

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

28 February 2023

Dear Colleague

### **SCHOOL BUDGET INFORMATION 2023/24**

This letter and the associated documents are intended to provide the information that schools need to produce their budgets for 2023/24.

School budget shares information for 2023/24 is held on Lincolnshire County Council's external website. The menu path is: Council and Councillors > Finances and budgets > School finances > School budget shares 2023/24.

Further information is available for maintained schools on budget preparation material (including the Medium-Term Finance Plans (MTFP), and guidance on completing the MTFP, salary scales and buyback information). This information is available in Perspective Lite under HR and Employment Policy > Schools Finance (was Finance) > Budget Shares 2023-24.

#### Mainstream Schools Funding

Schools will be aware that the Government implemented the National Funding Formula (NFF) 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 NFF arrangements.

Lincolnshire mainstream schools have been in receipt of funding levels that adopt the Government's NFF since 2018/19, including its funding floor and ceiling approach as schools incrementally moved towards the full formula. Lincolnshire adopted the Government's NFF due to the increased per pupil funding levels that have been received. Since 2020/21, all Lincolnshire schools have received at least the full NFF levels.

Only 78 out of 150 Local Authorities have mirrored the NFF in 2022/23. It currently remains the Local Authority decision on setting its schools funding formula within the Department for Education's (DfE's) funding framework. The Government is however progressively tightening the rules governing Local Authorities flexibilities over school funding, so that school allocations move closer to the NFF.

As part of the spending review the Government announced in 2021, the 2023/24 national school funding levels will rise by £1.5bn to £55.3bn or a 1.9% increase in per pupil funding, and a further rise of £1.5bn to £56.8bn in 2024/25. The Autumn 2022 statement also announced a further £2bn increase in funding in each of 2023/24 and 2024/25 to respond to increasing costs faced by schools, particularly through staff pay awards and utilities. For Lincolnshire mainstream schools, this new grant

equates to an additional 3.4% increase in per pupil funding, or a total grant allocation of £18.897m for the sector. This is outside the Government’s NFF in 2023/24.

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 2023/24 through the NFF compared to other Local Authorities.

**Table 1**

2023/24	Lincolnshire's Unit of Funding	England National Average	Difference	Rank
Primary	£4,933	£5,014	-£81	103
Secondary	£6,216	£6,542	-£326	55

The primary ranked positions for Lincolnshire have improved from a national context for 2023/24 to 103 highest funded Local Authority out of 151, the secondary ranked position remains in a similar position nationally to 2022/23. Although the rates have increased, they are however still below the England national average.

The fundamental principles of the mainstream NFF have not changed for 2023/24. The 20 January 2021 Executive Councillor decision (I021123) remains in place to adopt the NFF. This decision was taken following a consultation with all Lincolnshire schools and respondents supporting the decision to adopt the NFF. This also included measures to be taken to address any affordability issues. The main reason that causes Schools block affordability challenges, relates to the Government’s application of lagged funding arrangements for Local Authority Schools block funding for pupil-led factors (i.e. the DfE uses the October 2021 schools census). The Local Authority is required to fund mainstream schools 2023/24 budgets using the latest schools census (October 2022).

For 2023/24, the policy approach remains to continue adopting the Government’s NFF, along with continuing to adopt fair approaches and principles when addressing affordability issues. The October 2022 schools census which is used for 2023/24 mainstream schools budgets has continued to see significant growth in both Free School Meals (FSMs) and FSMs Ever 6 with the cost-of-living challenges being a contributing factor to this. The increase in the recorded FSMs eligibility is 8.10% and 14.38% for primary and secondary schools respectively when comparing to the October 2021 schools census.

The affordability gap shortfall was £2.656m to adopt the NFF in its entirety including a 0.50% Minimum Funding Guarantee (MFG). The Council is unable to set an affordable formula therefore the following steps have been taken, which received Schools’ Forum committee support on the 19 January 2023 and Executive Councillor decision (I028812) approval on the 7 February 2023:

1. To reduce the Schools Growth funding budget within the Schools block from £3.437m (funded by central Government through a formulaic allocation using prior school level growth data) to £1.503m, which aligns to current commitments, and the remaining £1.934m supporting the NFF.
2. A budget transfer to the Schools block of £0.495m from available funding from within the Central Schools Services block relating to historic commitments funding.
3. The remaining shortfall of £0.227m has been addressed through a downward adjustment of 0.075% of the Key Stage Age Weighted Pupil Unit (AWPU) values from the Government’s NFF rates in 2023/24.

