

## Schools Forum – 1 December 2020

<b>Title of paper:</b>	<b>Central Expenditure Budget 2021/22 – On Going Commitments</b>
<b>Director(s)/ Corporate Director(s):</b>	Catherine Underwood, Corporate Director for People Laura Pattman, Chief Finance Officer
<b>Report author(s) and contact details:</b>	Ceri Walters, Head of Commercial Finance 01158 764 128 <a href="mailto:ceri.walters@nottinghamcity.gov.uk">ceri.walters@nottinghamcity.gov.uk</a>
<b>Other colleagues who have provided input:</b>	Julia Holmes, Senior Commercial Business Partner 01158 763 733 <a href="mailto:julia.holmes@nottinghamcity.gov.uk">julia.holmes@nottinghamcity.gov.uk</a> Aman Patel, Solicitor 01158 765 072 <a href="mailto:aman.patel@nottinghamcity.gov.uk">aman.patel@nottinghamcity.gov.uk</a> Rachael Morris HR Business Lead Children & Adults 01158 763 459 <a href="mailto:rachael.morris@nottinghamcity.gov.uk">rachael.morris@nottinghamcity.gov.uk</a>
<b>Summary</b>	
<p>Funding for some central services provided by the local authority to schools are funded through the Central Schools Services Block (CSSB) within the Dedicated Schools Grant. The funding given through the CSSB is split into two streams, funding for historic commitments and for ongoing commitments.</p> <p>This reports requests approval of the ongoing commitments for the financial year 2021/22.</p> <p>The report sets out the recommendations of the Schools Forum Sub-Group (SFSG) on specific items of expenditure for inclusion in the 2020/21 budget setting process. The SFSG met on the 13 and 16 November 2020 and <b>were content to accept the proposals put forward by the Local Authority (LA) on the funding of “Ongoing commitments” for the financial year 2021/22.</b></p> <p>The central expenditure for “Historic Commitments” proposals are included in a separate report to Schools Forum (SF) on 1 December 2020.</p> <p>Should the 2021/22 settlement for ongoing commitments be less than anticipated the LA, in the Schools Budget report 2021/22, will present revised funding allocations to SF on 19 January 2021.</p>	
<b>Recommendation(s):</b>	
<b>1</b>	Approve the ongoing commitments budgets set out in <b>Table 3</b> totalling £1.473m, noting the additional historical detail set out in <b>Appendix A</b> .
<b>2</b>	Note that the estimated cost of Copyright Licences totalling £0.219m <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 estimated pupil numbers, this report has used the latest October 2019 census however; once the October 2020 census and final allocations are issued from the DfE these figures will be updated and represented in the final budget report.
<b>4</b>	Approve that should any additional funding be received above the £1.473m that it is

allocated to the LA to cover the cost of retained duties.

## 1 Reasons for recommendations

- 1.1 Under the Schools & Early Years Financial Regulations 2020 and the Schools Forum Operational Guidance issued in July 2020, SF approval is required for individual central expenditure items in the Central Schools Services Block (CSSB).
- 1.2 The purpose of this paper is to gain the appropriate approvals for central expenditure – ongoing commitments in order to progress the budget process.

## 2 Background (including outcomes of consultation)

- 2.1 2.1 The CSSB is made up of two categories of funding:
- Historic commitments and
  - Ongoing commitments (contained within this report)

Noted in **Table 1** 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

- 2.2 Since the financial year 2018/19 funding for ongoing responsibilities have been allocated to local authorities using a pupil-led formula. The formula uses 2 factors, a basic per-pupil factor, and a deprivation per-pupil factor. This formula distributes 90% of funding based on the per-pupil factor and 10% based on the deprivation factor. Both elements are then adjusted for area costs. **Table 2** shows the movement in rate for Nottingham City between 2018/19 and 2021/22.

Nationally, the total budget for ongoing responsibilities in 2021/22 is c.£257m. 90% of this (c.£231m) forms the budget to be allocated to LA's through the basic per-pupil factor (the remaining 10% (c.£26m) will be allocated through the deprivation factor.

