

## SCHOOLS FORUM – 9 OCTOBER 2018

<b>Title of paper:</b>	<b>CENTRAL EXPENDITURE BUDGET 2019/20 – On Going Commitments</b>
<b>Director(s)/ Corporate Director(s):</b>	Alison Michalska, Corporate Director for Children and Adults Laura Pattman, Chief Finance Officer
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<b>Summary</b>	
<p>This report presents the Council’s proposed Central Expenditure for “Ongoing Commitments”, for 2019/20. The central expenditure for “Historic Commitments” proposals are included in a separate report to Schools Forum on 9 October 2018.</p> <p>This report has been prepared in accordance with the financial regulations issued by the Department of Education (DfE), the Schools revenue funding 2019 to 2020 – Operational guide and forms part of the Dedicated School Grant (DSG) budget.</p> <p>The regulations and guidance state that is the requirement of Schools Forum to approve the elements of the Central Expenditure block within the DSG.</p>	
<b>Recommendation(s):</b>	
<b>1</b>	Approve the ongoing commitments budgets set out in <b>Table 3</b> totalling £1.467m, noting the additional historical detail set out in <b>Appendix A</b> .
<b>2</b>	Note that the cost of Copyright Licences totalling £0.204m <u>does not</u> require approval as the licences are managed and procured by central government.
<b>3</b>	Note that where values are based on pupil numbers, this report is has used the latest October 2017 census however; once the latest census and final allocations issued from the DfE these figures will be updated and represented in the final budget report.

### **1 REASONS FOR RECOMMENDATIONS**

- 1.1 To enable the development of the Schools DSG budget.
- 1.2 To ensure the Local Authority achieves the DfE statutory deadline of the 28 February 2019 for indicative budgets to be issued to Schools.
- 1.3 Under the Schools & Early Years Financial Regulations and the Schools Forum Operational Guidance issued in September 2018, Schools Forum approval is required for individual central expenditure items in the Central Schools Services Block.

1.3 The proposed central expenditure for historic commitments and the early year's central expenditure requests are being presented to Schools Forum on 9 October 2018.

## **2 BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)**

2.1 The purpose of this paper is to gain the appropriate approvals for central expenditure – ongoing commitments 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 July 2018; this is set out in **Table 1** below:

<b>TABLE 1: CENTRAL EXPENDITURE APPROVALS</b>	
<b>Approval required</b>	<b>Centrally retained service</b>
Schools forum approval is not required (although they should be consulted)	<ul style="list-style-type: none"> <li>• High needs block provision</li> <li>✓ Central licences negotiated by the Secretary of State</li> </ul>
Schools forum approval is required on a line-by-line basis.	<ul style="list-style-type: none"> <li>• Funding to enable all schools to meet the infant class size requirement</li> <li>• Back-pay for equal pay claims</li> <li>• Remission of boarding fees at maintained schools and academies</li> <li>• Places in independent schools for non-SEN pupils</li> <li>✓ Services previously funded by the retained rate of the ESG</li> </ul>
Schools forum approval is required on a line-by-line basis. No limit on new commitments or increases in expenditure from 2018/19 to apply to Admissions and Servicing Schools Forum.	<ul style="list-style-type: none"> <li>✓ Admissions</li> <li>✓ Servicing of Schools Forum</li> </ul>
Schools Forum approval is required	<ul style="list-style-type: none"> <li>• Central early years block provision</li> <li>• Any movement of funding out of the schools block</li> <li>• Any deficit from the previous funding period that is being brought forward and is to be funded from the new financial year's schools budget (this should be specifically agreed at the time the budget is set, using the latest outturn position)</li> <li>• Any brought forward deficit on de-delegated services which is to be met by the overall schools budget</li> </ul>

<p>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.</p>	<p><b>Historic Commitments</b></p> <ul style="list-style-type: none"> <li>• Capital expenditure funded from revenue</li> <li>• Contribution to combined budgets</li> <li>• Existing termination of employment costs</li> <li>• Prudential borrowing costs</li> <li>• SEN transport where the Schools Forum agreed prior to April 2013 a contribution from the schools budget (this is treated as part of the high needs block but requires Schools Forum approval as a historic commitment.</li> </ul>
<p>Schools forum approval is required on a line-by-line basis, including approval of the criteria for allocating funds to schools.</p>	<ul style="list-style-type: none"> <li>• Funding for significant pre-16 pupil growth, including new schools set up to meet basic need, whether maintained or academy</li> <li>• Funding for good or outstanding schools with falling rolls where growth in pupil numbers is expected within three years</li> </ul>

The ✓ denotes those services included in **Table 3** 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 2019/20, 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 2018/19 approved values have been included, again for demonstration purposes.

