

SCHOOLS FORUM - 19 JANUARY 2017

Title of paper:	CENTRAL EXPENDITURE BUDGET 2018/19 – On Going Commitments
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Summary

This report presents the Council's proposed Central Expenditure, excluding combined services, budget for 2018/19 for those items not approved as part of the Combined Services report being presented on 9 November 2017.

This report has been prepared in accordance with the financial regulations issued by the Department of Education (DfE) and forms part of the Dedicated School Grant (DSG) budget and the current Schools Budget has been prepared on the assumption that these items will be approved.

Recommendation(s):

1	Approve the central expenditure items set out in Table 2 totalling £3.976m, noting the additional historical detail set out in Appendix A .
2	Note that the cost of Copyright Licences totalling £0.190m <u>do not</u> require approval.
3	Note that where values are based on pupil numbers, estimates have currently used based on the October 2016 census; once the latest census has been issued and final allocations issued from the DfE these figures will be updated and represented.

1 REASONS FOR RECOMMENDATIONS

- 1.1 To enable the development of the Schools DSG budget and for the Local Authority to achieve the deadline of the 28 February 2017 for indicative budgets to be issued to Schools, this is a DfE statutory deadline.
- 1.2 Under the Schools & Early Years Financial Regulations and the Schools Forum Operational Guidance issued in September 2017, Schools Forum approval is required for individual central expenditure items in the Schools block.
- 1.3 Approval for Early Years central expenditure will be presented in December 2017.

2 BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)

- 2.1 The purpose of this paper is to gain the appropriate central expenditure approvals in order to progress the budget process.
- 2.2 The budget setting process aligns to the Operational Guidance issued by the Education Funding Agency in September 2017; this is set out in **Table 1** below:

TABLE 1: CENTRAL EXPENDITURE APPROVALS	
Approval required	Services covered (and funding block)
Schools forum approval is not required (although they should be consulted)	<ul style="list-style-type: none">• High needs block provision✓ Central licences negotiated by the Secretary of State
Schools forum approval is required on a line-by-line basis.	<ul style="list-style-type: none">• Early years block provision• Funding to enable all schools to meet the infant class size requirement• Back-pay for equal pay claims• Remission of boarding fees at maintained schools and academies• Places in independent schools for non-SEN pupils✓ Services previously funded by the retained rate of the ESG
Schools forum approval is required on a line-by-line basis. The budget cannot exceed the value agreed in the previous funding period.	<ul style="list-style-type: none">✓ Admissions✓ Servicing of Schools Forum
Schools forum approval is required on a line-by-line basis. The budget cannot exceed the value agreed in the previous funding period and no new commitments can be entered into since April 2013.	<ul style="list-style-type: none">• Capital expenditure.• Contribution to combined budgets✓ Existing termination of employment costs✓ Prudential borrowing costs.
Schools forum approval is required on a line-by-line basis, including approval of the criteria for allocating funds to schools.	<ul style="list-style-type: none">• Funding for significant pre-16 pupil growth, including new schools set up to meet basic need, whether maintained or academy• Funding for good or outstanding schools with falling rolls where growth in pupil numbers is expected within three years

The ✓ denotes those services included in **Table 2** below.

- 2.3 The diagram below sets out how this approval influences the overall budget setting process for the DSG and Schools budgets.

Where approvals are being undertaken for 2018/19, including those at this meeting, the values have been included in this diagram for demonstration purposes only.

For the budget items still being developed the 2017/18 approved values have been included, again for demonstration purposes.

Elements	Central Expenditure	Schools	Early Years	High Needs	Total
Educational Settings		£199.181m in 2017/18	£20.632m in 2017/18	£24.902m in 2017/18	TBC
Pupil Growth		TBC			TBC
Combined Services	£2.887m in 2018/19				£2.887m
Central Expenditure	£4.166m in 2018/19		£1.195m in 2017/18	£5.389m in 2017/18	TBC
De-delegated		£0.496m in 2018/19			£0.496m
Block Total	£7.054m	£201.201m	TBC		TBC
2018/19 Indicative Budget Issued	£7.054m	£201.201m	TBC	£30.291m	TBC

3 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS

- 3.1 No other options are available as the recommendations align to the financial regulations issued by the DfE in relation to the allocation of DSG.

4 OUTCOMES/DELIVERABLES

- 4.1 To obtain an agreed 2018/19 Schools Budget, enabling updated schools budgets to be issued to schools within the statutory deadline of the 28 February 2018.

