

Schools Forum - 7 December 2021

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| Title of paper: | Central Expenditure Budget 2022/23 – On Going Commitments |
| Corporate Directors: | Catherine Underwood, Corporate Director for People Clive Heaphy, Corporate Director for Finance and Resources |
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| Summary | |
| <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 report requests approval of the ongoing commitments for the financial year 2022/23.</p> <p>The central expenditure for “Historic Commitments” proposals are included in a separate report to Schools Forum (SF) on 7 December 2021.</p> <p>Should the 2022/23 settlement for ongoing commitments be less than anticipated the LA, in the Schools Budget report 2022/23, will present revised funding allocations to SF on 18 January 2022.</p> | |
| Recommendations: | |
| 1 | Approve the ongoing commitments budgets set out in Table 3 totalling £1.643m, noting the additional historical detail set out in Appendix A . |
| 2 | Note that the estimated cost of Copyright Licences totalling £0.223m does not require approval as the licences are managed and procured by central government. |
| 3 | Note that where values are based on estimated pupil numbers, this report has used the latest October 2020 census however; once the October 2021 census and final allocations are issued from the DfE these figures will be updated and represented in the final budget report. |
| 4 | Approve that should any additional funding be received above the £1.643m 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 2021 and the Schools Forum Operational Guidance issued in March 2021, 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 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.

| Table 1 : Central Schools Services Block Budgets | |
|---|-----------------------|
| Commitment | Classification |
| 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 2019/20 and 2022/23.

Nationally, the total budget for ongoing responsibilities in 2022/23 is c.£284m. 90% of this (c.£256m) forms the budget to be allocated to LA's through the basic per-pupil factor (the remaining 10% (c.£28m) will be allocated through the deprivation factor.

| Table 2: CSSB unit rates of funding and total funding for ongoing responsibilities from 2019/20 to 2022/23 | | | |
|---|-----------------------------|--|--|
| Financial Year | CSSB unit of funding | Year on year movement in CSSB unit of funding | Allocation for ongoing commitments £m |
| 2019/20 | £36.04 | -£0.92 | £1.500 |
| 2020/21 | £35.14 | -£0.90 | £1.496 |
| 2021/22 | £37.53* | +£2.39 | £1.586 |
| 2022/23 | £38.85 | +£1.32 | £1.643** |

*In 2021/22 funding for centrally employed teachers which was previously included in the Teachers Pay and Teachers Pension Employers Contribution Grants was added to the CSSB unit rate of funding. This equated to an additional £2.28 per pupil.

**This is based on the pupil numbers on the October 2020 school census. This will be updated in December 2021 and will be based on the October 2021 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 2022/23; the detail supporting the values are shown in **Table 3**.

Table 3: CENTRAL EXPENDITURE – ONGOING COMMITMENTS 2022/23

| | 2022/23 £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. The team:</p> <ul style="list-style-type: none"> • Processes all in year admissions which totalled 13K applications and included 32K preferences in 2020/21; for all maintained schools and provide a provision of traded service (£0.146m) for own admissions authorities. This equates to £8 per capita for 2021/22. • Provides scrutiny of application of Admissions Code and management of compliance relating to all aspects of school admissions legislation. <p>The funding requested is a contribution to the cost of the Admissions Team. 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> |
| 2.Servicing of Schools Forum | 0.037 | <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.Statutory retained duties | 0.702 | <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> |

| ESG RETAINED ANALYSIS | | |
|------------------------------|--|------------------------------|
| | | Total Cost £m |
| 1 | Director of children's services and personal staff for director | 0.049 |
| 2 | Planning for the education service as a whole | 0.082 |
| 3 | Revenue budget preparation, preparation of information on income and expenditure relating to education, and external audit relating to education | 0.035 |
| 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 | 0.168 |
| 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. | 0.016 |
| 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) | 0.005 |
| 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 | 0.156 |
| 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. | 0.085 |
| 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. | 0.073 |

| | | <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 | 0.741 | | | | | | | | | | | |
| CONSULTATION ONLY | | | | | | | | | | | | | | |
| 4. Copyright Licences | 0.223 | <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 £0.223m is the estimated cost of the licences in 2022/23. The final figure will be confirmed in December 2021 and the final schools budget will be adjusted accordingly.</p> <table border="1"> <thead> <tr> <th>Licences</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> | Licences | 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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| Mechanical Copyright Protection Society licence | | | | | | | | | | | | | | |
| Christian Copyright Licensing International licence | | | | | | | | | | | | | | |
| TOTAL | 1.643 | | | | | | | | | | | | | |

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 2022/23 Schools Budget, enabling updated schools budgets to be issued to schools within the statutory deadline of the 28 February 2022.

