

Papers for Schools Forum meeting 14 May 2024

Item 4

Surrey Schools Forum

14 May 2024

For information

Lead officer: David Green

Update on final schools budgets for 2024/25 including final units of resource for mainstream and early years providers, and special schools/PRU inflation

Final school and early years funding rates

Final decisions on various aspects of the 2024/25 school and early years funding formulae were delegated by Cabinet to the Director for Education and Lifelong Learning, to be made once all of the necessary pupil data was available.

Final decisions were taken as follow10(eT/F3 12 Tfrs u3(wET@0.000008871 F0.0000 we)-3(r G[Up

Item 6 (b)
Surrey

The key variations per block were as follows:

1. **Schools Block**
2023/24
(Under) /

3 High Needs Block

Outturn

Outturn and Variation compared to planned budget

Outturn

4. Early Years Block

	(Under) / overspend	Explanation of variance
	£'000	
Three & Four Year Olds		
Main Formula	-375	The underspend was 0.54% of the budget for 3-4 year old entitlement, due to fewer hours being paid for than budgeted
Early intervention fund	12	
Early years pupil premium	-61	
Disabled access fund	-54	Surrey's allocation is based on DWP data. The number of children for whom Disability Access funding is claimed has historically been well below the allocation
Centrally retained services for 3-4 year olds	-32	
Two Year Olds		
Expenditure above (below) grant	74	Reflects variation in termly take-up. Historically this has been overspent in recent years
Over(under)	-437	

Action for the Forum

To note and discuss.

Annex Three year comparison of high needs block outturn

The table shows high needs block expenditure for each of the last three years.

2021/22
outturn
£000s

Item 7

Surrey Schools Forum

14 May 2024

For discussion

Lead officer: Julia Katherine

Notional SEN funding and possible additional funding for schools where the incidence of SEN is high relative to their additional needs funding

Summary

notional SEN budget. Annex 2 provides further details of the number of schools for which the cost of £6,000

The modelling in annex 1 has been based on the number of EHCPs funded in October 2023 and January 2024. It should be noted that if additional funding is provided for schools where the cost of the first £6,000 per EHCP exceeds the notional SEN funding, an increase in the number of EHCPs is likely to lead to a disproportionate increase in the additional funding requirement, and thus the cost is likely to be higher when summer 2024 EHCPs are included, and indeed in future years, given the continuing increase in EHCPs both locally and nationally.

Prior to April 2021, the LA used to provide additional funding for primary schools where the cost of the first £6,000 per EHCP exceeded the then level 2 notional SEN budget. Additional funding was withdrawn from that date following concerns that the method used (largely formula based) was not targeting the schools with the greatest need.

Other issues

We have had a request from one school for retrospective funding of the difference between the cost of £6,000 per EHCP and the notional SEN budget going back to 2021/22. It is recommended that this demand be refused, given the precedent it would set for reopening other past funding arrangements.

Where schools receive additional funding to meet the minimum per pupil funding level, that is generally because their additional needs funding is relatively low. Accordingly, if they admit further children with (for example) low prior attainment, their additional needs funding will increase but their MPPL funding will fall, and accordingly their overall funding may not increase. The Forum may wish to consider whether this justifies including part of the MPPL “supplement” in the notional SEND budget calculation, even though nationally only 15 LAs did this in 2023/24. Similar arguments could be made about MFG and ceiling, where they are largely attributable to changes in additional needs funding (as they often are).

Action requested of the Forum

The Forum is asked

*to confirm support for increasing notional SEN budgets in 2025/26, so that the proportion of formula factors deemed notional SEN is in line with the national average

*to consider whether it would support a proposal to provide additional funding in 2025/26 for a small minority of schools with disproportionately high incidence of EHCPs, and if so, how it would wish such schools to be identified and funding to be distributed (or what options it would wish to see developed further)

*.to consider whether any additional funding should be provided to a small minority of schools with high incidence of children with SEN (even if they do not also have high incidence of EHCPs) and, if so, how this might be distributed fairly)

Annex 1 Impact of raising notional SEN budgets to 2023/24 national average in 2025/26

Notional SEND budgets and % of budget share	2023/24 £m	2024/25 £m	2024/25 if at national average £m
Primary	24.962 (6.00%)	31.846 (7.33%)	37.266 (8.58%)
Secondary			

Annex 2
Primary schools where cost of £6,

	2024/25 Surrey notional SEN budget	2024/25 nat avg notional SEN budget	2023/24 Surrey notional SEN budget	2023/24 Nat avg notional SEN budget
Number of primary schools where the cost of first £6,000 per EHCP plus £400 per SEN support pupils exceeds notional SEN budget	9	6	50	5
Maximum value of shortfall at school level	£62,100	£38,600	£63,800	£33,300
Maximum value as % of budget share*	3.21%	2.00%	5.6%	3.53%

It would also be possible:

to apply a size threshold, so that only smaller schools received support (although we would also need to have regard to the operation of the sparsity factor, to avoid double protection).

To contain support within a specified budget (eg the rate per supported place would be scaled down to contain within budget if necessary).