5 FINANCE COMMENTS (INCLUDING IMPLICATIONS AND VALUE FOR MONEY/VAT)

- 5.1 The items seeking approval in this report and the detail supporting the values are as follows:

TABLE 2: CENTRAL EXPENDITURE - APPROVALS REQUIRED

Service Description	2018/19 £m	Narrative
APPROVAL REQUIRED		
1.Schools Admissions	0.585	<p>A statutory provision of coordinated admission scheme for first entry to school at primary and secondary phase.</p> <p>The team:</p> <ul style="list-style-type: none"> Processes all in year admissions (2016/17 was 44,556 pupils) processing for all maintained schools and provide a provision of traded service (£0.072m) for own admissions authorities. This equates to £18 per capita for 2016/17. Provides scrutiny of application of Admissions Code and management of compliance relating to all aspects of school admissions legislation. <p>The <u>net cost</u> of the service is £0.631m and the DSG contributes 92.7%. In addition to staffing, the cost of this service includes printing, advertising, communications and marketing, postal services and training courses on legislation and requirements of the service.</p> <p>This service should be fully recharged to schools however; as the value cannot be increased above historical years values.</p>
2.Servicing of Schools Forum	0.032	<p>The servicing of schools forum; this cost relates to:</p> <ul style="list-style-type: none"> The activities undertaken by Constitutional Services to ensure that Schools Forum complies with legislation in its function and membership. Professional advice required to enable Schools Forum to make informed decisions. Attendance at meetings – chairs briefings, Schools Forum, Sub Groups, fact finding meetings. <p>These costs equate to 0.71 FTE on average supporting the above services.</p>
3.Termination of Employment Costs	1.608	<p>This budget is used to pay for ongoing pension and redundancy from historic restructures pre 1st April 2013.</p> <p>This information has been submitted to the DfE as part of the baseline assessment and current commitments are £1.637m. It is anticipated that these costs will reduce over time.</p>

4. Prudential Borrowing	0.293	<table><tr><th>Scheme</th><th>Loan Value £m</th><th>2017/18 £m</th><th>2018/19 £m</th><th>2019/20 £m</th><th>2020/21 £m</th></tr><tr><td>Education BSF</td><td>0.400</td><td>0.031</td><td>0.030</td><td>0.028</td><td>0.027</td></tr><tr><td>BSF 06/07</td><td>1.149</td><td>0.094</td><td>0.090</td><td>0.086</td><td>0.082</td></tr><tr><td>BSF Academies</td><td>0.026</td><td>0.002</td><td>0.002</td><td>0.002</td><td>0.002</td></tr><tr><td>Southwark Primary</td><td>0.294</td><td>0.024</td><td>0.024</td><td>0.023</td><td>0.022</td></tr><tr><td>BSF - In lieu of Revenue Costs Transfer</td><td>0.900</td><td>0.075</td><td>0.072</td><td>0.069</td><td>0.067</td></tr><tr><td>Emanuel School</td><td>0.265</td><td>0.022</td><td>0.021</td><td>0.020</td><td>0.020</td></tr><tr><td>Nottingham Academy</td><td>1.078</td><td>0.054</td><td>0.054</td><td>0.054</td><td>0.054</td></tr><tr><td>TOTAL</td><td>4.113</td><td>0.302</td><td>0.293</td><td>0.283</td><td>0.274</td></tr></table>	Scheme	Loan Value £m	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m	Education BSF	0.400	0.031	0.030	0.028	0.027	BSF 06/07	1.149	0.094	0.090	0.086	0.082	BSF Academies	0.026	0.002	0.002	0.002	0.002	Southwark Primary	0.294	0.024	0.024	0.023	0.022	BSF - In lieu of Revenue Costs Transfer	0.900	0.075	0.072	0.069	0.067	Emanuel School	0.265	0.022	0.021	0.020	0.020	Nottingham Academy	1.078	0.054	0.054	0.054	0.054	TOTAL	4.113	0.302	0.293	0.283	0.274
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5. Capital Expenditure from Revenue Accounts	0.840	This expenditure supports Private Finance Initiative payments (fixed element) and capital improvements ensuring that all building continue to meet the legal requirement. Any slippage in this spend is carried forward to future years.																																																						
6.Statutory retained duties	0.618	<p>These duties were previously funded from the Education Services Grant (ESG). In 2017/18 this grant formed part of the DSG and as such now requires approval through this process. This relates to the statutory duties held by the local Authority for all pupils.</p> <p>These figures will be updated when the latest census has been issued with the cost per pupil.</p> <p>This figure was £0.640m in 2017/18 which equated to a rate of £16.27 per pupil; this was due to an error in technicalities by DfE in amalgamating the DSG and ESG.</p>																																																						

