver their SI functions? Please provide evidence where possible.

Question 3: We intend to attach a condition to the payment of the grant enabling the Secretary of State to take action to enforce the conditions referred to in questions 1 and

2 in the event of non-compliance, including as a last resort, the right to claw back grant or withhold future funding where appropriate on a case-by-case basis.

What would be the impact of making this change for LAs, schools and pupils, in particular on LAs' ability to deliver their SI functions, and how can we help to mitigate any negative impacts? Please provide evidence where possible.

Question 4: In exercising their functions, the Public Sector Equality Duty (PSED) in section 149 of the Equality Act 2010, requires Ministers to have due regard to the need to eliminate discrimination, victimisation, harassment and other conduct prohibited by or under the Equality Act 2010, and to the need to advance equality of opportunity and to foster good relations between persons who share a relevant protected characteristic and persons who do not share it. The relevant protected characteristics for the purposes of the PSED are: sex; race; disability; religion or belief; sexual orientation; pregnancy or maternity; gender reassignment; and age.

Please let us know, providing evidence where possible, if you believe any of the proposals set out in this consultation will have the potential to have a positive or negative impact on particular groups, in particular those who share protected characteristics, compared to others.

Surrey County Council DSG Recovery Plan – updated May 2021

Summary of issue:

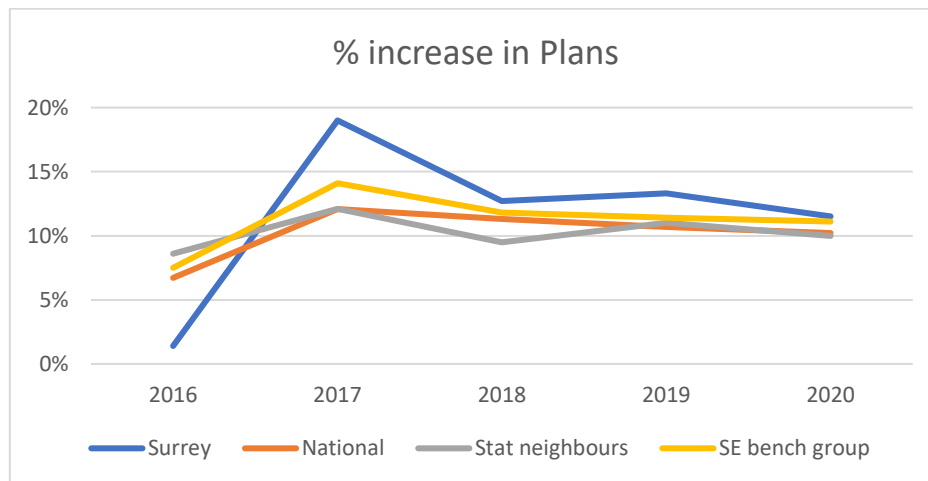
This paper sets out and summarises the information contained within the current Dedicated Schools Grant (DSG) deficit recovery plan for the Council. This report includes updates on the 2020/21 outturn and developments since the last report in November 2020.

Details:

Overview and background

1. The demand for Special Educational Needs Disabilities (SEND) provision has increased significantly since 2015 due to increased demand resulting from the legislative changes brought about by the Children & Families Act and the SEND Regulations, 2014 and SEND Code of Practice, 2015 which extended the age range of Statements of Special Educational Needs and EHCPs from 0-25 years. Since the first year of this extension the number of young people aged 20-25 has increased by over 1000% to now account for around 5% of all EHCPs.
2. Since that revised guidance came into effect, Surrey has seen the number of EHCPs increase by between 11-18% each year. This has caused a significant increase in demand at a time without comparable increases in funding allocations.

Chart 1: Increase in EHCPs over the previous 5 years (data shown in Appendix B)



Surrey has experienced a significant increase in the number of children and young people with complex SEND in the past 4 years. Although the percentage increase in growth of Education, Health and Care Plans (EHCPs) has slowed in recent years, Surrey's growth in EHCPs is still higher when compared to the national picture, statistical neighbours and the South East benchmarking group. On average, Surrey's EHCP growth has been 12% since 2016 – nearly two percentage points higher on average than its statistical neighbours.

