

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

28 February 2022

Dear Colleague

SCHOOL BUDGET INFORMATION 2022/23

This letter and the associated documents are intended to provide the information that schools need to produce their budgets for 2022/23.

School budget shares information for 2022/23 is held on Lincolnshire County Council's external website. The menu path is: Council and Councillors > Finances and budgets > School finances > School budget shares 2022/23.

Further information is available for maintained schools on the sickness insurance scheme for 2022/23, 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 2022-23.

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. Since 2020/21, all Lincolnshire schools have received at least the full national funding formula levels.

2022/23 is the final year of the three-year funding package for schools (aged 5 to 16) from the 2019 spending review, which included a £7.1bn funding increase compared to 2019/20 levels, or a £2.6bn increase from 2021/22. Nationally this represents £52bn in core schools budget spending.

In the autumn 2021 spending review, the Government announced increases to schools' core funding for the three financial years covered by the Spending Review – 2022/23, 2023/24 and 2024/25. For 2022/23, funding of £1.6bn for the school supplementary grant has been provided to support the education sector with unforeseen costs, such as the Health and Social Care Levy and other cost increases. £1.2bn is being allocated to schools as a separate grant in 2022/23, which for

Lincolnshire represents c.£15m (see 2022/23 School Supplementary Grant section). Of the £1.6bn, £325m has been allocated to Local Authorities for high needs funding.

Nationally, the announced funding settlement covering the three year period includes an additional £4.7 billion by 2024/25 (compared to 2022/23 committed spending levels, according to the previous spending review) or overall £56.8bn in core schools budget spending.

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 2022/23 through the implementation of the national funding formula compared to other Local Authorities.

Table 1

2022/23	Lincolnshire's Unit of Funding	England National Average	Difference	Rank
Primary	£4,735	£4,786	-£51	96
Secondary	£5,899	£6,213	-£314	54

Both the primary and secondary ranked positions for Lincolnshire have improved from a national context (out of 150 LAs) for 2022/23. Although the rates have increased, they are however still below the England national average, as a result of the indices being used.

The fundamental principles of the mainstream national funding formula have not changed for 2022/23. The formula refinements from the Department for Education (DfE) are recognising inflationary rises (namely, key formula factors in the NFF will increase by c.3%), and changing of the sparsity measure to road distance, an increased maximum funding allocation and tapering methodology. These sparsity changes better reflect sparsity challenges and are seen as positive steps to better reflect costs that will be incurred by schools. This is an important step forward for Lincolnshire's small and rural schools. In addition, a new methodology of the payment of non-domestic rates through the Education Skills Funding Agency (ESFA) paying the cost directly to billing authorities.

The sector and Schools' Forum have previously supported the decision for Lincolnshire to continue replicating the national funding formula since its introduction in 2018/19 due to the increased per pupil funding levels being seen in all mainstream schools.

The Local Authority will continue to replicate the Government's national funding formula factors and monetary values in full for all mainstream Lincolnshire schools in 2022/23 and the Minimum Funding Guarantee (MFG) protection continues 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 October 2021 schools census which is used for 2022/23 mainstream schools' budgets has continued to see significant growth in both Free School Meals (FSMs) and FSMs Ever 6 as a result of the pandemic. The increase in the recorded FSMs eligibility is 13.5% and 20.8% for primary and secondary schools respectively when comparing to the October 2020 schools census, and overall, when comparing to pre-pandemic data from October 2019 schools census, FSMs eligibility has increased by 43.2% and 47.7% for the primary and secondary schools respectively. FSMs Ever 6 has increased by 13.0% and 12.2% over the same period for primary and secondary schools respectively. The time lag in Local Authority Schools block funding that funds schools budgets identified an affordability gap of £1.927m in 2022/23 to replicate the national funding formula. In addition to the

application of the +0.5% MFG (£0.127m), the Local Authority sought support from the Schools' Forum to reduce the Schools Growth budget (£1.540m) (funded by central government through a formulaic allocation) to the planned commitment level for primary and secondary reorganisations in 2022/23, and a budget transfer from available funding within the Central Schools Services block of the Local Authority relating to ongoing responsibilities and historic commitments funding to the Schools block (£0.260m). The Schools' Forum supported the solutions and the outcome of all Lincolnshire mainstream schools being funded at least the national funding formula levels is positive.

The key changes of the national funding formula for 2022/23 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 school's 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 2022/23.