**Table 2: CSSB unit rates of funding and total funding for ongoing responsibilities from 2018/19 to 2021/22**

Financial Year	CSSB unit of funding	Year on year movement in CSSB unit of funding	Allocation for ongoing commitments
2018/19	£36.96	N/A	£1.485m
2019/20	£36.04	-£0.92	£1.480m
2020/21	£35.14	-£0.90	£1.468m
2021/22	£35.25	+£0.11	£1.473m*

\*This is based on the pupil numbers on the October 2019 school census. This will be updated in December 2020 and will be based on the October 2020 school census. Therefore, if the number of pupils increases year on year the authority will receive additional income than is shown above. The opposite is also true if the numbers were to decrease.

- 2.3 The items seeking approval in this report are for ongoing commitments only for the financial year 2021/22; the detail supporting the values are shown in **Table 3**.

**Table 3: CENTRAL EXPENDITURE – ONGOING COMMITMENTS 2021/22**

	2021/22 £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 which totalled 13K applications and included 31K preferences in 2019/20 for all maintained schools and provide a provision of traded service (£0.147m) for own admissions authorities. This equates to £18 per capita for 2019/20.</li> <li>• Provides scrutiny of application of Admissions Code and management of compliance relating to all aspects of school admissions legislation.</li> </ul> <p>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>	0.035	<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>	0.634	<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>This figure will be updated when the latest census has been issued but currently there is not enough funding to support the statutory activity. This is captured in recommendation 4.</p>

<b>ESG RETAINED ANALYSIS</b>		
		<b>Total Cost £m</b>
1	Director of children's services and personal staff for director	0.076
2	Planning for the education service as a whole	0.029
3	Revenue budget preparation, preparation of information on income and expenditure relating to education, and external audit relating to education	0.028
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	0.155
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	0.139
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.	0.073
16	General landlord duties for all buildings owned by the local authority, including those leased to academies.	0.058
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>	0.071

		<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>0.659</b>

**CONSULTATION ONLY**

<b>4. Copyright Licences</b>	0.219	<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. The £0.219m is the estimated cost of the licences in 2021/22. The final figure will be confirmed in December 2020 and the final schools budget will be adjusted accordingly.</p> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th style="text-align: center;"><b>Licences</b></th> </tr> </thead> <tbody> <tr><td>Copyright Licencing Agency (CLA)</td></tr> <tr><td>School Printed Music Licence (SPML)</td></tr> <tr><td>Newspaper Licensing Agency (NLA)</td></tr> <tr><td>Educational Recording Agency (ERA)</td></tr> <tr><td>Filmbank Distributors Ltd (for PVSL)</td></tr> <tr><td>Motion Picture Licensing Company (MPLC)</td></tr> <tr><td>Performing Rights Society (PRS)</td></tr> <tr><td>Phonographic Performance Limited (PPL)</td></tr> <tr><td>Mechanical Copyright Protection Society (MCPS)</td></tr> <tr><td>Christian Copyright Licensing International (CCLI)</td></tr> </tbody> </table>	<b>Licences</b>	Copyright Licencing Agency (CLA)	School Printed Music Licence (SPML)	Newspaper Licensing Agency (NLA)	Educational Recording Agency (ERA)	Filmbank Distributors Ltd (for PVSL)	Motion Picture Licensing Company (MPLC)	Performing Rights Society (PRS)	Phonographic Performance Limited (PPL)	Mechanical Copyright Protection Society (MCPS)	Christian Copyright Licensing International (CCLI)
<b>Licences</b>													
Copyright Licencing Agency (CLA)													
School Printed Music Licence (SPML)													
Newspaper Licensing Agency (NLA)													
Educational Recording Agency (ERA)													
Filmbank Distributors Ltd (for PVSL)													
Motion Picture Licensing Company (MPLC)													
Performing Rights Society (PRS)													
Phonographic Performance Limited (PPL)													
Mechanical Copyright Protection Society (MCPS)													
Christian Copyright Licensing International (CCLI)													
<b>Total</b>	<b>1.473</b>												

### 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 2021/22 Schools Budget, enabling updated schools budgets to be issued to schools within the statutory deadline of the 28 February 2021.

### 5 Finance colleague comments (including implications and value for money/VAT)

- 5.1 As stated in 2.2 the ESFA have confirmed that the rate per pupil for Nottingham City will be £35.25 per pupil for the financial year 2021/22.

LA's continue to be protected so that the maximum per-pupil year-on-year reduction in funding for ongoing responsibilities is -2.5%, while the year-on-year gains cap will be set at the highest affordable rate of 6.45%. In 2021/22 Nottingham City will receive a 0.31% increase in the CSSB unit rate.

