

**To: Head teachers of all Lincolnshire maintained Nursery, Primary, Secondary and Special schools. Academy schools for information.**

28 February 2021

Dear Colleague

## **SCHOOL BUDGET INFORMATION 2021/22**

This letter and the associated documents are intended to provide the information that schools need to produce their budgets for 2021/22.

School budget shares information for 2021/22 is held on Lincolnshire County Council's external website. The menu path is: Council and Councillors > Finances and budgets > School finances > School budget shares 2021/22

Further information is available for maintained schools on the sickness insurance scheme for 2021/22, and budget preparation material (including the medium term finance plans, and guidance on completing the finance plan, salary scales and buyback information). This information is available in Perspective Lite under HR and Employment Policy > Schools Finance (was Finance) > Budget Shares 2021-22.

### Mainstream Schools Funding

Schools will be aware that the Government implemented the national funding formula for mainstream schools in 2018/19, which planned to deliver a fairer and more equitable settlement for each school. Since its introduction, Local Authorities have continued to be responsible for agreeing and calculating schools funding allocations. Local Authorities were strongly encouraged to move to the national funding formula arrangements.

Lincolnshire mainstream schools have been receiving funding levels that replicate the Government's national funding formula since 2018/19 including its funding floor and ceiling approach as schools incrementally moved towards the full formula. In 2020/21, all Lincolnshire schools received at least the full national funding formula levels following the removal of the Government's ceiling cap.

The Prime Minister announced a three year settlement of an investment of £14bn in primary and secondary education between 2020/21 and 2022/23. The funding package for schools (aged 5 to 16) included £2.6bn for 2020/21, £4.8bn for 2021/22 and £7.1bn for 2022/23 compared to 2019/20 funding levels. This provided a level of financial certainty for schools in the short term.

The Local Authority Primary and Secondary Units of pupil funding used to finance schools budgets continue to rise in monetary value. Table 1 below outlines Lincolnshire's schools overall funding level for 2021/22 through the implementation of the national funding formula compared to other Local Authorities.

Table 1

|           | Lincolnshire's Unit of Funding | England National Average | Difference | Rank |
|-----------|--------------------------------|--------------------------|------------|------|
| Primary   | £4,570                         | £4,666                   | -£96       | 80   |
| Secondary | £5,724                         | £6,048                   | -£324      | 49   |

The unit funding levels are below the England average for each sector; however Lincolnshire's position nationally has improved since the national funding formula implementation. This funding stream is driven through the agreed pupil-led factors. Lincolnshire's net primary unit value increase (less of the teachers' pay and pension grant funding added into the Dedicated Schools Grant for 2021/22) is £206, and Lincolnshire's secondary unit increase is £180 for 2021/22.

The confirmation of additional funding for mainstream schools and changes in the national funding formula required Local Authorities to engage in a consultation with schools on the 2021/22 funding formula. Detailed financial modelling work was undertaken by the Local Authority to understand the Government's changes for 2021/22, which enabled illustrative school allocations to be determined to assist schools in understanding the proposed funding changes and also provide a consultation response. The Local Authority consulted on replicating the Government's national funding formula subject to affordability. Overall, the schools responses were supportive of the Local Authority proposals.

The outcomes of the schools consultation were discussed at both the Schools Forum and Children and Young People Scrutiny committee in January 2021, and both committees were supportive of the changes. Executive Councillor approval was received on the 20 January 2021 to implement the national funding formula changes for 2021/22, subject to a Minimum Funding Guarantee (MFG) of +0.5% per pupil.

The implementation of the national funding formula was subject to affordability due to the time lag in data used to fund Local Authorities Schools block allocations, which funds schools budgets. Lincolnshire experienced a significant pre-16 increase of 25.20% in Free School Meal eligibility as a result of the pandemic – this reflected other Local Authority circumstances which were not reflected in the Schools block allocation the Local Authority received. The Local Authority addressed the Schools block affordability gap by: adjusting the MFG to +0.5%; reviewing the Schools Growth funding commitments identified for planned reorganisations and adjusted this downwards, and a budget transfer from available funding from within the Central Schools Services block to the Schools block.