In summary, the Council plan to adopt the NFF factors and monetary values in 2023/24 except for a 0.075% downward adjustment to the AWPU NFF rates in the primary and secondary sectors.

The key updates of the NFF for 2023/24 are outlined within appendix 1: section Mainstream Schools National Funding Formula.

### 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 NFF.

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 NFF. 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 for 2023/24.

The Government is continually moving to a basis for distributing funding to Local Authorities for children and young people with high needs, taking into account an up-to-date assessment of the level of need in each area as opposed to funding on the basis of historic spending. Local Authorities will be protected under the formula by seeing a minimum increase of 5% per head in 2023/24 compared to their 2022/23 funding baseline level. The High Needs block allocation is £126.416m for 2023/24, which is a rise in funding of £11.080m from the prior year. This includes the additional £5.008m through the additional £2bn funding announcement in the Autumn statement. Within the High Needs block allocation, Lincolnshire will receive protection monies of £8.692m. The SEND Green paper acknowledged the unsustainable SEND system and considers ways to address this. The outcomes of the consultation will likely have an impact on high needs funding allocated to Local Authorities and schools.

There continues to be a growing trend nationally, and this growth is being experienced in Lincolnshire with more young people requiring specialist support which is having a material financial impact on the High Needs block. This remains a financial risk for Lincolnshire to keep spending within the High Needs block allocation for 2023/24 due to the demand-led costs being faced. The Local Authority has agreed to support a financial uplift to £11.84 per hour for the mainstream Education Health Care top up rate in 2023/24. The top up rate will be kept under review during 2023/24.

Local Authorities with DSG deficits caused by their high needs spending are required to report to the DfE on managing their future DSG spend, which is governed by the School and Early Years Finance (England) Regulations 2022. Local Authorities are required to carry forward under and overspends on its DSG to the next year.

This is in the context of the increasing number of Local Authorities who are incurring a deficit on their overall DSG largely due to overspends on their High Needs block. The DfE reported through the Government's SEND Green Paper that two thirds of Local Authorities were in deficit by the end of 2020/21, valued at over £1bn.

The DfE now have three programmes offering direct support in respect of the effectiveness and sustainability of Local Authorities High Needs systems. The aim of all three programmes is to secure sustainable management of Local Authority High Needs systems.

Local Authorities, such as Lincolnshire must ensure careful management of the DSG takes place to avoid overspending of the DSG.

### Maintained Nursery Schools funding

The previous 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 2023/24 funding settlement announced an additional £10m investment into MNS nationally. Local Authorities MNS supplementary funding rates were to be increased by 3.4% with a newly introduced minimum hourly funding rate of £3.80, and a cap on the hourly rate of £10.00 to reduce the disparity in funding nationally. A funding increase is welcomed for MNS however all schools are facing rising costs in the delivery of education.

Lincolnshire is to be funded at the minimum hourly funding level for supplementary funding of £3.80 for 2023/24 (2022/23 hourly funding rate being £2.51). This £3.80 rate also includes the hourly amount of £0.48 for the teachers' pay and pension grant, which was previously a separate grant allocation to MNS. The DfE MNS supplementary funding mechanism to Local Authorities however only applies this to the universal element of entitlement, which is again disappointing, since the MNS infrastructure is still required whether that be pupils accessing universal or extended hours.

The MNS supplementary rate 'allocated' through the formula to MNS will continue to be applied to both the 15 hours universal entitlement and the extended hours, as has been applied in prior years to support the infrastructure of the setting, therefore an application of a single rate for MNS for 3- & 4-year-old children. For 2023/24, the supplementary grant allocation is £2.88p to MNS. This is in addition to the 3- & 4-year-old universal rate of £4.42 per pupil per hour. Overall, MNS will receive an hourly rate of £7.30 per pupil, which is a £0.80 increase from prior funding levels.

Further information on the 2023/24 early years funding is outlined within appendix 1: section Early Years National Funding Formula.

### Special Schools funding

The Local Authority is confirming that the existing principles and formula for funding Lincolnshire special schools will continue in 2023/24. The Local Authority considers the formula to be strong and fit for purpose and adaptable to the changing landscape of pupil needs. The formula will support inflationary cost rises facing the sector. Further information on the 2023/24 special schools funding formula is 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

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## Mainstream Schools National Funding Formula (NFF)

Lincolnshire County Council is to continue adopting the National Funding Formula (NFF) factors and monetary values in 2023/24 except for a 0.075% downward adjustment to the Age Weighted Pupil Units (AWPU) NFF rates in the primary and secondary sectors.

