



Open Report on behalf of Heather Sandy, Executive Director - Children's Services

Report to:	Lincolnshire Schools' Forum
Date:	29 June 2023
Subject:	Section 251 Budget Statement 2023/24

Summary:

The purpose of this report is to provide Schools' Forum with a copy of the Section 251 (s.251) budget statement for the 2023/24 financial year.

Recommendation(s):

The Schools' Forum is asked to note the content of the report.

Background

Local Authorities (LAs) are required under s.251 of the Apprenticeship, Skills, Children and Learning Act 2009 to prepare and submit an education and children's social care budget statement for the relevant period to the Secretary of State for Education by 30 April each year. The s.251 return is intended to provide a clear picture of the LAs planned spending on its schools budget, de-delegated items, high needs budget, early years budget, central provision within the schools budget and children's and young people's services.

The LAs s.251 budget statement and the Department for Education's (DfE's) benchmarking data that is published later in the year should assist the Schools' Forum's consideration of budget levels across the activity headings.

The information for 2023/24 was submitted to the DfE via its data collection and management system for education (COLLECT). As is customary, the DfE will carry out a number of checks on it, and should any amendments be required, it will be updated at a later stage. However, to ensure compliance with the statutory requirements, the LA has published the Early Years report, the LA Table report and the Schools Table report on Lincolnshire County Council's website at:

[School finances – Section 251 budget statements - Lincolnshire County Council](#)

This allows all maintained schools and academies; private, voluntary and independent providers (that are funded to provide free early years provision to two, three and four year olds) oversight of how budgets have been set for the financial year.

The overall Dedicated Schools Grant (DSG) funding is considered when the LA completes its annual detailed budget setting exercise. For 2023/24, the DSG continues to consist of four blocks – Schools Block, Central Schools Services Block (CSSB), High Needs Block and Early Years Block, each of these blocks have been determined by a separate national funding formula. The Schools Block continues to be ring-fenced and LAs are only able to transfer 0.5% of their Schools Block funding to an alternative block with the agreement of their Schools' Forum following consultation with all schools and academies. Movements of budget from the CSSB to the Schools Block, or from the High Needs Block to any other block are not subject to any limit and can be made in consultation with Schools' Forum.

The only block transfer the LA has made for 2023/24 relates to a £0.495m movement from available monies in the CSSB to the Schools Block to replicate the Government's schools' national funding formula factors and monetary values in full (except for the Key Stage Age Weighted Pupil Unit value, which was adjusted downward by 0.075%) and the minimum funding guarantee protection continuing to be applied at the +0.5% increase in per pupil funding, which is consistent with the 2022/23 treatment (the MFG range is between +0.0% and +0.50% per pupil in 2023/24). The Schools' Forum supported the block transfer decision on 19 January 2023.

The transfer to the Schools block was required to meet the additional cost from an increase in Free School Meal eligibility due to the pandemic. The increase in the recorded FSMs eligibility was 8.10% and 14.38% for primary and secondary schools respectively when comparing to the October 2021 schools census¹. Central Government's 2023/24 DSG funding to the LA does not reflect this increased funding requirement since it uses prior year pupil characteristics data. This time lag had previously been raised to the DfE, however the expectation from the Department is for LAs to determine a formula that is affordable.

As detailed in the Implementation of the direct National Funding Formula paper presented at this meeting, the Government has conducted its latest consultation on how further reforms to the NFF will be implemented, with the intention of moving to a 'hard' formula. The Government expect to have moved all schools onto the NFF within the next five years, by the 2027/28 funding year.

Attached to this report is a copy of LA Table 2023/24. This provides an overall picture of the funding being allocated directly to schools and high needs delegations; the amount the Council spends on education centrally and children's social care.

¹ Comparing the FSMs recorded on the October 2019 schools census to the latest census, the primary sector eligibility has increased by 55% and secondary schools eligibility by 70%. The schools population has only grown by 2% in the same period.

The total DSG for 2023/24 is £725.869m². The Schools Block amount has been adjusted upwards for the block transfer to £551.333m, of this 99.87%³ is devolved to schools with the remainder supporting schools' growth funding in accordance with the LA policy in providing sufficient school places for the children of Lincolnshire through planned reorganisations. The Early Years block is allocated to the sector based on participation levels, these budgets are set prudently, and it is anticipated that 96.18% of this block of funding will be allocated to the Early Years sector by the end of the financial year with the remainder funding a number of statutory duties of the LA in relation to the provision of support for Early Years Education and Childcare provision. Within the High Needs Block 77.01% is earmarked to devolve out to Lincolnshire schools, colleges and early years for pupils requiring additional support, with the remainder of funding for supporting school support services (including outreach arrangements and central support) and externally commissioned placements for Lincolnshire pupils.

