

Recommendations update following the affordability review of the Schools block of the Dedicated Schools Grant:

Report to:	Cllr Mrs P A Bradwell OBE, Executive Councillor for Adult Care, Health and Children's Services
Date:	20 January 2021
Subject:	Schools Funding Update 2021/22 - Mainstream Schools
Decision Reference:	I021123
Key decision?	Yes

Recommendation(s):

That the Executive Councillor:-

1. approves the application of the National Funding Formula (NFF) in the development of the County Council's mainstream schools funding formula for 2021/22;
2. approves the inclusion of the following in the County Council's mainstream schools funding formula for 2021/22:-
 - Key formula factors will increase by 3% in monetary value.
 - A positive Minimum Funding Guarantee (MFG) of +0.5% per pupil protection. The MFG range is between +0.5% and +2.0% per pupil in 2021/22.
 - No gains ceiling cap.
 - The minimum per pupil funding levels will be set at £4,180 for primary schools and £5,415 for secondary schools.
 - Funding from the teachers' pay grant and teachers' pension employer contribution grant (including supplementary funding) will be incorporated into the NFF for 2021/22 (technical adjustment).
 - Small and remote schools will see an increase in the sparsity factor value.
 - To use the 2021/22 National Funding Formula as the basis for determining the notional Special Educational Needs (SEN) amount per school when identifying whether a school is entitled to targeted funding.
 - The targeted funding criteria will allocate the first £6,000 where a school has been identified as having insufficient notional SEN within its delegated budget due to the number of pupils with an Education, Health and Care (EHC) plan.
 - To support the principle of increasing the top up rate for EHC plans – the rate of increase will be subject to affordability of the High Needs block following the determination of all SEN related budgets.
 - To apply transitional protection funding for 2021/22 where targeted funding and top up rate changes result in the school funding falling below +0.5% per pupil increase (in accordance with the final MFG value).

Background:

Schools funding:

Officers have now calculated mainstreams schools budgets using the NFF, the principles set out in the recommendation contained in the Decision Report I021123 and latest schools census information, and have identified a funding shortfall within the Schools block of £1.103m. Affordability issues are created through a time lag in data used to fund Local Authorities Schools block allocations, which fund schools budgets. Lincolnshire has seen a 25.20% in Free School Meal eligibility reported on the latest October schools census as a result of the pandemic, which has contributed to this affordability gap.

The following steps are recommended to address the funding gap:

1. To apply a positive MFG of +0.5% per pupil protection in 2021/22. The MFG range is between +0.5% and +2.0% per pupil in 2021/22, therefore the recommendation is to apply the lowest level of +0.5%. This will reduce the funding gap by £0.390m from the previously modelled +2.0% MFG. This impacts 15 schools. These schools will still continue to receive a +0.5% increase in their per pupil funding. The Schools Forum supported this position, and Children's & Young People's Scrutiny Committee noted that the Local Authority would consider the impact at individual school level when agreeing the affordability solution.

Lincolnshire schools in receipt of the MFG are receiving a higher level of funding than the NFF due to historic funding arrangements. These schools are aware of this position through their budget build up, and at some point in the future will transition onto the NFF, to be consistent with all other schools. The Local Authority supports the principles of equity and fairness in schools funding, and therefore where the NFF cannot be funded in its entirety, reducing the MFG to +0.5% would seem a sensible measure. The MFG downward change was the most popular approach of responding schools to the consultation (35% of respondents versus 33% for a gains ceiling cap). The gains ceiling cap however would not enable all school in Lincolnshire to receive their NFF entitlement.

2. To reduce the Schools Growth funding budget within the Schools block from £2.696m (funded by central government through a formulaic allocation) to £2.111m. The remaining budget of £2.111m will meet the financial commitments for planned primary and secondary reorganisations (in accordance with the Local Authority's policies) in 2021/22 to ensure the Local Authority fulfils its statutory duty of provide sufficient school places for pupils in Lincolnshire. The budget movement to fund the NFF is £0.585m.

Schools Forum approved the original Schools Growth funding budget for 2021/22 in accordance with the central government allocation. At the time of writing the report the determination of school growth allocations had not been confirmed, and the flexibility to make changes were reserved when approval was given by the Schools Forum. The Local Authority is now in a position to

confirm the 2021/22 requirements of £2.111m. This will be confirmed to the Schools Forum when the Local Authority presents the Local Authority's Section 251 statement in June 2021, which outlines the 2021/22 spending intentions.

3. The remaining £0.128m will be funded through a budget transfer from available funding within the Central Schools Services block of the Local Authority's ongoing responsibilities to the Schools block. No financial commitments are placed against this available funding in 2021/22. The flexibility to make changes to Central Schools Services block budgets were reserved when approval was given by the Schools Forum.

Movement of budgets from the Central Schools Services block to any other block are not subject to any limit, and can be made in consultation with the Schools Forum. The Local Authority consulted with the Schools Forum on the NFF (14 January 2021), and the forum supported the recommendation to implement the NFF, subject to affordability. The forum supported adopting measures to address affordability using the least impact upon schools. It achieves this outcome. The position will be communicated to the Schools Forum when the Local Authority presents the Local Authority's Section 251 statement, which outlines the 2021/22 spending intentions.

SEN related amendments:

The affordability of the 2021/22 High Needs block will be known following the determination of all SEN related budgets in February 2021. The top up rate for EHC plans will be determined at this point. The recommendation is to support the principle of increasing the top up rate for EHC plans in 2021/22 with the rate increase subject to affordability and financial sustainability of the High Needs block.

The recommended transitional protection funding for 2021/22 for SEN related amendments will be applied using the MFG value of +0.5% in line with the schools formula. Transition protection would be applied where targeted funding and top up rate changes result in the school funding falling below +0.5% per pupil increase.