The key updates to the NFF in 2023/24 are as follows:

- Free School Meals Ever 6 (FSM6) and Income deprivation affecting children index IDACI factors will increase by 4.3% in monetary value.
- AWPU values will increase by 2.3% in monetary value.
- All other key formula factors will increase by 2.4% in monetary value.
- A positive Minimum Funding Guarantee (MFG) of +0.50% per pupil protection. The MFG range is between +0.0% and +0.50% per pupil in 2023/24.
- No gains ceiling cap.
- The minimum per pupil funding levels will be set at £4,405 for primary schools and £5,715 for secondary schools.
- Schools Supplementary Grant funding that schools received as a separate grant in 2022/23 will be rolled into the NFF in 2023/24 including funding being added into the schools 2022/23 baseline funding for MFG purposes.
- Continuation of the 'prior' methodology for the payment of Non-Domestic rates.

School funding for 2023/24 is based on the October 2022 pupil census for mainstream schools and academies. The key components of the NFF 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 2023/24.
- The lump sum rate of £128,000 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 Council has provided reports to the Schools' Forum on the NFF 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.

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

In 2022, the Government conducted its latest consultation on how further reforms to the NFF will be implemented, with the intention of moving to a 'full' formula. The Government expect to have moved all schools onto the NFF within the next five years, by the 2027/28 funding year. This would remove the Local Authorities responsibility in the setting of school budgets. The Local Authority responded to the latest consultation concluding the importance of retaining local flexibility and decision-making powers for aspects of schools funding. The NFF has achieved 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.

Other key headlines that were consulted upon:

- ‘Notional SEN’ budgets are proposed to be set nationally. Implementation date to be confirmed.
- Popular growth applications propose to be available to all schools, whether that be maintained schools or academies.

### **Early Years National Funding Formula**

Lincolnshire's universal 3- & 4-year-old hourly rate per pupil will be increased by £0.22 to a new rate of £4.42 in 2023/24. 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 spending review will provide an extra £200m nationally for early years education in 2023/24 to increase the hourly rate paid to childcare providers for the Government's free hours offers, which includes £20m in response to the national living wage increasing for 2023/24. National early years education spending is planned to be £3.935bn in 2023/24. Lincolnshire however is one of 35 out of 151 Local Authorities funded on the minimum funding rate for early years funding by central Government.

On the 19 January 2023, 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 2023/24 - Schools' Forum Paper](#)

The hourly rate for disadvantaged 2-year-olds has been increased by £0.06 to a new rate of £5.29 in 2023/24. 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.

Designated nursery classes will receive an hourly funding supplement in 2023/24 to recognise the Government's decision to move the teachers' pay and pension grant funding into the Early Years block. The funding will support the costs for which the original grants were introduced for. The hourly supplement will be £0.25 per pupil.

### **Special Schools Funding**

Lincolnshire's special schools funding formula will remain in place for 2023/24. The current funding formula is underpinned by key cost drivers and their costs based on theoretical school models. Lincolnshire's special schools funding formula has been updated for 2023/24 to incorporate the 3% increase in funding made in-year in response to special schools increasing costs. This 3% monetary increase has been applied across the various formula factors (staffing block, non-staffing block, band values) to mirror the decision taken during 2022/23. Budget sustainability is important for the sector including the formula supporting inflationary cost rises. The Local Authority is acutely aware of the rising costs faced by schools.

The formula determines overall indicative funding for the 2023/24 financial year before being presented through the DfE's place and top up arrangements.

The following updates for 2023/24 include:

- Revised place numbers for the new academic year (2023/24) and updated pupil moderations will be incorporated into the special schools budgets.
- Band monetary values will increase by 3% to reflect a rise in current prices.
- School size thresholds will be revised upwards by 3% to reflect the monetary value increases of special school bands in 2023/24. This is to ensure a like-for-like comparison can be applied, when determining a school size, which supports the fixed costs of a school through its staffing and non-staffing blocks.
- Staffing block and non-staffing block will include a 3% increase.
- Through the above changes for 2023/24, the Local Authority has ensured that the in-year supplementary allocations made to schools in 2022/23 have now been factored into the formula going forward.
- To further support costs in 2023/24, Local Authorities are required to allocate an amount that is equivalent to 3.4% of the estimated total grant funding of the school. The determination of the total grant value is based on the 2023/24 agreed place numbers and average 2022/23 top up value (including in-year supplementary funding allocated). Split site funding, if applicable is also considered within the total grant funding. Schools can forecast to see this funding in future years, for financial planning purposes. For 2023/24, Local Authorities must separately identify these allocations i.e. outside the schools core funding (place and top-up).
- The DfE MFG is +3% comparing 2021/22 funding levels to 2023/24. This is to be based on a like-for-like comparison with a special school's overall budget in 2021/22. Using the 2023/24 formula factor values and 2021/22 pupil data, the total budget is required to increase by +3% from the published 2021/22 funding levels. The additional 3.4% grant allocation is treated outside of this MFG calculation. All special schools funding passed this test.