As demonstrated in **Table 2** the rate per pupil has increased by £0.11p per pupil between 2020/21 and 2021/22 which is forecast to generate an additional £0.005m in funding in 2021/22 compared to 2020/21. This is based on the October 2019 Autumn Term census.

- 5.2 Therefore, the LA is proposing that should the pupil numbers increase in October 2020 the additional funding the LA receives be allocated to the retained services budget. If the LA were to have the same increase in pupil numbers as in the financial year 2020/21 this would generate forecast income additional of £0.025m.

- 5.3 **Appendix A** shows the values of these items compared to previous years budgets and actuals.

- 5.4 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 LA, there **may not** be a full saving in 2021/22 due to the impact on services, the need to then consult with stakeholders and enter into a consultation process.
- c) Impact on the delivery of statutory requirements.

For those services aligned to the statutory duty of the LA and set out in the regulations any unapproved items would require further consultation before implementation.

- 5.5 As stated in the summary of this report, approval is being sought from SF on 1 December 2020 for the historic commitments in a separate report.

Julia Holmes, Senior Commercial Business Partner, Children & Adults

Email: [julia.holmes@nottinghamcity.gov.uk](mailto:julia.holmes@nottinghamcity.gov.uk)

Tel: 01158 763733

11 November 2020

## 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 2020. However, these regulations apply for the financial year starting 1 April 2020 only and are updated annually. However, it will be necessary to review these proposals once 2021 regulations have been produced.

Aman Patel, Solicitor

Email: [aman.patel@nottinghamcity.gov.uk](mailto:aman.patel@nottinghamcity.gov.uk)

Tel: 01158 765072

17 November 2020

## 7 HR colleague comments

- 7.1 There are no direct Human Resources implications as part of this report.

However, if recommendations are not accepted by Schools Forum and there is an impact or shortfall for the **local authority services delivered to schools**, these will need to be fully scoped and understood from a financial element before a formal consultation process is instigated.

After scoping and if reductions are required resulting in impacts to the workforce, a genuine and meaningful consultation process should commence with Trade Unions and affected staff, with the correct policies and procedures being adhered to, with HR support provided.

Rachael Morris, HR Business Lead, Children & Adults

Email: [rachael.morris@nottinghamcity.gov.uk](mailto:rachael.morris@nottinghamcity.gov.uk)

Tel: 0115 876 3459

18 November 2020

## 8 Equality Impact Assessment

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

No



An EIA is not required because:

(Please explain why an EIA is not necessary)

Not captured as part of this report, the impact will be included in Nottingham City Councils budget report.

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 2020

10.2 ESFA – Schools revenue funding 2021 to 2022 - Operational guide July 2020

10.3 DfE - Central school services block national funding formula – Technical note – July 2020

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

## Appendix A - Analysis of ongoing commitments 2018/19 to 2021/22

	2018/19				2019/20				2020/21				2021/22
	Budget Approved by Schools Forum/ Included in School Budget Report £m	Budget Latest £m	Outturn £m	Variance - Over/ (Under) budget £m	Budget Approved by Schools Forum/ Included in School Budget Report £m	Budget Latest £m	Outturn £m	Variance - Over/ (Under) budget £m	Budget Approved by Schools Forum/ Included in School Budget Report £m	Budget Latest £m	Forecast £m	Variance - Over/ (Under) budget £m	Budget £m
School Admissions	0.585	0.585	0.585	0.000	0.585	0.585	0.585	0.000	0.585	0.585	0.583	0.002	0.585
Servicing of schools forums	0.032	0.032	0.033	-0.001	0.032	0.032	0.032	0.000	0.035	0.035	0.035	0.000	0.035
Copyright Licences	0.190	0.192	0.192	0.000	0.205	0.205	0.205	0.000	0.215	0.211	0.211	0.000	0.219
Retained Education Services	0.618	0.646	0.646	0.000	0.646	0.678	0.678	0.000	0.640	0.665	0.665	0.000	0.634
<b>TOTAL</b>	<b>1.425</b>	<b>1.455</b>	<b>1.456</b>	<b>-0.001</b>	<b>1.468</b>	<b>1.500</b>	<b>1.500</b>	<b>0.000</b>	<b>1.475</b>	<b>1.496</b>	<b>1.494</b>	<b>0.002</b>	<b>1.473</b>