Local Authorities will be protected under the High Needs block formula by seeing a minimum increase of 8% per head in 2022/23 compared to their 2021/22 funding baseline level before the application of further funding through high needs supplementary funding. This provides Lincolnshire with a welcomed settlement, however Lincolnshire continues to face significant cost increases within their High Needs block going forward. This growing trend is occurring nationally with more young people requiring specialist support. This transformational work in Lincolnshire is starting to have an impact and 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 more financially sustainable within its central Government allocation.

Local Authorities are still however waiting for the outcomes of the Department for Education 2019 SEN review and Call for Evidence exercise, which are fundamental to securing a long-term financial plan for high needs. The call for evidence asked for views on a range of issues relating to SEN, including:

- SEN factors in the school funding formula,
- The notional SEN budgets provided to schools to support their spending decisions,
- Targeted funding for pupils with SEN,
- The notional SEN budgets provided to schools to support their spending decisions.

The Government intends to publish the outcome of the review in the first quarter of 2022. The Local Authority will consider the outcomes of the review, whilst also continuing its review of notional SEN

and targeted funding arrangements locally. The Local Authority will look to establish a school working group to take this work forward.

Maintained Nursery Schools funding

The decision by the Government to have a universal funding rate across all providers of 3- & 4-year-old early years entitlement would have had a significant impact on the financial sustainability of Maintained Nursery Schools (MNS). The Government responded to this by providing 'supplementary funding' to MNS to allow them to meet the costs over and above other providers in relation to their statutory governance arrangements.

The Government had retained MNS funding per pupil rates at the 2016/17 level, which has resulted in all MNS across the country having to meet inflationary costs within its existing funding levels, which has put significant pressure on the sector to achieve a sustainable budget whilst delivering an effective education offer. The sector and Local Authorities have continued to make representation to central Government, and in 2022/23, it is the first year since the early years national funding formula implementation that MNS supplementary funding rates will increase, which is a positive step forward, however permanent funding solutions are still required to ensure the sector can plan for the medium-term. The Government has previously stated that it will consult openly regarding the future of MNS and its funding, but to date, no further information has been released.

The funding announcement of a 3.47% increase to the MNS supplementary funding will enable the hourly rate to increase by £0.06, therefore the overall MNS supplementary rate increasing to £1.95 per pupil per hour for 2022/23. This is in addition to the universal hourly funding rate of £4.20. Overall, the 2022/23 MNS 3- & 4-year-old entitlement funding rate is £6.15 per pupil per hour.

Teachers' pay and pension grants will continue in 2022/23 for MNS and will remain separate grants. Schools can therefore budget for this.

Special Schools funding

Lincolnshire's special schools funding formula has been refined as a matter of best practice for 2022/23. 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 will respond to the inflationary cost rises facing the sector, and refinements to the formula to maintain fairness in its distribution to reflect current needs and practices, which will support the ambitions of the sector.

In-year funding will be allocated to provide financial support for the Health and Social Care Levy. Engagement with the special school sector will take place to ensure unforeseen cost pressures facing the delivery of high needs education and support are determined and quantified for costs above the 2022/23 baseline funding level. Upon future events becoming clearer (such as the 2022/23 pay settlements), and additional costs being determined, funding will be allocated through existing mechanisms to the sector to meet these agreed costs.

The refinement updates for 2022/23 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 2022/23 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 £4,265 for primary schools and £5,525 for secondary schools.
- Adoption of the new methodology for calculating Sparsity using the road distance and tapered methodology, and the formula factor has increased by £10,000 per sector.
- Calculation of funding for Free School Meals Ever 6 will now be based on the latest October census rather than January census, which is therefore more responsive.
- Adoption of the new methodology of the payment of non-domestic rates bills. Officers are awaiting further guidance regarding how schools and academies should treat this cost in their financial accounts under the new payment methodology, however primary and secondary schools should not pay rates bills if they receive any from their billing authorities. The ESFA will pay all non-domestic rates bill centrally to billing authorities.
- Increase in the hourly top-up rate by 3.3% for the payment of Educational Health Care plans from £11.35 to £11.72 to reflect a 2% base increase; 1.25% Health and Social Care Levy, and the enhanced employer pension increase of 26.9% from 2022/23.

School funding for 2022/23 is based on the October 2021 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 2022/23.
- The lump sum rate of £121,300 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 link below. 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.