### **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](#)

### **Mainstream Schools Additional Grant (MSAG)**

The Autumn 2022 statement announced a further £2bn increase in funding in each of 2023/24 and 2024/25 to respond to increasing costs faced by schools nationally, particularly through staff pay awards and utilities. Schools will have flexibility to prioritise the spending of this grant to best support the needs of their pupils and staff.

Although this funding is categorised as a separate grant for 2023/24, the Government has indicated that they intend to incorporate the funding into schools core funding from 2024/25 where possible, for primary and secondary schools this will mean incorporating into the NFF for 2024/25.

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



- Basic per-pupil rate of £119 for primary pupils
- Basic per-pupil rate of £168 for key stage 3 pupils
- Basic per-pupil rate of £190 for key stage 4 pupils
- Lump sum of £4,510 per school
- FSM6 per-pupil rate of £104 per eligible primary pupil
- FSM6 per-pupil rate of £152 per eligible secondary pupil

School-level allocations will be published in Spring 2023. The grant does not cover early years or 16-19 providers.

### **Pupil Premium for 2023/24**

Pupil Premium will continue for 2023/24 financial year. Funding rates will increase by 5% in 2023/24 compared to the prior year:

1. £1,455 per primary pupil who is currently eligible for free school meals (FSM) or have been eligible for FSM in the past 6 years (except where the pupil is allocated the LAC or post-LAC premium).
2. £1,035 per secondary pupil who is currently eligible for free school meals (FSM) or have been eligible for FSM in the past 6 years (except where the pupil is allocated the LAC or post-LAC premium).
3. £2,530 for Looked-after Children. 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. £335 per pupil for Service Premium. Eligibility criteria includes one parent serving in the regular armed forces.
5. £0.62 per hour early years pupil premium for each eligible three- and four-year-old up to the full 570 hours of free education entitlement.

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 \(www.gov.uk\)](https://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 2023/24 school grant allocations. When further information becomes available, 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 2022/23. The Government will provide details on the academic year 2023/24 funding arrangements in due course. It is assumed funding will remain at the same rates as 2022/23. Any allocation unspent at the end of this academic year will be recovered by the Education Skills Funding Agency (ESFA).

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

The grant for universal infant free school meals (UIFSM) funds a meal rate of £2.41 for the 2022/23 academic year. This allocation assumes that pupils will take 190 school meals over the academic year, providing £458 per eligible pupil. The Government will provide details on the academic year 2023/24 funding arrangements in due course.

Government guidance for 2022/23 is available at:

[Universal infant free school meals \(UIFSM\): 2022 to 2023 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/universal-infant-free-school-meals-2022-to-2023)

### **Recovery Premium**

The Recovery Premium grant is part of the Government's package of funding to support pupils whose education has been impacted by coronavirus. Four instalment payments are being made across 2022/23 and 2023/24 academic years. It is a time-limited grant and is focused on pupil premium eligible pupils, so that schools can use it to deliver evidence-based approaches for supporting pupils based on an assessment of individual need.

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

### **School-Led Tutoring**

School-Led Tutoring funding is part of the Government's education recovery plan. The grant allows schools to determine how to provide tutoring intervention to support catch-up for lost education due to the coronavirus pandemic. In the academic year 2022/23 schools will be provided with the grant to cover 60% of the £18 unit cost. In the 2023/24 academic year the grant will provide 25% of the £18 unit cost. Any allocation unspent at the end of the academic year will be recovered by the ESFA.

[School-led tutoring: conditions of grant - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/school-led-tutoring-conditions-of-grant)

### **Holiday Activities and Food Programme (HAF)**

The HAF programme in Lincolnshire will continue until at least March 2025. 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](https://www.lincolnshire.gov.uk/holiday-activities-and-food-programme)

### **Public Sector Pay**

Discussions with Unions are ongoing regarding the pay award for support staff for 2023/24. The Local Authority recommends budgeting for a provisional 4% pay increase in 2023/24 and for all future years. This is consistent with the approach the Local Authority has applied in setting their budgets.

Budget preparation guidance notes explain how to budget for this within the MTFP. Pay scales do not build in future pay offers.