The Local Authority also consulted with schools and received their support on the proposal to continue using targeted funding as an approach to supporting schools. The targeted funding would use the actual amount of notional Special Educational Needs (SEN) determined through national funding formula to identify whether a school has sufficient notional SEN funding to support pupils that have an Education, Health and Care (EHC) plan at their school. The targeted funding supports schools where they have a disproportionate number of pupils with more complex needs. The planned changes reflect the increased notional SEN allocations held within schools budgets through the introduction of the national funding formula, which will ensure fair funding is provided to schools through targeted funding, and the effective deployment and financial sustainability of the High Needs block. The Local Authority will increase the top up rate by 7% for EHC plans to more reflect the costs being incurred by schools for delivering a wide variety of support to pupils following an affordability review. It is important that transitional protection is provided to schools through these planned funding changes. The Local Authority will ensure all schools achieve the +0.5% increase in per pupil funding for 2021/22 inclusive of all funding changes.

The key changes of the national funding formula for 2021/22 are outlined within appendix 1: section Mainstream Schools National Funding Formula.

The Local Authority will continue to respond to the Government's schools funding reviews and consultations representing the position of Lincolnshire schools to achieve fair levels of funding when comparing nationally and for the schools formula to receive appropriate increases in funding nationally to meet the unavoidable cost increases facing schools to ensure the schools formula is sustainable going forward.

### Dedicated School Grant funding

The Dedicated School Grant (DSG) comprises of four blocks: – Schools block; Central School Services block (CSSB); Early Years block, and High Needs block, each of these blocks have been determined by a separate national funding formula.

The DSG remains a ring-fenced grant that can only be used in accordance with the School's and Early Years Finance (England) Regulations. The Schools block that provides aggregated schools funding to Lincolnshire schools is ring-fenced to the sector and is distributed through the agreed national funding formula. Local Authorities are able to transfer up to 0.5% of their Schools block to an alternative block with the agreement of their Schools Forum following consultation with all schools and academies. No proposals were put forward by the Local Authority in 2021/22.

Local Authorities including Lincolnshire are continuing to face significant cost increases within their High Needs block, which are exceeding government allocations. Like many Local Authorities facing overspend positions, Lincolnshire is forecasting a £4.509m overspend on its High Needs block in 2021/22, this is the second year an overspend has occurred. This growing trend is occurring nationally with more young people requiring specialist support.

A transformational work programme commenced in 2019 to consider the way partners across Lincolnshire work together to support children and young people with SEND. Key activities to support this strategy include the SEND Advice line (SALL); rollout of the Valuing SEND; revised graduated approach guidance; strengthen the Local Offer; a new performance framework, to name a few. This transformational work is intended to secure 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 its central government allocation.

The Building Communities of Specialist Provision Capital Programme that will deliver an increase in places for Lincolnshire special schools including providing children and young people with SEND to access high quality all needs educational, health and care provision in their local community is well underway. The £86.794m capital programme cost is funded through government grants and Lincolnshire County Council funding.

### Nursery Schools funding

The decision by the government to have a universal funding rate across all providers of early years entitlement would have had a significant impact on the financial sustainability of maintained nursery schools. The government responded to this by providing 'supplementary funding' to maintained nursery schools to allow them to meet the costs over and above other providers in relation to their statutory governance arrangements. The government previously announced that they will continue to provide supplementary funding to maintained nursery schools to August 2021, and the remaining part of the financial year is conditional on that basis, subject to ministerial approval.

The government has stated that it will consult openly regarding the future of maintained nursery schools, but to date, no further information has been released. It is recommended that maintained nursery schools continue to undertake scenario planning that considers varying levels of funding to model how the school would respond to this change in preparation of a future announcement.