ESG RETAINED ANALYSIS

		Total Cost £m
1	Director of children's services and personal staff for director	0.074
2	Planning for the education service as a whole	In 1
3	Revenue budget preparation, preparation of information on income and expenditure relating to education, and external audit relating to education	0.027
4	Administration of grants	In 6
5	Authorisation and monitoring of expenditure not met from schools' budget shares	In 6
6	Formulation and review of local authority schools funding formula	0.157
7	Internal audit and other tasks related to the authority's chief finance officer's responsibilities under Section 151 of LGA 1972 except duties specifically related to maintained schools.	0.011
8	Consultation costs relating to non-staffing issues	0.015
9	Plans involving collaboration with other LA services or public/voluntary bodies	In 1 & 6
10	Standing Advisory Committees for Religious Education (SACREs)	0.004
11	Provision of information to or at the request of the Crown other than relating specifically to maintained schools.	In 6
	<u>Education Welfare</u>	
12	Functions in relation to the exclusion of pupils from schools, excluding any provision of education to excluded pupils	0.135
13	School attendance	In 12
14	Responsibilities regarding the employment of children	In 12
	<u>Asset management</u>	
15	Management of the LA's capital programme including preparation and review of an asset management plan, and negotiation and management of private finance transactions.	0.071
16	General landlord duties for all buildings owned by the local authority, including those leased to academies.	0.056
17	Services set out in the table above will also include overheads relating to these services: <ul style="list-style-type: none"> Ensuring payments are made in respect of taxation, national insurance and superannuation contributions. Recruitment, training, continuing professional development, performance management and personnel management of staff. 	0.069

		<table><tr><td></td><td><ul style="list-style-type: none">Investigations of employees or potential employees, with or without remuneration.Investigation and resolution of complaints.Legal services related to education functions.</td><td></td></tr><tr><td colspan="2">TOTAL</td><td>0.618</td></tr></table>		<ul style="list-style-type: none">Investigations of employees or potential employees, with or without remuneration.Investigation and resolution of complaints.Legal services related to education functions.		TOTAL		0.618																
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7. Copy Right Licences	0.190	<p>The Department for Education have been negotiating copyright licences for schools since 2013/14, prior to this; schools were responsible for purchasing their own licences. Schools Forum <u>is not</u> required to approve this.</p> <table><tr><td>CLA licence</td><td>63,216</td></tr><tr><td>School Printed Music Licence</td><td>17,364</td></tr><tr><td>The Newspaper Licensing Agency Schools Licence</td><td>1,508</td></tr><tr><td>Educational Recording Agency licence</td><td>25,234</td></tr><tr><td>Public Video Screening Licence</td><td>10,602</td></tr><tr><td>Motion Picture Licensing Company licence</td><td>6,996</td></tr><tr><td>Performing Rights Society licence</td><td>13,276</td></tr><tr><td>Phonographic Performance licence</td><td>13,680</td></tr><tr><td>Mechanical Copyright Protection Society licence</td><td>21,420</td></tr><tr><td>Christian Copyright Licensing International licence</td><td>17,072</td></tr><tr><td></td><td>190,371</td></tr></table>	CLA licence	63,216	School Printed Music Licence	17,364	The Newspaper Licensing Agency Schools Licence	1,508	Educational Recording Agency licence	25,234	Public Video Screening Licence	10,602	Motion Picture Licensing Company licence	6,996	Performing Rights Society licence	13,276	Phonographic Performance licence	13,680	Mechanical Copyright Protection Society licence	21,420	Christian Copyright Licensing International licence	17,072		190,371
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- 5.2 **Appendix A** shows the values of these items compared to previous years budgets and actuals.
- 5.3 Any items not approved through this report or on other central expenditure reports will:
- a) Create a financial issue for the DSG as the costs are specific to schools and
 - b) For those services that are being delivered by the Local Authority, there would not be a full saving in 2018/19 due to the impact on services, the need to then consult with stakeholders and enter into a consultation process.

6 LEGAL AND PROCUREMENT COMMENTS (INCLUDING RISK MANAGEMENT ISSUES, AND LEGAL, CRIME AND DISORDER ACT AND PROCUREMENT IMPLICATIONS)

- 6.1 The current law in force in this area is the School and Early Years Finance (England) Regulations 2017. However, these regulations apply for the financial year starting 1 April 2017 only and are updated annually. However, it will be necessary to review these proposals once 2018 regulations have been produced.

7 HR ISSUES

- 7.1 In the event that Schools Forum DO NOT support/agree the continuation of any funding arrangements as outlined in this budget report, there could be significant workforce implications that would need to be detailed in separate Chief Officer and Departmental Leadership Team reports. This could include potential employment / contractual obligations, costs and risks to the authority, taking into account appropriate timelines. Management need to consider potential exit payments of any affected post holders.

8 EQUALITY IMPACT ASSESSMENT

- 8.1 Has the equality impact of the proposals in this report been assessed?

No x

An EIA is not required because:
(Please explain why an EIA is not necessary)

Yes ☐

Attached as Appendix x, and due regard will be given to any implications identified in it.

9 LIST OF BACKGROUND PAPERS OTHER THAN PUBLISHED WORKS OR THOSE DISCLOSING CONFIDENTIAL OR EXEMPT INFORMATION

- 9.1 N/A

10 PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT

- 10.1 DfE - Schools and Early Years Financial Regulations 2017.
- 10.2 DfE – Children’s & Families Act 2014