



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

Report to:	Lincolnshire Schools Forum
Date:	30 June 2022
Subject:	Section 251 Budgets Statement 2022/23

Summary:

The purpose of this report is to provide Schools' Forum with a copy of the Section 251 (s.251) budget statement for the 2022/23 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 2022/23 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 2022/23 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 2022/23 relates to a £0.260m 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 and the minimum funding guarantee protection continuing to be applied at the lowest level of the range of +0.5% increase in per pupil funding, which is consistent with the 2021/22 treatment. The Schools' Forum supported the decision on 20 January 2022.

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 13.5% and 20.8% for primary and secondary schools respectively when comparing to the October 2020 schools census. Central government's 2022/23 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.

The LA presented to the Schools' Forum the National Funding Formula: Government Consultation Outcomes on 21 April 2022 on the Government's commitment to implement the direct National Funding formula, and principles and steps to move LAs schools' formulae closer to this. The Government has since launched the second phase of the consultation with a closing date of the 9 September 2022. The LA will continue to respond to the consultation to ensure Lincolnshire schools are represented. The LA consider it important to retain local flexibilities to best support local needs.

[Implementing the direct national funding formula - Department for Education - Citizen Space](#)

Attached to this report is a copy of LA Table 2022/23. This provides an overall picture of the funding being allocated direct to schools and high needs delegations; the amount the Council spends on education centrally and children's social care.

The total DSG for 2022/23 is £679.258m¹. The Schools Block amount has been adjusted upwards for the block transfer to £518.350m, of this 99.81%² 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 96.08% 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 75.46%³ 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 DfE recently reported two thirds of LAs are in deficit, valued at over £1bn.

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 has again responded positively to the financial demands placed on the High Needs block (through a minimum of 8% per head increase in funding; an additional £325m nationally (£4.082m for Lincolnshire⁴) to respond to the unforeseen costs in high needs spending, and £2.6bn nationally in capital funding for SEND over the next three years). Spending levels however continue to grow, and the trajectory of funding for High Needs blocks is not considered to be sustainable by central Government. The SEND Green Paper acknowledges the unsustainable SEND system and considers ways to address this. The consultation closes on the 22 July 2022 and the sector are encouraged to respond to the consultation:

[SEND and AP green paper: responding to the consultation - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/send-and-ap-green-paper-responding-to-the-consultation)

¹ Local Authority Table 1.9.1 shows £677.266m the difference of £1.992m relates to Further Education and Independent Learning Providers Place Funding that the LA are required to exclude from the return.

² Growth relating to the secondary sector is included within the Local Authority Proforma Tool

³ This analysis is prior to determining the allocation of the £4.082m of High Needs Supplementary funding

⁴ The LA has launched a survey this month with Lincolnshire special schools, alternative provision and hospital schools to identify additional costs facing the sector in addition to the 2022/23 funding levels to enable agreed in-year funding to be allocated, e.g. teachers' pay recommendation; health and social care levy, energy price rises etc.

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 monitoring or progress against our ambitions.

In 2022/23, Lincolnshire received c.£8.807m 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 2022/23 funding including amendments to the DfE's School and Early Years Finance Regulations, to ensure full compliance is achieved in 2022/23 and in future years.

Financial monitoring of budgets will be carried out throughout 2022/23 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 second year running, an increase in FSM eligibility caused by the pandemic 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 the impact this will have on the affordability of the Schools Block for 2023/24 to replicate the National funding Formula. Officers are engaging with colleagues to analyse the data and undertake modelling to estimate the impact this may have.

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 LAs s.251 Table 1 data for 2022/23

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 2022/23 (item 6)	Agenda for Lincolnshire Schools' Forum on Thursday, 20th January, 2022, 1.00 pm (moderngov.co.uk)
National Formula: Government Consultation Outcomes (item 7)	Agenda for Lincolnshire Schools' Forum on Thursday, 21st April, 2022, 1.00 pm (moderngov.co.uk)

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