### Special Schools funding

The Local Authority undertook minor refinements to the special schools funding formula for 2021/22 to ensure the appropriate level of resources continue to be allocated to allow special schools to best meet the needs of its pupils in the changing demographics of Lincolnshire special schools. The fundamental building blocks of the formula established still remain in place today.

The minor updates for 2021/22 are outlined within appendix 1: section Special Schools Funding Formula.

### Summary

Budget information for nursery, primary, secondary and special schools have been published today in line with the DfE regulations.

Appendix 1 to this letter highlights a number of key points for schools to consider.

I hope you find the contents helpful.

Yours sincerely

Mark Popplewell BSc (Hons) FCCA  
Head of Finance - Children's Services

## **Mainstream Schools National Funding Formula**

The key changes to the national funding formula for 2021/22 include:

- Key formula factors will increase by 3% in monetary value.
- A positive MFG of +0.5% in per pupil protection.
- 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 national funding formula for 2021/22 (technical adjustment).
- Small and remote primary schools will see an increase in the sparsity factor value to a maximum of £45,000 per school.
- To use the 2021/22 national funding formula as the basis for determining the notional 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 EHC plan.
- The top up rate for EHC plans will increase by 7% following a review of affordability of the High Needs block.
- The application of 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).

School funding for 2021/22 is based on the October 2020 pupil census for mainstream schools and academies.

The key components of the national funding formula are as follows:

- To differentiate basic per-pupil funding between key stages by maintaining stepped rates between primary, key stage 3 and key stage 4, to reflect the higher costs as pupils progress.
- To maximise the proportion of funding allocated to pupil-led factors.
- Local Authorities must allocate at least 80% of the delegated schools block funding through pupil-led factors in 2021/22.
- The lump sum rate of £117,800 is applied for all schools. The government has set the lump sum in the context of maximising pupil-led funding and encouraging efficiency.
- The minimum per pupil funding level for each sector are a mandatory factor.

The Local Authority has provided reports to the Schools Forum on the national funding formula developments since 2018/19, which can be found through the following link. It is important that schools read these reports to understand the background and direction of travel to enable schools to plan financially for the future.

[Lincolnshire's Schools Forum Agenda and Minutes](#)

## **Early Years National Funding Formula**

Lincolnshire's universal 3 & 4 year old hourly rate per pupil has been increased by £0.06 to a new rate of £4.04 in 2021/22. The same hourly rate will be applied for the universal free entitlement (up to 15 hours) and the additional hours for working families up to 30 hours. Funding will continue to be based on participation. The funding formula continues to have

the mandatory deprivation supplement and SEN inclusion fund to target resource to vulnerable groups. Lincolnshire meets the pass-through threshold established by the government of ensuring that at least 95% of early years funding is passed onto providers.

On the 14 January 2021, a Schools Forum report was presented on the early year's national funding formula, which can be found from the link below:

### [Early Years Funding Formula - Schools Forum Paper](#)

The hourly rate for disadvantaged 2 year olds has been increased by £0.08 to a new rate of £5.03 in 2021/22.

Early years funding will continue to be allocated on a monthly basis using the number of eligible hours each child receives. The Early Years Provider Hub is the online system being utilised by all early year providers to ensure accurate and up to date claims are submitted to ensure payments are correctly made.

### **Special Schools Funding Formula**

The fundamental principles and formula for funding special schools continue to remain strong and fit for purpose, and are adaptable to the changing landscape of pupil needs. The formula determines overall indicative funding for the financial year before being presented through the DfE's place and top up arrangements.