3. Autism (also referred to as ASC) has been the most prevalent primary need in Surrey since 2015. The rate of ASC growth continues to be almost double that of the growth rate for Moderate Learning Difficulties (MLD) and Social Emotional and Mental Health needs (SEMH), which are the next two highest areas of need in the county.

On average, ASC has grown by 32% in Surrey over the last 4 years and continues to trend upwards.

4. Whilst the demand has increased over this period, the funding levels have not done so at a comparable rate. Table 1 below shows the year on year increases in funding within the High Needs Block (HNB) updated with the confirmed 21/22 allocations. Despite some higher year increases, the rate is overall significantly below the increase in demand and does not address the historic deficit.

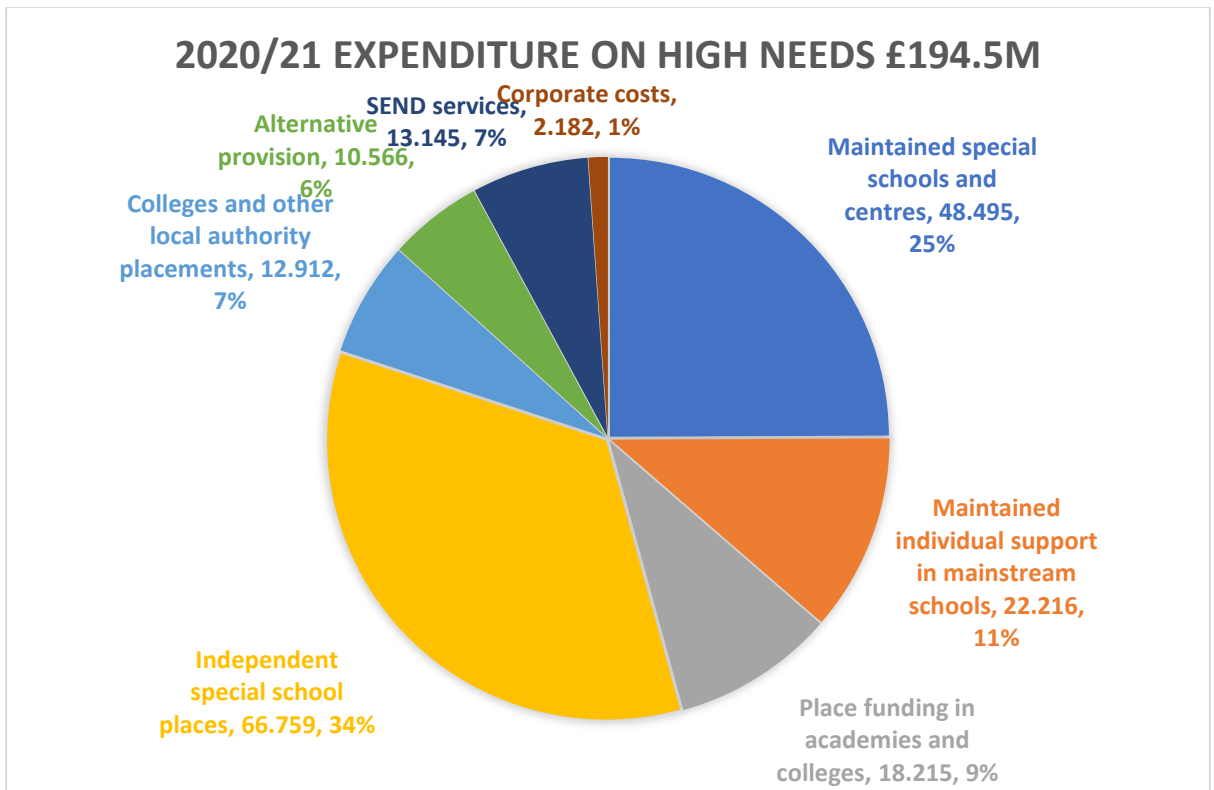
Table 1: Year on year High Needs Block funding growth

| | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 |
|-------------------------|---------|---------|---------|---------|---------|---------|
| % year on year increase | 1.75% | 12.00% | 4.16% | 1.68% | 8.61% | 8.91% |

Note: like for like comparison, ie excludes increase for teachers pay and pensions in 2021/22 as previously provided as a separate grant