5. Consideration of Risk

- 5.1 See 6.4.

6. Finance colleague comments (including implications and value for money/VAT)

- 6.1 As stated in 2.2 the ESFA have confirmed that the rate per pupil for Nottingham City will be £38.85 per pupil for the financial year 2022/23.

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 5.56%. In 2022/23 Nottingham City will receive a 3.52% increase in the CSSB unit rate.

As demonstrated in **Table 2** the rate per pupil has increased by £1.32p per pupil between 2021/22 and 2022/23 which is forecast to generate an additional £0.057m in funding in 2022/23 compared to 2021/22. This is based on the October 2020 Autumn Term census.

- 6.2 Therefore, the LA is proposing that should the pupil numbers increase in October 2021 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 2021/22 this would generate forecast income additional of £0.003m.
- 6.3 **Appendix A** shows the values of these items compared to previous years budgets and actuals.
- 6.4 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.

- 6.5 As stated in the summary of this report, approval is being sought from SF on 7 December 2021 for the historic commitments in a separate report.

7 Legal colleague comments

- 7.1 The current law in force in this area is the School and Early Years Finance (England) Regulations 2021. However, these regulations apply for the financial year starting 1 April 2021 only and are updated annually. However, it will be necessary to review these proposals once 2022 regulations have been produced.

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Tel: 01158 765072
8 November 2021

8 Other relevant comments

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

However, if recommendations are not approved 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, People
Email: rachael.morris@nottinghamcity.gov.uk
9 November 2021

9 Crime and Disorder Implications (If Applicable)

- 9.1 Not applicable

10 Social value considerations (If Applicable)

- 10.1 Not applicable

11 Equality Impact Assessment (EIA)

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

No

An EIA is not required because:

An EIA is not required because the report does not contain proposals or strategies.

Yes

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

12 Data Protection Impact Assessment (DPIA)

12.1 Has the data protection impact of the proposals in this report been assessed?

No

A DPIA is not required because:
Not applicable

Yes

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

13 Carbon Impact Assessment (CIA)

13.1 Has the Carbon impact of the proposals in this report been assessed?

No

A DPIA is not required because:
Not applicable

Yes

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

14 List of background papers relied upon in writing this report (not including published documents or confidential or exempt information)

14.1

15 Published documents referred to in this report

15.1 ESFA – Schools Revenue Funding 2022/23 Operational guide July 2021

15.2 DfE Schools and Early Years Financial Regulations 2021

APPENDIX A

Analysis of Ongoing Commitments 2019/20 to 2022/23

| | 2019/20 | | | | 2020/21 | | | | 2021/22 | | | | 2022/23 |
|--|---|------------------|--------------|------------------------------------|---|------------------|--------------|------------------------------------|---|------------------|--------------|------------------------------------|--------------|
| | 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 | 0.585 | 0.000 | 0.585 |
| Servicing of schools forums | 0.032 | 0.032 | 0.032 | 0.000 | 0.035 | 0.035 | 0.035 | 0.000 | 0.035 | 0.035 | 0.036 | (0.001) | 0.037 |
| Copyright Licences | 0.205 | 0.205 | 0.205 | 0.000 | 0.215 | 0.211 | 0.211 | 0.000 | 0.219 | 0.215 | 0.215 | 0.000 | 0.223 |
| Retained Education Services | 0.646 | 0.678 | 0.678 | 0.000 | 0.640 | 0.665 | 0.665 | 0.000 | 0.634 | 0.654 | 0.654 | 0.000 | 0.702 |
| Teachers Pay Teachers Pension Employers Contribution funding for centrally retained teachers | | | | | | | | | - | 0.096 | 0.096 | 0.000 | 0.096 |
| TOTAL | 1.468 | 1.500 | 1.500 | 0.000 | 1.475 | 1.496 | 1.496 | 0.000 | 1.473 | 1.586 | 1.586 | (0.001) | 1.643 |