The following updates for 2021/22 include:

- Revised place numbers for the new academic year (2021/22) and updated pupil moderations will be incorporated into the special schools budgets.
- The Local Authority will continue to apply a 0% MFG for those existing pupils on bands A to F in schools receiving protection funding.
- Teaching assistant costs will increase by 3.25% when determining pupil band values.
- Teachers' pay grant and teachers' pension employer contribution grant (including supplementary funding) will be incorporated into the funding formula for 2021/22 (technical adjustment). Funding of £1.401m will be distributed across teacher costs when determining pupil band values (13.91% increase in costs), and the staffing block values to reflect adjusted leadership costs for different size schools.
- Teachers' pay and pension grant funding will be excluded from the MFG calculation, and schools will receive at least the amount allocated in 2020/21.
- School size thresholds will remain the same as 2020/21. Increased funding to schools relating to teaching assistant and teacher cost increases are adjusted for when determine a school size (to enable a like-for-like comparison to be made) for funding fixed costs through the staffing and non-staffing blocks.
- Staffing block cost refinement.
- Non-staffing block cost refinement including a 15% increase in the baseline for energy costs and 3% for all other cost drivers.

### **School Reorganisations**

A primary, secondary and special school policy is in place to provide a formalised approach to the funding of school reorganisations by sector to support the Local Authority's statutory duty to provide sufficient school places for the children of Lincolnshire. The policy seeks to address situations when, as part of its strategic planning of school places, the Local Authority asks a school / academy to take in additional pupils above the planned admission number (PAN) temporarily, or expand permanently.

The primary and secondary policies can be found using the following link (handbooks and guidance section):

### [School Reorganisation Policies](#)

#### **Pupil Premium for 2021/22**

Pupil Premium will continue in the 2021/22 financial year. Funding for 2021/22 will be protected at the 2020/21 rates which are:

1. £1,345 per primary pupil who is currently eligible for free school meals (FSM) or has been eligible for FSM in the past 6 years (except where the pupil is allocated the LAC or post-LAC premium).
2. £955 per secondary pupil who is currently eligible for free school meals (FSM) or has been eligible for FSM in the past 6 years (except where the pupil is allocated the LAC or post-LAC premium).
3. £2,345 for Looked-after Children<sup>1</sup>. Eligibility criteria includes those pupils who are in the care of, or provided with accommodation by, an English LA defined in the Children's Act 1989, or; have left care under a special guardianship order, a residency order, a child arrangement order, or because of adoption.
4. £310 per pupil for Service Premium. Eligibility criteria includes: one parent serving in the regular armed forces.
5. £0.53 per hour early years pupil premium for each eligible three and four year old up to the full 570 hours of free education entitlement.

In prior years the January census has been used to calculate this funding, however the government has confirmed the October 2020 census data will be used to allocate the 2021/22 funding to align to main schools funding data.

Further details are available at:

<https://www.gov.uk/government/publications/pupil-premium/pupil-premium>

#### **Other School Grants**

At the point of publishing school budgets, the government has not provided Local Authorities with updates to a number of 2021/22 school grant allocations. When further information is provided, updates will be provided to schools through the Schools Bulletin.

#### **Primary PE and Sport Premium**

The primary PE and sport premium is in place for the current academic year 2020/21. The government will provide details on the academic year 2021/22 funding arrangements in due course. It is assumed funding will remain at the same rates as 2020/21.

#### **Universal Infant Free School Meals (UIFSM)**

The grant for UIFSM is in place for the current **academic** year 2020/21 at the meal rate of £2.34. This allocation assumes that pupils will take 190 school meals over the academic year, providing £445 per eligible pupil. The government will provide details on the academic year 2021/22 funding arrangements in due course.

Further details will be made available shortly by the government. Education & Skills Funding Agency (ESFA) guidance for 2020/21 is available at:

<https://www.gov.uk/government/publications/universal-infant-free-school-meals-uifsm-2020-to-2021>

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<sup>1</sup> Where a pupil is eligible for Pupil Premium LAC the initial £1,000 will be allocated to the school by the Local Authority. Any further funding required by the school has to be applied for through the Virtual Head <https://www.lincolnshire.gov.uk/schools-and-education/virtual-school/>

### **Covid-19 Catch-up Premium**

The government announced £1bn of funding to support children and young people to catch up lost time after school closure. This funded the one-off universal £650m catch up premium for the 2020/21 academic year to ensure that schools have the support they need to help all pupils make up for lost teaching time.