5. The combination of such significant increase in demand and lower rates of funding increase have resulted in an unsustainable financial position.
6. Pressure within the HNB is not unique to Surrey with authorities across the Country lobbying the DfE for support in this area. The DfE HNB Benchmarking tool highlights some key areas Surrey is spending more than other authorities. These are set out in more detail later in this report. When considering benchmarking data, it is important to remember that other authorities are also in a position of financial pressure and so should not necessarily be considered financially stable in the longer term. Altering costs to match others would not necessarily result in creating a financially stable position if demand continues to grow at current rates.
7. In the 2020/21 financial year the spend on High Needs was £195m, £34.5m higher than High Needs DSG allocation. Chart 2 shows the key areas of spend.

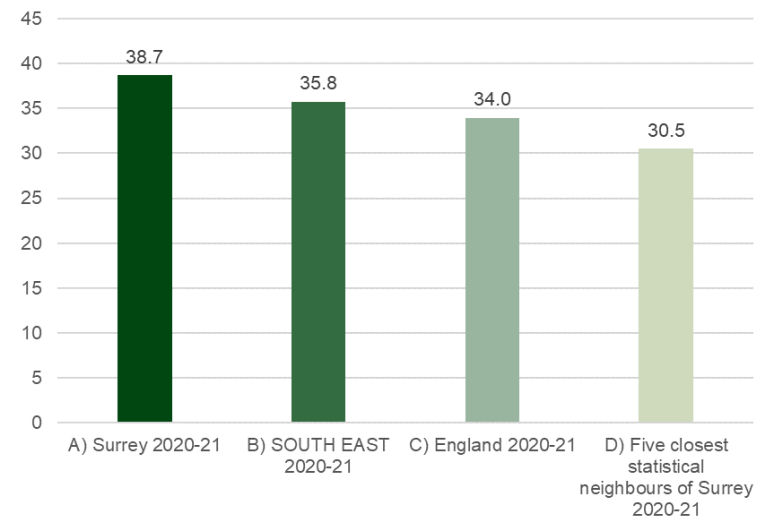
Chart 2: High Needs Block expenditure areas (the data is shown in Appendix B)



Other factors causing financial pressures

8. Surrey has a high number of EHCPs compared to national and local comparators as shown in Chart 3. However, they are not so much higher than other authorities to explain the full disparity in HNB position. This therefore suggests that there are other factors driving the level of DSG HNB spend. For example;
 - a. Significantly higher spend on Non Maintained Independent (NMI) schools
 - b. High levels of top up funding, in particular within NMIs and Alternative Provision
 - c. An imbalance of expenditure between top up funding and core place funding, with a higher proportion within top up compared to other authorities.

Chart 3: Number of Children aged up to 25 with SEN statement of EHCP (per 1,000 of 2-18 population)



9. In order to both address the current annual operating deficit and create a financially sustainable service in the future, the ongoing strategies are focused on addressing these areas to bring Council expenditure more in line with other authorities.

Future Strategy Themes

10. Within the deficit recovery and SEND transformation strategies, there are a number of key themes which both target effective outcomes for children and improved financial performance. These strategies are intended to be applied to both the existing cohort and future entrants to the system.
 - a. **Reduce the reliance on NMI Schools** (Non-Maintained Special Schools and Independent Schools). From a cost perspective the NMI placements are the most expensive at an average cost of £53,710 per head compared to £21,031 in maintained placements. Bringing Surrey's children who have the most complex needs closer to home supports highly effective joint agency monitoring to ensure that individuals continue to make good progress and reduces the likelihood of placement breakdown. In order to address this the Council is significantly increasing its Capital Strategy in order to provide more places within the specialist centres in mainstream primary and secondary schools and maintained special schools. The financial benefits will be from the difference in placement cost less any borrowing costs from Capital expenditure.
 - b. **Increase the proportion of young people placed in County** and the Local Offer. Similarly to the position with NMIs, out of County placements tend to be even more expensive and require careful contract management as well as regular monitoring to ensure progress against EHCP outcomes. To support this, we want to enable children and young people's right to a mainstream education through work with mainstream partners to be as inclusive as possible, and collaborate with local specialist partners to create high quality and long term sustainable provision that is responsive to changing local population needs.