There continues to be limitations in terms of movement of funding between blocks to respond to arising cost pressures. This is in the context of an increasing number of LAs who are incurring a deficit on their overall DSG largely due to overspend on their High Needs block. The Society of County Treasurers recently reported the value of LAs in deficit has risen to £2.4bn in 2022/23, six times higher than levels in 2018. The DfE now have three programmes offering direct support in respect of the effectiveness and sustainability of LAs High Needs systems. The aim of all three programmes is to secure sustainable management of LA High Needs systems.

Lincolnshire remains in a strong position financially to respond to the demands, the High Needs Block will continue to require careful and prudent management going forward. High Needs funding continues to see growth in the demand for more specialist support for young people, which is having a material financial impact on those centrally held demand-led budgets in the High Needs block, such as out of county placements, top up funding for Education Health Care (EHC) plans for mainstream schools, special school placements, and meeting the education needs for pupils through alternative provision arrangements.

The Government is continually moving to a basis for distributing funding to LAs for children and young people with high needs, taking into account an up-to-date assessment of the level of need in each area as opposed to funding on the basis of historic spending. LAs will be protected under the formula by seeing a minimum increase of 5% per head in 2023/24 compared to their 2022/23 funding baseline level. Lincolnshire's High Needs block allocation for 2023/24 has increased by £11.080m from the prior year. This includes the additional £5.008m through the additional £2bn funding announcement in the Autumn statement. The SEND Green paper acknowledged the unsustainable SEND system and considers ways to address this. The Special Educational Needs and Disabilities (SEND) and Alternative Provision (AP) Improvement Plan Right Support, Right Place, Right Time (published in March 2023) is the mechanism for implementing change.

² Local Authority Table 1.9.1 shows £723.673m the difference of £2.196m relates to Further Education and Independent Learning Providers Place Funding that the LA are required to exclude from the return.

³ Growth relating to the secondary sector is included within the Local Authority Proforma Tool.

More young people requiring specialist support is having a material financial impact on the High Needs block. This remains a financial challenge. In Lincolnshire, transformational work is considered fundamental to securing further improved outcomes for young people with SEND through a truly integrated approach, whilst also securing an offer for Lincolnshire that is financially sustainable within the central Government allocation. The SEND Transformation Board is governing the transformational process and its key work streams, including of monitoring of progress against our ambitions.

In 2023/24, Lincolnshire received c.£8.692m of protection funding following the implementation of the High Needs national funding formula to provide stability against the prior year's funding level. The LA is therefore mindful of future changes to the SEND system and how this could impact the financial regime, but it is hoped the Government continue to manage funding changes in a planned and co-ordinated way through protection arrangements to avoid cliff-edge funding.

Conclusion

Officers will continue to review the Government's publications that implicate 2023/24 funding including amendments to the DfE's School and Early Years Finance Regulations, to ensure full compliance is achieved in 2023/24 and in future years.

Financial monitoring of budgets will be carried out throughout 2023/24 in accordance with the Council's budget monitoring framework.

Consultation

a) Risks and Impact Analysis

Central Schools Services Block (CSSB) historical commitment funding reductions will continue to be reviewed including dialog with the Department to secure a long-term solution for the PFI contract ending in August 2032.

For the third year running, an increase in FSM eligibility has impacted the affordability of the Schools block for the LA to continue to replicate the National Funding Formula in full. The LA is limited to the funding determined through the Dedicated Schools Grant, in particular Schools block when determining schools budgets. There is a concern that FSM eligibility could continue to rise due to the current financial climate and cost of living crisis and the impact this will have on the affordability of the Schools Block for 2024/25 to replicate the National Funding Formula.

High Needs Funding – there continues to be a significant growth in the demand for more specialist support for young people, which is having a material financial impact on those centrally held budgets of the High Needs block. The Government has responded positively to the financial demands placed upon the High Needs block. The SEND Transformation Board is governing the transformational process and its key work streams, including monitoring of progress against our ambitions.

Appendices

These are listed below and attached at the back of the report	
Appendix A	The LA's s.251 Table 1 data for 2023/24

Background Papers

The following background papers as defined in the Local Government Act 1972 were relied upon in the writing of this report.

Document title	Where the document can be viewed
Schools Funding Arrangements 2023/24 (Item 5)	Agenda for Lincolnshire Schools' Forum on Thursday, 19th January, 2023, 1.30 pm (moderngov.co.uk)

This report was written by Elizabeth Bowes, who can be contacted on 01522 554905 or Elizabeth.bowes@lincolnshire.gov.uk.

This page is intentionally left blank