Mainstream school will receive £80 for each pupil in from reception to year 11 inclusive, and special, alternative provision and hospital schools will receive £240 for each place for the 2020 to 2021 academic year. Two installments have been made to date in the current financial year, and a final allocation of £33.33 per pupil or £100 per place will be made in the Summer 2021 term using the October 2020 census.

### **Education Recovery Package**

The government announced a new Education Recovery package to further support children and young people to catch up lost time following school closures due to the pandemic. This funding includes a new one-off £302m Recovery Premium for primary and secondary schools, building on the Pupil Premium, to further support pupils who need it the most. The average primary school will receive around £6,000 extra, and the average secondary school around £22,000 extra. This will help schools to bolster summer provision for their students. A further £200m will be made available to expand the tutoring programme. £83m will fund the expansion of the National Tutoring Programme for primary and secondary schools; a £102m will fund the extension of the 16-19 Tuition Fund and £18m funding to support language development in Early Years. A further £200m will be available to secondary schools to deliver face-to-face summer schools.

### **Devolved Formula Capital (DFC) for 2021/22**

The government has not published information on DFC for 2021/22. It is assumed that the same allocations methodology will be applied as the current financial year, which will provide funding to schools to maintain their buildings and fund small scale capital projects.

The 2020/21 DFC allocations to schools are based on pupil numbers using the latest January school census data multiplied by the pupil rate. A lump sum of £4,000 will be provided together with a per pupil sum of: £11.25 for nursery and primary schools; £16.88 for non-boarding secondary schools, and; £33.75 for boarding schools, special schools / alternative provision schools.

Voluntary Aided (VA) schools are required by law to make a 10% contribution of the total DFC allocation therefore, only 90% of the allocation is provided for these schools by the DfE. However, as VA schools do not have access to any VAT refund scheme for their capital costs, the DFC allocation paid to these schools includes an element of funding for VAT (20% of 90%).

Further details (Conditions Funding methodology for 2020/21) are available at:

<https://www.gov.uk/government/publications/capital-allocations>

### **Lincolnshire Schools Broadband Connectivity**

The current broadband arrangements for school through a consolidated broadband offer continue up to 31 October 2022 delivered through EMPSN (a Local Authority members company). This approach delivers significant economies of scale, and has driven costs down overall. It provides a resilient, secure and quality broadband service for all schools in delivering schools educational goals.

Schools Forum has continued to agree to the retention of the central budget within the CSSB to fund the schools consolidated broadband offer to the contract end date. The Education and Skills Funding Agency (ESFA) has confirmed historic commitments funding will end



upon the contracts reaching their natural conclusion. The ESFA also confirmed a further 20% reduction is historic funding compared to the 2020/21 baseline. The Local Authority will use a blended approach of funding the contract to its end point through available historic commitments funding and one-off monies earmarked from the DSG.

The Local Authority will shortly be engaging with the sector on potential broadband solutions from November 2022. A consolidated approach is likely to have the greatest value to Lincolnshire schools due to the economies of scale it brings. A direct billing arrangement will exist from November 2022, and it will be a new cost for schools to meet from the contract end date. The government will remove from the Local Authority centrally retained budget as the government drive to remove indefinite differences in funding between Local Authorities, which reflect historical decisions.

### **Managing Change / School Redundancies**

The maintained primary school representatives on the Schools Forum have continued to vote to de-delegate a budget for 'schools in financial difficulty' – this continues for 2021/22.

No such budget was retained for maintained secondary schools as they did not have sufficient critical mass, or for nursery schools and special schools, therefore these schools will be required to finance the total cost of redundancy payments.

The Staffing Reduction Panel will therefore continue to meet to carefully consider maintained primary schools' applications to access the 'schools in financial difficulties' budget. Schools will need to demonstrate that without implementing its proposed staffing reductions it will fall into a deficit within two years. Only then will this budget contribute to the redundancy costs.