- c. **Promoting independence** within the Post 16 cohort, in particular, is a fundamental part of the Council's strategy for all young people to develop independence and to be fully prepared for adulthood. We are seeking to commission excellent pathways to employment for our young people in special schools so that from the age of 14 years we're starting to work with them, their families and teachers to identify what their next steps may be. To support this we want to work with local colleges and young people to create more in-county Further Education provision courses that match their aspirations and interests as well as employment pathways such as apprenticeships and supported internships, which enable young people who have SEND to make a successful transition to adulthood and secure long-term employment. If this needs to involve Adult Social Care because of the complexity of needs the young person has, then we will seek to do this at the earliest opportunity.

- d. **Reduce the reliance on top-up funding** and develop more delegated/collegiate budgets for schools to control. This high level of expenditure on top up funding is particularly prevalent within the NMI sector. Table 2 below shows the Surrey is a particular outlier in this category.

- e. An AP Strategy is being developed which aims to put in place interventions early on before a child or young person's behaviour become increasingly challenging or vulnerability becomes apparent. We're also seeking to reduce our reliance on private tutors, often outside of the county, to support these young people and instead offer an in-county high quality alternative.

Financial position

11. The Council is facing significant financial pressures within its DSG High Needs Block (HNB) which has caused it to generate a deficit for a number of years. In 2019/20 the outturn was a deficit of £30m which resulted in a cumulative deficit of £49m on the DSG HNB. When offset against balances within the other DSG blocks, the cumulative deficit for the DSG, as a whole, was £31.5m.
12. In 20/21 the budgeted position was to achieve a deficit of £24m which would have created an overall deficit at the end of the year of £73m. However, the outturn position was an overspend of £34.5m which increase the HNB deficit to £83m and the overall DSG deficit is £63.7m. The first priority for the Council is to achieve a position whereby the spend and annual level of funding are in balance so the cumulative deficit does not grow any further.
13. Due to changes in DSG regulations which prevent use of the General Fund to pay for deficits, without Secretary of State approval, there are very limited options available to address the cumulative deficit. Without additional funding for the HNB, other options available are to potentially repurpose funding from other blocks within the DSG.

Impact of the deficit recovery plan on Budgets

14. For the deficit recovery plan the key is to factor in the impact of the above strategies on our existing base budgets and growth assumptions. The DfE has provided a template to assist with this process, which this report summarises.
15. The template contains an unmitigated and mitigated budget for a five-year period. The unmitigated budget position shows the projected expenditure based purely on growth expected over that period. The key growth assumptions currently included for 21/22 are:
 - i. EHCP growth 10%
 - ii. Increase in NMI spend of 26%
 - iii. Increase in Surrey Special school spend of 15%
 - iv. 12% increase in Post 16 specialist providers
 - v. 18% increase in mainstream Individual Pupil Support Budget (IPSB) spend
 - vi. £2.6m of additional Teachers pension & pay grant (but this is replacing existing grants so is not new money)
16. In order to address the above growth pressures and also mitigate the existing underlying pressure, there are a number of activities to ensure the effective use of resources and begin the process of aligning expenditure and annual funding allocations. The key elements in 21/22 are;
 - f. Additional maintained places from the SEND capital strategy, £5.6m
 - g. Reduction in additional costs to NMIs from schedule 2 work focusing on contract management, £4m
 - h. Preparation for Adulthood, £6.6mInclusion Strategy £3m

- i. Revised Alternative Provision strategy £1.2m
 - j. Coming Home project £3.7m
17. The mitigated budget shows the impact and areas where proposed strategies will impact and the reductions in expenditure required. Appendix A shows the projected 5 year profile of High Needs expenditure. It shows the level of forecast growth and cost containment required for the HNB to achieve the ambition of reducing the in-year deficit by £5m per annum from 22/23. The yellow boxes represent the amount of cost containment required if assumptions around additional growth and funding allocations are correct.