The Government has conducted its initial consultation on how further reforms to the national funding formula can be implemented with the intention of moving to the 'hard' formula'. Lincolnshire has continued to adopt the national funding formula for its mainstream schools since 2018/19 due to the increased per pupil funding levels being seen. The proposals suggest that the DfE would set the formula for all schools, removing all Local Authority responsibility in the setting of school budgets. The Local Authorities have responded to this initial consultation concluding the importance of retaining local flexibility and decision-making powers for all aspects of schools funding. Local Authorities in working with the sector are best placed to respond to local needs and demands on a timely basis within reasonable DfE parameters rather than through a centralised system. What the national funding formula has achieved is a move to greater consistency in how Local Authorities are funded, which the Local Authority considers to be extremely important in ensuring fair and equitable funding for the schools' sector in each area.

Early Years National Funding Formula

Lincolnshire's universal 3- & 4-year-old hourly rate per pupil has been increased by £0.16 to a new rate of £4.20 in 2022/23. 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.

The autumn 2021 spending review provided an extra £160m nationally for early years education in 2022/23 to enable an increase in the hourly rate paid to childcare providers for the government's free hours offers. Lincolnshire however is one of 48 out of 150 Local Authorities funded on the minimum funding rate for early years funding by central Government.

On the 20 January 2022, 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 £0.20 to a new rate of £5.23 in 2022/23. The disadvantaged 2-year-old offer provides childcare up to 570 hours per year for eligible children.

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

Lincolnshire's special schools funding formula has been refined as a matter of best practice for 2022/23. 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. Engagement with the sector including a survey and a sector working group has taken place during 2021, which helped shape the final formula refinement outcomes. The current funding formula is underpinned by key cost drivers and their costs based on theoretical school models.

The underlying principles and formula factors will remain in place for 2022/23 but the formula will respond to the inflationary cost rises facing the sector, and refinements to the formula to maintain fairness in its distribution to reflect current needs and practices, which will support the ambitions of the sector.

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 2022/23 include:

- Revised place numbers for the new academic year (2022/23) and updated pupil moderations will be incorporated into the special schools budgets.
- The Local Authority will continue to apply a 0% Minimum Funding Guarantee (MFG) for those existing pupils on bands A to F in schools receiving protection funding.

- The Band C additionality funding will be incorporated into the Band C funding for delegation purposes. It remains the school's decision to best deploy this resource in meeting these pupils needs.
- Band monetary values will increase on average by 2.8% to reflect a rise in current prices. This builds in staff pay growth for teachers and teaching assistants of 2% from April 2022, and a pension increase to 26.9% for non-teaching staff.
- School size thresholds will be revised upwards for 2022/23 by 10% to reflect the monetary value increases of special school bands in 2021/22 and 2022/23 (including the teachers' pay and pension funding that have been baselined within the bands). This is to ensure a like-for-like comparison can be applied, when determining a school size, which funds the fixed costs of a school through its staffing and non-staffing blocks.
- Staffing block cost inflationary refinements will include a 2% increase in basic salary costs and associated costs for leadership and central staff, plus central staff employer pension increase to 26.9%
- In 2018/19, an enhanced provision staff resource was built into the staffing block for all school sizes to support pupil escalations, transitions, re-integration to mainstream. To recognise the size of the school considering pupil numbers and needs, and to support our wider ambitions, progressive enhanced provision resource will be included within the staffing block allocations for the range of school sizes.
- Non-staffing block cost refinements will include a 3% increase applied across all the cost drivers to respond to the inflationary rises - this is consistent with the mainstream sector lump sum increase.
- In year funding will be allocated to provide financial support for the Health and Social Care Levy by National Insurance contributions rising by 1.25%. Special schools can forecast to receive additional funding for this new cost in 2022/23. Engagement with the special school sector will take place to ensure unforeseen cost pressures facing the delivery of high needs education and support are determined and quantified for costs above the 2022/23 baseline funding level. Upon future events becoming clearer (such as 2022/23 pay settlements), and additional costs being identified, funding will be allocated through existing mechanisms to the sector to meet these agreed costs.