The financial contribution that maintained primary schools will be required to make towards redundancies (if they meet the 'schools in financial difficulties' criteria) will be the first £5,000 of the total cost of every redundancy; or 50% of the total cost of every redundancy, whichever is the greater, subject to a maximum of overall redundancy costs of 2.5% of the school's budget share for the financial year.

The Panel is happy to consider the proposals from other maintained school sectors; however those redundancy costs will need to be met by the school.

### **De-Delegation budgets for 2021/22**

As detailed above, the maintained primary schools representatives of the Schools Forum have voted to continue to de-delegate a number of budgets in 2021/22.

The de-delegation rate for 2021/22 is £35.93 to support termination of employment costs, consultant headteachers and school intervention for vulnerable schools and the Ethnic Minority and Traveller Education Team (EMTET).

### **Public Sector Pay**

Schools will be aware of the Chancellors announcement of a pay freeze in 2021/22. The exception is employees with a full time basic salary of up to £24,000. This group will receive a flat rate uplift of £250.

Schools can estimate and model pay changes for 2022/23 within the school's medium term finance plan. It is currently defaulted at a 1% pay award for each year from September 2022 for teachers, and a 1% pay award for non-teaching from April 2022.

It is of sound financial management for schools to prudently budget for cost rises within the school's medium term financial planning in future years for staff pay.

### **National Living Wage Increase**

The National Living Wage will increase by 2.2% from £8.72 to £8.91 per hour from April 2021. The increase in the NLW will mean that low-paid workers' incomes rise broadly in line with predicted wage growth; and modestly ahead of projected increases in prices, meaning low-paid workers' living standards should be protected. The salary scales ensures the lowest scale point meets the national living wage level.

### **Former Teachers' Pay and Pension Grant**

Funding through the separate teachers' pay grant and teachers' pension employer contribution grant (including supplementary funding) have been incorporated into the schools mainstream national funding formula (i.e. delegated funding) from 2021/22, including the 2020/21 baseline for protection purposes. The former grant monies are being distributed through the Age Weighted Pupil Unit factor (Primary £180 and Secondary £265).

Teachers' pay and pension grants for special schools and other specialist provisions have been incorporated within their funding formulas for 2021/22. The nursery schools teachers' pay and pension grant will remain as a separate grant, like in 2020/21.

### **Employer Pension Contribution Rates (non-teaching staff)**

Following the outcome of Lincolnshire's Pension Fund 2019 valuation, Lincolnshire County Council employer pension contribution rates (including maintained schools) have been set for a period of three years to March 2023. The remaining period includes:

- April 21 - March 22: 25.9%
- April 22 - March 23: 26.9%

### **LA School Carry Forward policy**

The Local Authority's school carry forward policy states that primary and special schools may retain for any purpose, up to 8% of their budget shares, or £30,000 (whichever is greater). The corresponding figure for secondary schools is 5%, or £30,000 (whichever is the greater). The figure for nursery schools is 10%, or £30,000 (whichever is the greater). Additional sums can only be retained for specific, time limited, costed, capital projects that are consistent with the priorities set out in the school's Asset Management Plan.

Schools with excess balances at 31 March 2021 will be asked in the summer term to complete a proforma outlining briefly their detailed plans for the use of those funds (in line with the policy). The Local Authority will be sympathetic to requests from schools where plans have been impacted by the Covid-19 pandemic. In addition, the Covid-19 catch up premium added to budget share runs for the academic year, therefore underspends reported at March 2021 will need to be adjusted for.

The Schools Finance team will undertake follow up action with the schools on those completed proforma plans to ensure policy compliance. Compliance for the committed excess balances reported at 31 March 2020 will be undertaken in the summer term.

It is sensible for schools to retain a reasonable level of reserves, and this should be considered as part of each schools budget setting and medium term financial planning work.