Next steps

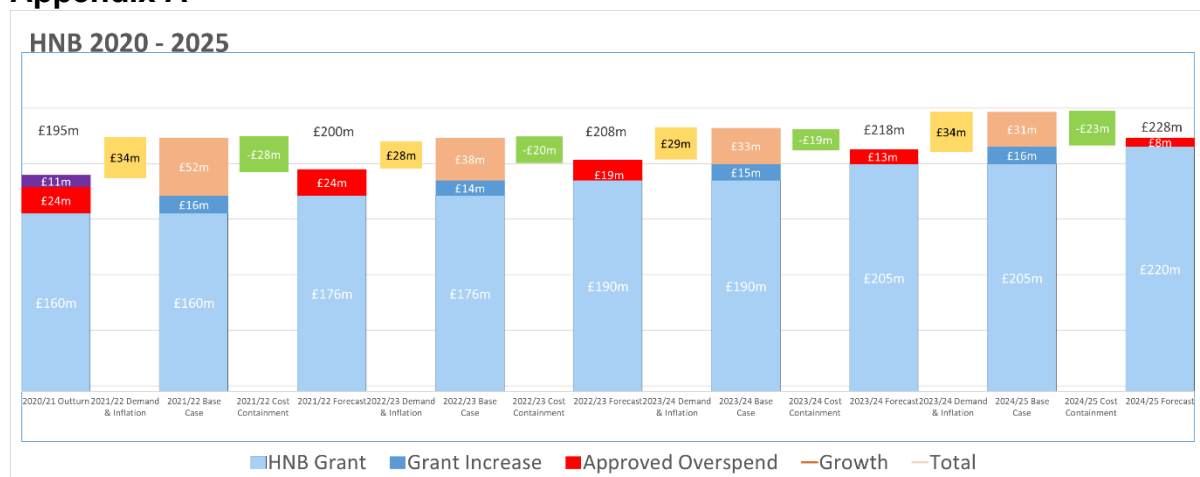
18. The Council last reported progress on the HNB deficit recovery plan to schools forum in November 2020. Since then there have been several further developments.
19. The council commissioned IMPOWER to provide a trajectory management model. The work is in its final stages and is helping inform Surrey's High Needs model and projections over a three to five year period. Through benchmarking and experience working with other authorities, IMPOWER have provided insight into the opportunities for managing the high needs resources effectively. In particular the potential financial scale of impact individual strategies may have.
20. The DfE has recently awarded additional high needs funding to five other authorities via individual 'safety valve' agreements. Each of these authorities had a planned DSG deficit at 31 March 2020 which represents a higher percentage of their overall DSG compared to Surrey's. Their absolute planned deficit amount is however less than Surrey's. On reviewing the individual agreements, there appears to be a significant overlap with Surrey's SEND transformation programme in respect of the approaches being proposed to address the deficits, such as:
- Improve support available in schools to manage demand more effectively and reduce escalation of need.
 - Expand specialist provision to avoid placements in more expensive non-maintained Special Schools and independent special schools.

The council is evaluating the mechanism and will talk to the DfE to further understand the process and potential opportunity for additional funding in the future. It should be noted each agreement is understood to come with specific delivery timescales and criteria which would need to be met to receive funding.

21. Officers from SCC have met with counterparts from other local authorities to learn from best practice and initiatives already in place within the HNB. There are also larger scale consultations and discussions taking place to lobby central government on what is a national issue.
22. In order to further expand discussions and joint working with Schools Forum members, the Council has established a HNB working group with selected members. This group will enable that group to have more targeted discussions around how future strategies can be developed and implemented in conjunction with the financial

circumstances outlined above. The outcomes are provided in a separate report to schools forum.

Appendix A



Data for chart in appendix A High needs block (HNB) projections

| | 2020/21 outturn | 2021/22 forecast | 2022/23 forecast | 2023/24 forecast | 2024/25 forecast |
|-----------------------|-----------------|------------------|------------------|------------------|------------------|
| | £m | £m | £m | £m | £m |
| Grant | 160 | 160 | 176 | 190 | 205 |
| Approved overspend | 24 | | | | |
| Growth in grant | | 16 | 14 | 15 | 16 |
| Projected overspend | 11 | 52 | 38 | 33 | 31 |
| less cost containment | | -28 | -20 | -20 | -23 |
| Total estimated cost | 195 | 200 | 210 | 218 | 229 |
| Less Grant | | 176 | 190 | 205 | 221 |
| Approved overspend | | 24 | 20 | 13 | 8 |