Elements	Central Schools Services Block	Schools Block	Early Years Block	High Needs Block	Total
Educational Settings		£203.982m in 2018/19	£21.130m in 2018/19	£26.945m in 2018/19	TBC
Pupil Growth		£1.148m in 2018/19			TBC
Historic Commitments	£5.579m in 2019/20			£1.000m in 2019/20	£6.579m
Ongoing commitments	£1.467m in 2019/20		TBC	£4.405m in 2018/19	TBC
De-delegated		£0.414m in 2018/19			£0.414m
Block Total	£7.047m	TBC	TBC		TBC
2019/20 Indicative Budget Issued	£7.047m	£206.928m	TBC	£32.350m	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 2019/20 Schools Budget, enabling updated schools budgets to be issued to schools within the statutory deadline of the 28 February 2019.

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

- 5.1 The Central School Services Block (CSSB) is made up of two categories of funding:

- Historic commitments and
- Ongoing commitments (contained within this report)

Noted in **Table 2** are the budgets which are funded from the CSSB.

<b>Commitment</b>	<b>Classification</b>
CERA	Historic commitment
Prudential borrowing	Historic commitment
Termination of employment costs	Historic commitment
Contribution to combined budgets	Historic commitment
Admissions	Ongoing commitment
Copyright licences	Ongoing commitment
Schools Forum	Ongoing commitment
Retained Duties (Former ESG)	Ongoing commitment

- 5.2 The funding for this block is allocated on the following basis:
- a. **Historic commitments** – this is funded at the same level as in 2018/19 and future funding is based on previous spend.
  - b. **On Going commitment** - LA's are funded for ongoing commitments based a national formula which distributes 90% of funding according to a per-pupil factor and 10% of funding according to a deprivation factor. Both elements have been adjusted for area costs.

In 2019/20 the CSSB unit of funding for Nottingham City for ongoing commitments is £36.04 per pupil, in 2018/19 the rate was £36.96 per pupil. This is a reduction of £0.037m on last year.

It is assumed that this rate will reduce by 2.5% per annum.

The reduction in the rate has been reflected in the allocation to each service within the block

- 5.3 The Local Authority has been notified by the Education Funding Agency that the provisional CSSB total allocation for 2019/20 is £7.047m (£7.084m in 2018/19).

This figure will be updated in December 2018 once the ongoing commitments funding has been updated to reflect the pupils on the Autumn Term 2018 school census. The provisional allocation is based on the Autumn Term 2017 school census.

- 5.4 The items seeking approval in this report are for ongoing commitments only for the financial year 2019/20; the detail supporting the values are shown in **Table 3**.

As stated in 1.3 approval is being sought from Schools Forum on 9 October 2018 for the historic commitments in a separate report.

**TABLE 3: CENTRAL EXPENDITURE - APPROVALS REQUIRED**

Service Description	2019/20 £m	Narrative
<b>APPROVAL REQUIRED</b>		
<b>1.Schools Admissions</b>	0.585	<p>A statutory provision of coordinated admission scheme for first entry to school at primary and secondary phase. The team:</p> <ul style="list-style-type: none"> <li>• Processes all in year admissions (2016/17 was 44,556 pupils) processing for all maintained schools and provide a provision of traded service (£0.186m) for own admissions authorities. This equates to £16 per capita for 2018/19.</li> <li>• Provides scrutiny of application of Admissions Code and management of compliance relating to all aspects of school admissions legislation.</li> </ul> <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>
<b>2.Servicing of Schools Forum</b>	0.032	<p>The servicing of schools forum; this cost relates to:</p> <ul style="list-style-type: none"> <li>• The activities undertaken by Constitutional Services to ensure that Schools Forum complies with legislation in its function and membership.</li> <li>• Professional advice required to enable Schools Forum to make informed decisions.</li> <li>• Attendance at meetings – chairs briefings, Schools Forum, Sub Groups, fact finding meetings.</li> </ul> <p>These costs equate to 0.71 FTE on average supporting the above services.</p>
<b>3.Statutory retained duties</b>	0.646	<p>These duties were previously funded from the Education Services Grant (ESG). From 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 £0.646m in 2018/19 which equated to a rate of £15.84 per pupil.</p>