### **Scheme for Financing Schools**

The scheme sets out the financial relationship between the Local Authority and the maintained schools that it funds. It contains requirements relating to financial management and associated matters, which are binding on both the Local Authority and on schools. The DfE has directed Local Authorities to make minor revisions to our scheme, which will come

into effect from April 2021. A Schools Forum report was presented on the revisions to the scheme (agenda item 9), which can be found from the link below:

[Schools Forum report - Scheme for Financing Schools](#)

The scheme applies to all maintained schools and the revised scheme will be published in March and will be found using the link below.

[Lincolnshire's Scheme for Financing Schools](#)

### **School's Medium Term Finance Plan**

The Local Authority will again ask schools to submit by the 28<sup>th</sup> May 2021 their medium term finance plan to the Schools Finance Team – when submitting the document the head teacher and Chair of Governors must be copied into the email. Approval of the budget should be minuted at the Full Governors Meeting. The Schools Finance Team will undertake a review of the school returns and provide feedback to individual schools on its findings in the summer term. We believe this approach assists schools in strengthening their financial management.

The finance plan continues to be enhanced and further refinement have taken place in the 2021/22 plan, which makes it a very comprehensive and important document for schools to manage its financial arrangements and support decision making over the next 5 years, particularly during these challenging times. The main additions in the 2021/22 plan include: a user guide for the tool, amendment to the staffing tabs to enable financial modelling of pay changes, and staff pay being budgeted at Basic, National Insurance and Pension level to enable monthly reconciliations of payroll costs to take place more easily.

Schools are encouraged to undertake financial benchmarking regularly to identify areas of potential efficiencies. The DfE Schools Financial benchmarking tool helps with this process:

[DfE Schools Financial Benchmarking](#)

Schools are not permitted to overspend without the prior approval of the Local Authority; therefore adopting the following practices will help schools reduce the risk of overspending:

- Setting a detailed, balanced and realistic budget at the start of the financial year.
- Monitoring expenditure against the budget each month.
- Projecting the forecast spend for the year-end position (including for every member of staff) at least three times and entering the forecast on the finance system.
- Taking timely action to address potential overspendings.
- Considering the schools financial position beyond the next financial year, having regard to pupil number changes in particular. Maintaining an up-to-date medium term financial plan remains a vital activity.

It is important that schools are familiar with the Local Authority Monitoring & Intervention Policy including recommended best practice:

[Lincolnshire's Monitoring & Intervention Policy](#)

### **Schools Financial Value Standard (SFVS)**

The SFVS is a mandatory annual return for schools to complete, which is designed to help schools manage their finances and to give assurance that they have secure financial management in place.

The checklist asks questions of governing bodies in 7 key areas of resource management:

- Governance
- School Strategy
- Setting the annual budget
- Staffing
- Value for Money
- Protecting public money
- SFVS Dashboard

Upon the completion of the Dashboard a RAG (Red, Amber, Green) rating will be generated for your school. The dashboard shows how a school's data compares to thresholds on a range of statistics identified by the DfE as indicators of good resource management and outcomes. The Dashboard is designed to help schools identify areas of improvement of resource management. Schools should carefully consider the results for each of the indicators in the dashboard. Completion of the Dashboard is a mandatory element of the submission of the SFVS.

To provide greater assurance to the Local Authority regarding the responses provided to some questions, the Local Authority will require evidence attaching to your SFVS.

For the financial year 2021/22, schools will be required to submit their completed return by the end of the summer term (Summer 2021).

<https://www.gov.uk/government/publications/schools-financial-value-standard-sfvs>

Please ensure your completed returns are submitted to:

[SchoolFinanceReturns@lincolnshire.gov.uk](mailto:SchoolFinanceReturns@lincolnshire.gov.uk)

### **Lincolnshire's Finance Buyback charges for 2021/22**

The Local Authorities Schools Finance Team has reviewed its charges for 2021/22 and has implemented a price freeze, all three levels of service; Bronze (fixed and variable element), Silver and Gold will therefore remain at the same charging rate as 2020/21, charges have been updated to reflect the October 2020 census. The service is a non-profit making service, and is primarily a staffing led model.

The Finance Buyback costs for 2021/22 have been calculated at individual school level and are available on Perspective Lite.