Appendix B Chart data

Data for chart 1 Percentage increase in EHCPs year on year

| % change in EHCPs | Surrey | National | Statistical neighbour | South east |
|-------------------|--------|----------|-----------------------|------------|
| Jan 2015 to 2016 | 1.4% | 6.7% | 8.6% | 7.5% |
| Jan 2016 to 2017 | 19.0% | 12.1% | 14.1% | 12.1% |
| Jan 2017 to 2018 | 12.7% | 11.8% | 9.5% | 11.8% |
| Jan 2018 to 2019 | 13.3% | 11.2% | 11.0% | 11.4% |
| Jan 2019 to 2020 | 11.1% | 10% | 10% | 11.1% |

Data for chart 2 High needs block expenditure in 2020/21

| Budget category | Total expenditure £m | % |
|---|-------------------------|--------|
| Maintained special schools and centres | 48.495 | 25.0% |
| Maintained individual support in mainstream schools | 22.216 | 11.4% |
| Place funding in academies and colleges | 18.215 | 9.4% |
| Independent special school places | 66.759 | 34.3% |
| Colleges and other local authority placements | 12.912 | 6.6% |
| Alternative provision | 10.566 | 5.4% |
| SEND services | 13.145 | 6.8% |
| Corporate costs | 2.182 | 1.1% |
| Total | 194.49 | 100.0% |

Surrey Virtual School SVS Pupil Premium Plus for Children Looked After Annual Update 2021

Purpose of report

This report provides an overview of the 'LAC (looked after child) pupil premium', also referred to as Pupil Premium Plus (PPP), the role of the Virtual School Head Teacher in relation to this grant, and the way it is being used to improve educational progress and outcomes of Surrey's children in care.

It is presented for the purpose of sharing information and working collegiately with Schools Forum members. The Virtual School Head would like to propose that there is annual update presented hereafter.

Following a full review of Pupil Premium Plus in December 2020 by the new Virtual School Head, the current PPP policy has been updated and will shortly be available from the Surrey Virtual School website. [Surrey Virtual School \(SVS\) - Surrey County Council \(surreycc.gov.uk\)](https://www.surreycc.gov.uk/virtual-school) A further purpose therefore is to share a few main changes in the updated policy which has been approved by the Virtual School Governing Board.

Background information

- From April 2014 onwards, a key change was introduced, giving Virtual School Heads responsibility for managing Pupil Premium Plus together with decision making around the amount passported to schools on behalf of their children in care This arrangement is different from other types of Pupil Premium.
- The purpose of the grant is to close the attainment gap for this cohort of children and improve their educational outcomes. It is allocated to the Virtual School on behalf of each child who is in care for at least one day as recorded in the March SSDA903 children looked after data return and aged 4-15 as at 31 August. Pupils from Year R to Year 11 are eligible for Pupil Premium Plus.
- Arrangements for allocating Pupil Premium Plus should be reviewed annually by the Virtual School Head in light of educational progress and outcomes for the cohort and their presenting needs.
- The Surrey Virtual School's approach is underpinned by the DfE's current 'Conditions of Grant' and statutory guidance around the education of children looked after.
- DfE statutory guidance around the education of children looked after identifies that PPP can be used to facilitate a wide range of educational support for looked after children. This guidance also stresses the importance of using PPP funded interventions which are evidence-based and in the best interests of the child.
- Virtual Schools do not have responsibility for pupil premium allocated to children previously looked after, which goes directly to schools. However, guidance around this grant may be found [here](#).

Current arrangements in place for Surrey CLA (children looked after)