**ESG RETAINED ANALYSIS**

		<b>Total Cost £m</b>
1	Director of children's services and personal staff for director	0.074
2	Planning for the education service as a whole	0.028
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
	<b><u>Education Welfare</u></b>	
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
	<b><u>Asset management</u></b>	
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"> <li>• Ensuring payments are made in respect of taxation, national insurance and superannuation contributions.</li> <li>• Recruitment, training, continuing professional development, performance management and personnel management of staff.</li> </ul>	0.069



		<ul style="list-style-type: none"> <li>• Investigations of employees or potential employees, with or without remuneration.</li> <li>• Investigation and resolution of complaints.</li> <li>• Legal services related to education functions.</li> </ul>												
		<b>TOTAL</b>	<b>0.646</b>											
<b>TOTAL</b>	<b>TBC</b>													
<b>CONSULTATION ONLY</b>														
<b>4. Copyright Licences</b>	0.204	<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 border="1"> <thead> <tr> <th><b>Licences</b></th> </tr> </thead> <tbody> <tr> <td>CLA licence</td> </tr> <tr> <td>School Printed Music Licence</td> </tr> <tr> <td>The Newspaper Licensing Agency Schools Licence</td> </tr> <tr> <td>Educational Recording Agency licence</td> </tr> <tr> <td>Public Video Screening Licence</td> </tr> <tr> <td>Motion Picture Licensing Company licence</td> </tr> <tr> <td>Performing Rights Society licence</td> </tr> <tr> <td>Phonographic Performance licence</td> </tr> <tr> <td>Mechanical Copyright Protection Society licence</td> </tr> <tr> <td>Christian Copyright Licensing International licence</td> </tr> </tbody> </table>		<b>Licences</b>	CLA licence	School Printed Music Licence	The Newspaper Licensing Agency Schools Licence	Educational Recording Agency licence	Public Video Screening Licence	Motion Picture Licensing Company licence	Performing Rights Society licence	Phonographic Performance licence	Mechanical Copyright Protection Society licence	Christian Copyright Licensing International licence
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Christian Copyright Licensing International licence														

- 5.5 **Appendix A** shows the values of these items compared to previous years budgets and actuals.
- 5.6 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 arise because of school business and
  - b) For those services that are being delivered by the Local Authority, there may not be a full saving in 2019/20 due to the impact on services, the need to then consult with stakeholders and enter into a consultation process.

## **6 LEGAL AND PROCUREMENT COLLEAGUE 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 2018. However, these regulations apply for the financial year starting 1 April 2018 only and are updated annually. However, it will be necessary to review these proposals once 2019 regulations have been produced

Sarah Molyneux  
Head of Legal & Governance  
28 September 2018

## **7 HR COLLEAGUE COMMENTS**

- 7.1 In the event that Schools Forum DO NOT support/agree the continuation of any proposed funding arrangements as part of this and future Reports on funding allocation, this may result in significant workforce implications that would need to be detailed in separate School Forum, Chief Officer, and/or other governance reports. This could include potential employment / contractual obligations, costs and risks to the authority, taking into account appropriate timelines. Schools Forum and Local Authority Officers need to consider potential consultation, and approval routes, where workforce implications, risks and costs should be set out and planned. This would include any legal responsibilities, and obligations to consultation, both publically or internally with the workforce.

Lynn Robinson, HR Business Lead  
1 October 2018  
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Tel: 0115 8763605

## **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 2018.

10.2 DfE – The national funding formulae for schools and high needs 2019 to 2020 – July 2018

10.3 ESFA – Schools revenue funding 2019 to 2020 - Operational guide July 2018

10.4 DfE - Central school services block national funding formula – Technical note – August 2018

10.5 DfE – Schools Forum – Operational and good practice guide – September 2018