

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

Report to:	Lincolnshire Schools Forum
Date:	24 June 2021
Subject:	Section 251 Budgets Statement 2021/22

Summary:

The purpose of this report is to provide Schools Forum with a copy of the Section 251 (s.251) budget statement for the 2021/22 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 2021/22 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:

<https://www.lincolnshire.gov.uk/finances-budgets/school-finances/2>

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 2021/22 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 2021/22 relates to a £0.124m movement from the CSSB to the Schools Block, this was possible due to a surplus in historical commitment funding. Although the historical commitment funding of the CSSB block has reduced by a further 20% in 2021/22, the base budget the DfE used to calculate historical funding has not been revalued from establishing a formula factor for the Primary Private Finance Initiative (PFI) schools in 2020/21 to meet the contractual element - this therefore created some temporary financial capacity. 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. Central government funding to the LA did not reflect this increased funding requirement since it uses prior year pupil characteristics data. The transfer enabled the LA to replicate the National Funding Formula (NFF) subject to a minimum funding guarantee of +0.5% per pupil.

Attached to this report is a copy of Local Authority Table 2021/22. This provides an overall picture of the funding being allocated direct to schools and high needs delegations; the amount being spent on education centrally and children's social care.

The total DSG for 2021/22 is £646.900m. The Schools Block is £496.505m, of this 99.8% is devolved to schools with the remainder being growth funding. The Early Years block is allocated to the sector based on participation levels, these budgets are set prudently, and it is anticipated that 96.34% 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 74.19% 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. There are a number of budgets that are difficult to estimate and control due to the demand-led nature of the services supported through the DSG High Needs Block in particular, (e.g. out of county placements, top up funding for EHC

plans for mainstream schools, special school placements, and meeting the education needs for pupils through alternative provision arrangements). There continues to be a growing trend nationally, and this is being seen in Lincolnshire with more young people requiring specialist support which is having a material financial impact on the High Needs block. This remains a significant financial risk, particularly at a time of increasing demands. Like many Local Authorities, Lincolnshire faces a significant challenge in establishing a sustainable High Needs block budget going forward. Transformational work is 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.

In 2021/22, Lincolnshire received c.£2.089m of protection funding following the implementation of the new High Needs national funding formula to provide stability against the prior year's funding level.

Conclusion

Officers will continue to review the government's publications that implicate 2021/22 funding including amendments to the DfE's School and Early Years Finance Regulations, to ensure full compliance is achieved in 2021/22 and in future years.

Financial monitoring of budgets will be carried out throughout 2021/22 in accordance with the Council's budget monitoring framework.

Consultation

a) Risks and Impact Analysis

CSSB Historical Commitment Funding started to reduce by 20% per annum in 2020/21 in line with the Education Skills Funding Agency expectations that contracts are starting to have reached their natural conclusion. Officers are continuing to raise this with the department due to the commitment of the PFI contract (due to end August 2032).

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. Although the government has responded to the financial demands placed upon the High Needs block in 2021/22, the spending levels continue to accelerate. Transformational work commenced last year to consider the way partners across Lincolnshire work together to support children and young people with SEND. This transformational work is intended to secure further improved outcomes for young people with SEND, whilst also securing an offer for Lincolnshire that is financially sustainable.

Appendices

These are listed below and attached at the back of the report	
Appendix A	The LAs s.251 Table 1 data for 2021/22

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 for 2021/22	https://lincolnshire.moderngov.co.uk/ieListDocuments.aspx?CId=166&MId=5899&Ver=4

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