A schools' current level of service will rollover into 2021/22. Should schools wish to discuss upgrading to a higher level of service or wish to discuss the different levels of service please contact:

[sbss@lincolnshire.gov.uk](mailto:sbss@lincolnshire.gov.uk)

### **Financial Training (Budget Preparation Courses for maintained school)**

The Schools Finance Team will be running the annual budget preparation courses through MS Teams virtual sessions on the following dates:

- 09/03/2021      Tuesday
- 12/03/2021      Friday
- 15/03/2021      Monday
- 17/03/2021      Wednesday
- 23/03/2021      Tuesday

- 24/03/2021      Wednesday

To book onto one of the courses please email the following address:

[Schools\\_Fin\\_Training@lincolnshire.gov.uk](mailto:Schools_Fin_Training@lincolnshire.gov.uk)

### **Licences**

The government continue to purchase a single National Copyright Licence managed by the DfE for all state-funded schools (including nursery schools) in England. The cost continues to be met from the CSSB of the DSG; therefore schools no longer pay for them directly.

For 2021/22, the licences covered by the central arrangement are:

- print and digital copyright content in books, journals and magazines (Copyright Licensing Agency (CLA));
- printed music (Schools Printed Music Licence (SPML));
- copyright content in newspapers and magazines (the Newspaper Licensing Agency media access (NLA) licence);
- recording and use of copies of radio and television programmes, including from a number of catch-up services (the Educational Recording Agency (ERA) licence);
- the showing of films (the Public Video Screening Licence (PVSL) and Motion Picture Licensing Company (MPLC) licences);
- payments for musical performances of covered work (Performing Right Society for Music (PRS));
- playing recorded music (Phonographic Performance Ltd. (PPL));
- rights to make CDs and DVDs containing copyright music (the Mechanical Copyright Protection Society (MCPS)); and
- hymns and other Christian music (Christian Copyright Licensing International (CCLI)).

### **Keeping up-to-date on developments**

All schools are encouraged to keep up-to-date with further developments in school funding arrangements by reading reports that are presented to the Schools Forum at its four meetings (in January, April, June and October) each year. The reports are available in Committee Records on LCC's website by following the link below:

<http://lincolnshire.moderngov.co.uk/mgCommitteeDetails.aspx?ID=166>

Also, useful information is available to support schools in managing their finances at the following link:

<https://www.lincolnshire.gov.uk/local-democracy/finances-and-budget/schools-financial-information/>

### **Contact details**

Should you wish to discuss any particular aspect of this pack of information, please refer to the named contact officer(s) on the relevant letter, or contact colleagues in the Local Authority's Finance Team:

#### Overall Schools Funding

- Sue Bainbridge, Senior Finance Technician: [susan.bainbridge@lincolnshire.gov.uk](mailto:susan.bainbridge@lincolnshire.gov.uk)
- Mark Nunn, Senior Finance Technician: [mark.nunn@lincolnshire.gov.uk](mailto:mark.nunn@lincolnshire.gov.uk)
- Craig Whitecross, Senior Finance Technician: [craig.whitecross@lincolnshire.gov.uk](mailto:craig.whitecross@lincolnshire.gov.uk)

#### Early Years Funding Formula

- Carla Snowshall, Senior Finance Technician: [carla.snowshall@lincolnshire.gov.uk](mailto:carla.snowshall@lincolnshire.gov.uk)

Special Schools Funding Formula

- Nicky Freeman, Senior Finance Technician: [nicky.freeman@lincolnshire.gov.uk](mailto:nicky.freeman@lincolnshire.gov.uk)

Alternatively, please contact the Schools Finance Helpdesk on:

[schools\\_finance@lincolnshire.gov.uk](mailto:schools_finance@lincolnshire.gov.uk).

For individual high needs pupil level detail queries, please contact the SEND team on 01522 554682 or [SENFinanceproject@lincolnshire.gov.uk](mailto:SENFinanceproject@lincolnshire.gov.uk).