Schools will be aware that although the School Teachers' Review Body (STRB) have agreed recommendations on the 2022/23 pay award, that discussions with Unions continue. The pay award recommendations from the STRB for the academic year 2022/23 and 2023/24 have been incorporated within the schools MTFP.

### **National Living Wage Increase**

The National Living Wage (NLW) will increase by 9.7% from £9.50 to £10.42 per hour from April 2023 for low-paid workers. This is on-course with achieving the target of two-thirds of median earnings by 2024. 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 2022 triennial valuation, Lincolnshire County Council employer pension contribution rates (including maintained schools) has been set for a period of three years to March 2026. The rate has been set at:

April 23 - March 26: 24.1%

This is a reduction from the current rate of 26.9%. The salary scales and MTFP have been updated to reflect this new rate.

### **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' for 2023/24.

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 2023/24**

As detailed above, the maintained primary schools' representatives of the Schools' Forum have voted to continue to de-delegate a number of budgets in 2023/24.

The de-delegation rate for 2023/24 is £36.39 to support termination of employment costs for schools in financial difficulties; locality lead support including additional school improvement support; school intervention support for vulnerable schools and the Ethnic Minority and Traveller Education Team (EMTET).

### **Devolved Formula Capital (DfC) for 2023/24**

The Government has not published information on DfC for 2023/24. 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 2022/23 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%).

The Government announced in December 2022 that a national share of £447m will be allocated through capital funding to schools and 6<sup>th</sup> forms for improvements in energy efficiency in response to the increased costs from utilities. The additional DfC funding for 2022/23 equates to £10,000 per school, plus £20.06 per weighted pupil.

Further details on school capital funding are available at:

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

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

The Local Authorities 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 2023 will be required to complete a template outlining their plans for the use of those funds (in line with the policy). A declaration form completed by the head teacher will be required confirming this has taken place each year, if applicable. The Local Authority will adopt sample checking with schools on compliance with the policy going forward.

It is sensible for schools to retain a reasonable level of reserves (subject to the carry forward levels), and this should be considered as part of each school's budget setting, service planning and MTFP 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 (MTFP)**

The Local Authority will again ask schools to submit by the 31 May 2023 their 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 continues to assist schools with strengthening their financial management.

The MTFP continues to be enhanced and further refinement has taken place in the 2023/24 MTFP version, 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 2023/24 plan include: the Nursery MTFP has been incorporated into the Primary and Secondary version of the MTFP; following feedback from the schools survey the dashboards have been reviewed and amended to make them more informative; Recovery Premium and School Led Tutoring now have their own tabs to aid budget setting and monitoring.

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

[Schools Financial Benchmarking - GOV.UK \(schools-financial-benchmarking.service.gov.uk\)](https://schools-financial-benchmarking.service.gov.uk)

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 MTFP 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 schools Financial Benchmarking website.

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.

Maintained 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 Government for 2023/24. The Local Authority does not expect changes to the 2023/24 process. A Local Authority communication will follow including timescales for submission of the 2023/24 SFVS.

#### **Sickness Insurance Scheme for 2023/24**

The premium and reimbursement rates are currently being calculated and will be communicated to schools shortly.

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 18 April 2023, i.e. the first day of the summer term.

#### **Lincolnshire's Finance Buyback charges for 2023/24**

The Local Authority are finalising the Finance Buyback charges for 2023/24, 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 2023/24. 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)

Charges will be based on the October 2022 schools census.

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

The Schools Finance Team will be running its annual budget preparation courses through MS Teams. The sessions are taking place in late April / early May. This is later than in previous years as it is not possible to commit to these sessions in March 2023 due to the work involved in the new Business World system implementation. Please be aware that schools will still be required to submit their approved MTFP by 31 May. Virtual sessions have availability on the following dates:

- 24/04/2023 AM Monday
- 26/04/2023 AM Wednesday
- 28/04/2023 AM Friday
- 02/05/2023 AM Tuesday
- 04/05/2023 AM Thursday

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 2023/24 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 Authorities Finance Team:

#### Overall Schools Funding

Mark Nunn, Senior Finance Technician: [mark.nunn@lincolnshire.gov.uk](mailto:mark.nunn@lincolnshire.gov.uk)  
 Janet Cawley, Senior Finance Technician: [janet.cawley@lincolnshire.gov.uk](mailto:janet.cawley@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

Bev Hippisley, Senior Finance Technician: [bev.hippisley@lincolnshire.gov.uk](mailto:bev.hippisley@lincolnshire.gov.uk)  
 Sue Bainbridge, Senior Finance Technician: [susan.bainbridge@lincolnshire.gov.uk](mailto:susan.bainbridge@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)