School Reorganisations

Primary, secondary and special school policies are 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 school reorganisation policies can be found using the following link (handbooks and guidance section):

[School Reorganisation Policies](#)

Pupil Premium for 2022/23

Pupil Premium will continue in the 2022/23 financial year. Funding for 2022/23 will increase in line with the latest inflation forecasts, rates will be:

1. £1,385 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. £985 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. £2,410 for Looked-after Children¹. 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. £320 per pupil for Service Premium. Eligibility criteria includes: one parent serving in the regular armed forces.
5. £0.60 per hour early years pupil premium for each eligible 3- and 4-year-old up to the full 570 hours of free education entitlement (or £342.00 per year).

The October census will continue to be used as the point upon which the allocations are based. Notification of allocations will be announced in the new year. Further details are available at:

[Pupil premium - GOV.UK \(www.gov.uk\)](http://www.gov.uk)

Other School Grants

At the point of publishing school budgets, the Government has not provided Local Authorities with updates to a number of 2022/23 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 2021/22. The Government will provide details on the academic year 2022/23 funding arrangements in due course. It is assumed funding will remain at the same rates as 2021/22.

Universal Infant Free School Meals (UIFS)

The grant for UIFS is in place for the current academic year 2021/22 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 2022/23 funding arrangements in due course.

ESFA guidance for 2021/22 is available at:

[Universal infant free school meals \(UIFS\): 2021 to 2022 - GOV.UK \(www.gov.uk\)](http://www.gov.uk)

Covid-19 Catch-up Premium

In June 2020, the Government previously announced £1bn of funding to support children and young people to catch up on missed learning caused by coronavirus. This included the one-off universal £650m catch-up premium for the 2020/21 academic year to ensure that schools had the support they needed to fund specific activities to support their pupils' education recovery in line with the curriculum expectations.

Schools can carry forward funding (if applicable) to future academic years to support any summer catch-up provision.

Recovery Premium

In February 2021, the Government announced a one-off recovery premium as part of its package of funding to support education recovery for the 2021/22 academic year. Building on the pupil premium,

this funding will help schools to deliver evidence-based approaches for supporting disadvantaged pupils.

Schools will be paid the two final payments (of four) in the first half of the 2022/23 financial year (April to March).

[Recovery premium funding - GOV.UK \(www.gov.uk\)](https://www.gov.uk)

School-Led Tutoring

School-Led Tutoring funding was allocated to schools in the 2021/22 academic year to allow schools to source their own tutoring provision for disadvantaged and vulnerable pupils who have missed the most education due to the pandemic. Any underspent balances at 31 August 2022 will be recovered by the ESFA.

Holiday Activities and Food Programme (HAF)

The HAF has now been confirmed a longer-term programme (at least three further years) following the pilot in 2021 for Local Authorities to rollout. The purpose of the programme is to provide holiday provision for children who receive benefits-related free school meals in the Easter, Summer and Christmas.

Further details can be found using the following link:

[Holiday Activities and Food Programme – Lincolnshire County Council](#)

2022/23 School Supplementary Grant

The autumn 2021 spending review confirmed schools supplementary grant funding for 2022/23. In addition to the DSG, mainstream schools will receive an additional grant in 2022/23 worth £1.2bn nationally. For Lincolnshire this is estimated to be £15m. The grant is being provided in respect of the Health and Social Care Levy cost, and wider school costs including energy increases, and pay increases. These unforeseen cost pressures were not considered to be part of the schools funding settlement that determined the 2022/23 national funding formula allocations. This additional funding will be provided in each year of the spending review period to 2024/25.

School level allocations for 2022/23 will be published in spring 2022. The supplementary funding will form a separate grant for 2022/23, however it will be paid into the schools' main budget share. The ESFA intention is for the funding to be incorporated into the core national funding formula budget from 2023/24 rather than through a separate grant. It has also been remarked that this funding has been front-loaded to support schools meeting future years cost rises.

Schools will have the flexibility to prioritise their spending of the schools' supplementary grant to best support the needs of their pupils and staff and to address the cost pressures.

The supplementary grant will fund:

- Maintained Nursery Schools (MNS),
- Maintained primary and secondary schools, and
- Secondary schools with post 16 pupils.

The funding for MNS, early years provision in schools and post-16 provision in schools are provided in respect of the Health and Social Care Levy. The additional funding for mainstream school provision for pupils aged 5 to 16 is provided in respect of both the Health and Social Care Levy and wider cost

pressures. This means that the funding rates in the school's supplementary grant are higher for 5 to 16 provisions than early years or post-16.

The base per-pupil funding rate for early years provision in schools, and for MNS, will be £24 per pupil. The allocations will be calculated by using the pupil count data from the January 2022 census.