DFE now allocates a specific sum within the schools block DSG on the basis of falling rolls (£592,000 in Surrey in 2024/25) but it is not ringfenced for this purpose, so more spent on falling rolls means less spent on the main formula. The allocation is based on the number of middle super output areas where the number of primary or secondary pupils (separately) has decreased by 10% or more. Four areas in Surrey met the criteria between Oct 2022 and Oct 2023

Proposal

The LA proposes to apply to DfE for an additional exceptional premises factor for schools occupying listed buildings, where the nature of the building unavoidably incurs additional energy and maintenance costs. This is expected only to apply to this school, and that probably only temporarily. The initial sum sought for Reigate Priory School is £39,080 pa (1.49% of 2024/25 budget share), based on discussions with the school. There may be a small impact on NFF funding rates in 2025/26, because if DfE approves, it will fund a year in arrears, so the LA would need to fund from within NFF funds in 2025/26.

The DfE expects to be advised of the Schools Forum's view on any exceptional factor application.

Recommendation

That the Forum supports the proposed G[sch]-3(o)-6 Tm0 g9r,-7300498k the nature of the building n

Item 10
Surrey Schools Forum
14 May 2024
For discussion
Lead officer: David Green

2025/26 Surrey schools and early years funding: other issues for autumn consultation

Summary

This paper summarises items proposed to be included in the autumn schools and early years funding consultation, which have not already been covered elsewhere on this agenda. The Forum is invited to discuss the proposals, and to consider whether it wishes any other items to be included, subject to the constraints of NFF convergence. This is a preliminary paper, and more detailed proposals will be shared in the summer.

Schools funding formula items

Routine items to be included are:

How to remove the 1% of funds from the formula which we propose to transfer to the high needs block under the safety valve (subject to DfE approval). As a reminder, schools receiving additional funding to meet the minimum pupil level requirement do not contribute to the cost of the block transfer (81 schools (23%) in 2024/25) which means that the average cost to other schools of a 1% block transfer exceeds 1%.

The levels of the minimum funding guarantee and of any ceiling. Historically we have set the MFG at the maximum level, but this further reduces the number of schools contributing to the cost of the block transfer. There were 59 schools on MFG (and not also on MPPL) in 2024/25. The combined impact in 2024/25 was that funding rates were generally 1.56% lower than NFF.

Whether to continue to set the lump sum higher than NFF and per pupil basic entitlement correspondingly lower (note that in 2024/25 the level of the secondary sector lump sum was constrained by the DfE convergence criteria, as it was more than 2.5% above NFF).

Item 12

Surrey Schools Forum

14 May 2024

For approval

Lead officer: David Green

Proposed changes to the Surrey Scheme for Financing Schools –Leases

Summary

Recent changes to national rules on accounting for leases have removed the distinction between finance and operating leases. This necessitates changes to the Surrey Scheme for Financing Schools. Maintained schools' representatives on the Schools Forum are asked to approve the proposed changes.

Background

From 1 April 2024, changes in international financial reporting standards on leases, already generally in use in other sectors, are being applied to maintained schools. These changes remove the distinction between operating and finance leases and classify all leases as finance leases (which were previously beyond schools' powers, except with specific approval from the Secretary of State). The DfE has issued a "class consent" which permits maintained schools to enter into finance leases covering most categories of assets which they previously leased. Surrey's Scheme for Financing Schools currently classifies finance leases as borrowing requiring Secretary of State's approval, and thus requires amendment to allow schools to enter leases covered by the DfE class consent (but no others), without further reference to the authority. The current text and the proposed amended text are shown in the annex, together with links to DfE guidance.

Changes to the Scheme for Financing Schools require consultation with all maintained schools and then approval by maintained school representatives on the Schools Forum. The proposals were shared with maintained schools via the Schools Bulletin on 18 April. Schools were invited to comment by 30 April. No comments were received from schools by the deadline,

Recommendation

That the Forum approves the proposed changes to the Surrey Scheme for Financing Schools, in order to reflect the changes in accounting rules and the DfE "class approval" of specified categories of lease.

Annex Text of proposed changes to Scheme for Financing Schools

S3.6 of the Surrey scheme currently reads as follows:

“Governing Bodies can only borrow money externally (ie other than from the authority) with the written permission of the Secretary of State. This does not apply to Trustees and Foundations, whose borrowing, as private bodies, makes no impact on Government accounts. These debts may not be serviced directly from delegated budgets, but schools are free to agree a charge for a service which the Trustees or Foundation are able to provide as a consequence of their own borrowing. Governing Bodies do not act as agents of the authority when repaying loans.

The Secretary of State's general position is that schools will only be granted permission for borrowing in exceptional circumstances. From time to time, however, the Secretary of State may introduce limited schemes in order to meet broader policy objectives. Schools may use any scheme that the Secretary of State has said is available to schools without specific approval currently including the Salix scheme, which is designed to support energy saving.

Schools should be aware that finance leases constitute external borrowing, which cannot be legally entered into without the approval of the Secretary of State. Other similar arrangements may also constitute borrowing. Schools should therefore be cautious when entering longer-term agreements to ensure they do not breach the borrowing restriction. Schools are required to consult the authority before entering into any lease or similar arrangement, or series of leases with the same supplier and/or lessor, whi

Specifically, schools should continue to be wary of any lease proposal which involves returning equipment early and adding the cost of the returned equipment to the cost of new equipment (so that the school is continuing to pay for equipment it no longer has). Schools should also be wary of any lease where the charges are appreciably lower in the first few years than for the remainder of the term, or of any other lease proposal of an unduly complex nature. Further information is available in the finance manual (see <https://surreyeducationsservices.surreycc.gov.uk/> and on gov.uk at [Leasing for maintained schools - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/leasing-for-maintained-schools)).

Any lease outside the scope of the class consent will still require individual approval by the Secretary of State. In particular, this applies to leases of land, which will still not generally be permitted.