- For children of statutory school age, PPP funding is allocated on the basis of learning need as set out in a child's Personal Education Plan (PEP). Details of timescales and the funding available may be found in the current policy.
- The current arrangements in place are based on the following:
 - The Virtual School's own data analysis and identification of key priorities around children's needs, discussed and agreed with our Governing Board
 - Contextual factors relating to the impact of the pandemic and focus on recovery
 - Consultation with Designated Teachers through our annual survey (December 2020)
 - Consultation with children and young people via Surrey's Care Council groups and Corporate Parent Board
 - Discussion with other stakeholders including carers
 - Analysis of best practice and current research in relation to the use and impact of PPP for children looked after
- Each child in care has a Personal Education Plan or PEP which is the education component of their statutory care plan. The Surrey Virtual School quality assurance process of children's PEPs includes five key areas, one of which is that *'The review of the previous targets demonstrates the use of the previous term of Pupil Premium Plus Grant spend and the impact it has had on their learning.'* A PEP is RAG rated green if the PEP evidences all five criteria.
- In line with the vast majority of Virtual Schools, Pupil Premium Plus is not allocated where a PEP is of poor quality and has a 'red' rating. However, feedback is always provided, and further exemplification may be found in the current policy. There is also training available for the summer term 2021 for Designated Teachers (DTs) around Pupil Premium Plus.
- Our quality assurance framework clarifies expectations in relation to PPP including consideration of ways it will be used. To support this further, the SVS Personal Education Plan or PEP template links with evidence-based interventions identified within EEF (Education Endowment Fund) Toolkit – which are referenced on the PEP itself. This system is now well developed and fully embedded.

Pupil Premium Plus Policy 2021-22

- In line with requests made by Designated Teachers for exemplification of effectiveness and impact in relation to PPP, a 'good practice' guide has been included with the new policy. This includes examples cited in our DT survey 2020 of targeted use of Pupil Premium Plus for looked after children and the impact this has made, some of which may be seen below.

One to one tutoring provided opportunities for pre-learning, developing the child's confidence to participate more fully in lessons. As a result of one to one tuition used in this way, one student "...felt more confident in their abilities and this was reflected in their classroom performance and willingness to participate in oral discussion...whereas previously they would feel discouraged from answering questions in front of their peers for fear of getting the answer wrong".

Additional tutoring in maths and English had resulted in a child 'making accelerated progress, reaching 'expected levels' in both subjects. Likewise, for this child, "tutoring also supported child's self-esteem and self-confidence, and allowed them to participate more fully in lessons as they had greater understanding of content."

One to one tutoring and online learning was provided in subjects the school was not able to offer, but were either an interest or passion of an individual child, or needed for a specific post 16 path they wished to follow later on – enabling “a tutor to teach a subject not covered by the school but needed for the student’s next step.”

Frequently, there was evidence of therapeutic interventions being used at transition points which were difficult for the child to manage with the potential also to take them off course with their learning. DTs provided examples of using play therapy when a child became looked after *“in order to process events, feelings and triggers”* and to support a child with *“emotional resilience.”* Another DT used PPP to fund a *“Forest School intervention with a qualified practitioner to support mental health and wellbeing following counselling sessions”* recognising the need to support this child with the transition from intensive counselling and the complex emotions this was likely to uncover. A further example was provided of a school using their ELSA to support a child *“over a series of placement changes so that the child was still able to come into school and engage in lessons.”*

- A frequently asked questions (FAQ) section also accompanies the new policy which will clarify some of the detail and questions DTs and social workers may have around PPP.
- The Surrey Virtual School PPP policy has been updated to reflect a few key changes from the previous policy.
 - Designated Teachers (DTs) will be able to request funding for children looked after who have EHCPs, provided it is used to meet identified needs which are not already addressed and funded through a child’s EHCP.
 - Designated Teachers can already request funding for children looked after who are in Year R, however, this will be made clearer so that it is not a barrier to requests being made.
 - Due to the likely long term impact of the pandemic on children’s learning and emotional health, we will provide a dedicated payment of £500 per child in the Autumn (without it needing to be requested) to support children and young people as they move into their next school or year group. This will support DTs to plan the transition support children will require, taking into account their learning and emotional health needs.
- A further addition to the PEP template will be an expanded ‘needs analysis’ section where DTs will be able to be more specific about children’s identified needs. During this academic year, SVS has been looking at a range of needs analysis tools and approaches to determine what would work best and most meaningfully for our Surrey context.
- This will support and enhance our decision making around requests for PPP from schools as we will be able to ensure that any funded intervention links directly to a child’s identified needs as specified on their personal education plan. This also allows for greater flexibility and nuanced decisions which take into account the individuality of needs and barriers to learning for each child.

Recommendations

- That Schools Forum members note the content of this report
- That an annual update is brought to Schools Forum around Pupil Premium Plus for children looked after