The base per-student funding rate for 16-19 provision in schools, will be £35 per student. The allocations will be calculated by using the student count data from the 2022 to 2023 16 to 19 allocations.

The 5 to 16 funding rates consist of the following three elements, which are based on factors already in the schools national funding formula:

- a basic per-pupil rate (with different rates for primary, key stage 3 and key stage 4),
- a lump sum paid to all schools, regardless of pupil numbers, and
- a per-pupil rate for pupils who are recorded as having been eligible for free school meals at any point in the last six years (FSMs Ever 6), with different rates for primary and secondary pupils.

The base funding rates for 5-16 schools will be:

- basic per-pupil rate of £97 for primary pupils, including pupils in year Reception,
- basic per-pupil rate of £137 for key stage 3 pupils,
- basic per-pupil rate of £155 for key stage 4 pupils,
- lump sum of £3,680,
- FSMs Ever 6 per-pupil rate of £85 per eligible primary pupil, and
- FSMs Ever 6 per-pupil rate of £124 per eligible secondary pupil.

The allocations will be calculated by using the pupil count data and FSMs Ever 6 pupil count from the October 2021 school census.

An additional allocation on top of the published DSG High Needs block allocation has also been announced to support additional costs Local Authorities and schools will face in the coming year, which were not foreseen in the original High Needs block publication, such as the Health and Social Care Levy. Engagement with the specialist sector will take place to ensure unforeseen cost pressures facing delivery of high needs education and support are determined and quantified, before allocating funding through existing mechanisms.

Health and Social Care Levy

The purpose of the Health and Social Care Levy Act 2021 is to increase funds for the NHS and other care bodies through taxation. The Government is introducing a new 1.25% Health and Social Care Levy from April 2022. This will result in National Insurance contributions rising by 1.25%. The salary scales and medium-term finance plan have been updated to reflect this new rate. From April 2023, the National Insurance contribution rates will go back down to 2021/22 levels, and the Levy will become a separate new tax of 1.25%. The schools supplementary funding is there to meet this new cost on schools.

Public Sector Pay

Schools will be aware of ongoing discussions with Unions regarding a pay award for support staff for 2021/22 - those earning less than £24,000 have already received an increase of £250. It is anticipated that the pay award of 1.75% for higher grades and 2.75% (minus the £250 that has already been paid) for lower grades will be approved.

The medium-term finance plan and salary scales have been updated on the assumption that this pay award will be approved and implemented before 2022/23.

Guidance has been provided as to how schools should calculate an estimate of the cost of a potential pay award for support staff for 2022/23. The Medium-Term Finance Plan assumes a pay award of 2% from April 2023 onwards.

The School Teachers' Review Body (STRB) will give recommendations on both the 2022/23 and 2023/24 pay awards in the summer of 2022. For prudent budget setting purposes, the medium-term finance plan assumes a 2% pay award for all years, schools will need to update their medium-term finance plan once recommendations have been received, further guidance will be provided in due course.

National Living Wage Increase

The National Living Wage (NLW) will increase by 6.6% from £8.72 to £9.50 per hour from April 2022. 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 ensure the lowest scale point meets the NLW level.

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 22 - March 23: 26.9%

The salary scales and medium-term finance plan have been updated to reflect this new rate.

Lincolnshire Schools Broadband Connectivity

The current broadband arrangements for school through a consolidated broadband offer continue up to 31 October 2022. This is currently delivered through emPSN (a Local Authority members company) - this approach has delivered 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.

The Local Authority took the decision to continue to use the emPSN managed network from November 2022 and, with emPSN, is in the process of procuring a new contract for managed connectivity services. This procurement is underway, and the Local Authority will be in a position to notify schools of our future connectivity provider by May 2022. However, we expect to be able to advise schools of future pricing from emPSN in April 2022 and will seek to do this earlier if possible. Any change of connectivity service provider will likely be because of an improved price and / or quality of service being offered; it is a condition of the procurement that your current service will continue without any disruption.

The Council's decision to continue to use the emPSN network was influenced by the excellent services and competitive rate emPSN currently provide to the Local Authority, Districts and schools. emPSN provide a secure and reliable public sector compliant network along with additional network management services, which extend beyond the provision of an internet connection.

The Council is confident that through this procurement everyone can retain these high-quality services and also achieve a competitive market price for connectivity services which will benefit Lincolnshire schools.

Schools will have two options:

- Maintain continuity of current service or seek enhanced services through a direct contract with emPSN.
- Procure alternative arrangements independently ensuring if you do seek alternative arrangements your new provider covers your requirements in full.

Further information can be found at:

[Lincolnshire Schools Information Hub - emPSN](#)

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 2022/23.

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 2022/23

As detailed above, the maintained primary schools' representatives of the Schools' Forum have voted to continue to de-delegate a number of budgets in 2022/23.

The de-delegation rate for 2022/23 is £36.32 to support termination of employment costs for schools in financial difficulties; interim headteachers; intervention locality lead for additional school improvement support; school intervention support for vulnerable schools and the Ethnic Minority and Traveller Education Team (EMTET).

Devolved Formula Capital (DFC) for 2022/23

The Government has not published information on DFC for 2022/23. 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 2021/22 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 their 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>

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 2022 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 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 2021 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 school's budget setting, service planning 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 scheme applies to all maintained schools and is available on the below link:

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

School's Medium Term Finance Plan

The Local Authority will again ask schools to submit by the 31 May 2022 their Medium-Term Finance Plan (MTFP) to the Schools Finance Team – when submitting the document the headteacher and Chair of Governors must be copied into the email. Approval of the budget should be minuted at the Full Governors Meeting. On the Summary tab of the MTFP there is a mandatory field to complete stating the date the MTFP has been approved by Governors. The Schools Finance Team will undertake a high level review of the school returns and provide feedback to individual schools on its findings in the summer term. We believe this approach assists schools with strengthening their financial management.

The finance plan continues to be enhanced and further refinement has taken place in the 2022/23 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 2022/23 plan include: an Extended Provision sustainability tab; a teaching and support staff summary tab to easily identify the costs for staff for all years of the plan. The Nurse MTFP has been updated to include a class structure tab.

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 to identify material variances.
- 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. 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 6 key areas of resource management:

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

Schools can access the Dashboard through the Benchmarking website – the link is available in the School's Medium Term Finance Plan section.

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.

Schools are required to evidence that they have arrangements in place to manage related party transactions. Schools are also required to submit a completed related party transactions template which records any applicable contracts and agreements that are live in the year. The Local Authority has a duty to oversee and advise on related party transactions.

The SFVS has not been published by the ESFA 2022/23. The Local Authority does not expect changes to the 2022/23 process. A Local Authority communication will follow.

Sickness Insurance Scheme for 2022/23

The premium and reimbursement rates have increased by 2.5 % for teaching staff and 3% for non-teaching staff. The increases are necessary to reflect the following changes:

- Teaching: Estimated pay increase of 2% plus increased employer's national insurance costs of 1.25%
- Non-teaching: 2021/22 proposed pay award of 1.75%, increased employer's pension costs of 1% and increased employer's national insurance costs of 1.25%

The application form and employee template, like last year, will be included as part of the Sickness Insurance Scheme Template document, schools will receive an email when the template is ready. Applications must be based on the staffing levels as at 20 April 2022, i.e. the first day of the summer term.

Lincolnshire's Finance Buyback charges for 2022/23

The Local Authority are finalising the Finance Buyback charges for 2022/23, which will be shared with schools shortly. The service is a non-profit making service and is primarily a staffing led model.

As in previous years' a schools' current level of service will rollover into 2022/23. 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

Financial Training (Budget Preparation Courses for maintained school)

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

- 11/03/2022 PM Friday
- 14/03/2022 AM and PM Monday
- 17/03/2022 PM Thursday
- 23/03/2022 AM and MP 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 DfE; therefore, schools no longer pay for them directly.

For 2022/23, 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:

[Committee details - Lincolnshire Schools' Forum \(modern.gov.co.uk\)](http://modern.gov.co.uk)

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

[School finances – School budget shares - Lincolnshire County Council](#)

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
 Mark Nunn, Senior Finance Technician: mark.nunn@lincolnshire.gov.uk

Early Years Funding Formula

Carla Snowshall, Senior Finance Technician: carla.snowshall@lincolnshire.gov.uk

Special Schools Funding Formula

Bev Hippisley, Senior Finance Technician: bev.hippisley@lincolnshire.gov.uk
 Nicky Freeman, Senior Finance Technician: nicky.freeman@lincolnshire.gov.uk

Alternatively, please contact the Schools Finance Helpdesk on: 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