

Schools Forum – 6 December 2022

Title of paper:	Central Expenditure Budget 2023/24 – On Going Commitments
Corporate Directors:	Catherine Underwood - People Clive Heaphy - Finance and Resources
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Other colleagues who have provided input:	Julia Holmes, Senior Commercial Business Partner Majid Iqbal, Senior Solicitor, Legal Services Rachael Morris, HR Business Lead (People)
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 2023/24.</p> <p>The central expenditure for “Historic Commitments” proposals are included in a separate report to Schools Forum (SF) on 6 December 2022.</p> <p>Should the 2023/24 settlement for ongoing commitments be less than anticipated the LA, in the Schools Budget report 2023/24, will present revised funding allocations to SF on 17 January 2023.</p>	
Recommendations:	
1	Approve the ongoing commitments budgets set out in Table 3 totalling £2.155m, noting the additional historical detail set out in Appendix A . To note that £0.458m of this total is subject to the approval of the High Needs to the Central Schools Services Block transfer outlined in agenda item 4 – ‘Proposed approach to DSG budget setting 2023/24 by block’ - Recommendation 4.
2	Note that the estimated cost of Copyright Licences totalling £0.232m 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 2021 census however; once the October 2022 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 for ongoing commitments be received from the Education & Skills Funding Agency above the £1.697m 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 2022 and the Schools Forum Operational Guide issued in October 2022, 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	2023/24 £m
CERA	Historic commitment	
Prudential borrowing	Historic commitment	
Termination of employment costs	Historic commitment	
Contribution to combined budgets	Historic commitment	
Admissions	Ongoing commitment	0.585
Copyright licences	Ongoing commitment	0.232
Schools Forum	Ongoing commitment	0.038
Retained Duties (Former ESG)	Ongoing commitment	1.204
Teachers Pay and Pension Contribution for centrally retained teachers	Ongoing commitment	0.096
Total ongoing commitments		2.155

- 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 2023/24.

Nationally, the total budget for ongoing responsibilities in 2023/24 is c.£292m. 90% of this (c.£263m) forms the budget to be allocated to LA's through the basic per-pupil factor (the remaining 10% (c.£29m) will be allocated through the deprivation factor.

Table 2: CSSB unit rates of funding and total funding for ongoing responsibilities from 2019/20 to 2023/24			
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	£1.480
2020/21	£35.14	-£0.90	£1.468
2021/22	£37.53*	+£2.39	£1.586
2022/23	£38.85	+£1.32	£1.664
2023/24	£39.62	+£0.77	£1.697**

*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 2021 school census. This will be updated in December 2022 and will be based on the October 2022 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 2023/24; the detail supporting the values are shown in **Table 3**.

Table 3: CENTRAL EXPENDITURE – ONGOING COMMITMENTS 2023/24

	2023/24 £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 which totalled 13,819 applications and included 33,635 preferences in 2021/22; for all maintained schools and provide a provision of traded service (£0.146m) for own admissions authorities. This equates to £12 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	0.038	<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	1.204	<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>As outlined in agenda item 4 – ‘Proposed approach to DSG budget setting 2023/24 by block’ – paragraph 1.3 this budget has been increased by £0.458m to fund meet full cost of the Education Welfare Team.</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 2022/23 £m	Total Cost 2023/24 £m
1	Director of children's services and personal staff for director	0.049	0.058
2	Planning for the education service as a whole	0.082	0.084
3	Revenue budget preparation, preparation of information on income and expenditure relating to education, and external audit relating to education	0.035	0.037
4	Administration of grants	In 6	In 6
5	Authorisation and monitoring of expenditure not met from schools' budget shares	In 6	In 6
6	Formulation and review of local authority schools funding formula	0.168	0.182
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	0.019
8	Consultation costs relating to non-staffing issues	0.015	0.016
9	Plans involving collaboration with other LA services or public/voluntary bodies	In 1 & 6	In 1 & 6
10	Standing Advisory Committees for Religious Education (SACREs)	0.005	0.005
11	Provision of information to or at the request of the Crown other than relating specifically to maintained schools.	In 6	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	0.614
13	School attendance	In 12	In 12
14	Responsibilities regarding the employment of children	In 12	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	0.095
16	General landlord duties for all buildings owned by the local authority, including those leased to academies.	0.056	0.067
17	Services set out in the table above will also include overheads relating to these services:	0.073	0.081

		<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. • Investigations of employees or potential employees, with or without remuneration. • Investigation and resolution of complaints. • Legal services related to education functions. 		
TOTAL			0.741	1.258
<p>The main reason for the movement in costs between 2022/23 and 2023/24 are:</p> <ul style="list-style-type: none"> • The funding of the Education Welfare Service as whole at an additional cost of £0.458m • The pay award in 2022/23 being greater than anticipated. A pay award of 2% was assumed but the actual pay awards ranged from 10.5% to 4.04% • On line 1 pension costs have been included for an employee in 2023/24 that were not included in 2022/23 as the employee joined the pension scheme mid-way through the 2022/23 financial year. <p>We have rolled forward the figure for planning for education as a whole on line 2 based on last years structure but the funding requirement could change in the future as the structure of department is currently under review.</p> <p>The forecast cost of statutory retained duties is £1.258 in 2023/24, however, as in previous years the budget requested for approval by SF has been adjusted to balance back to the funding envelope available for ongoing commitments for 2023/24. This is why £1.204m has been requested for approval and not £1.258m.</p>				
4. Teachers Pay and Pension costs for centrally retained staff	0.096	<p>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.</p>		

CONSULTATION ONLY													
5. Copyright Licences	0.232	<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 £0.232m is the estimated cost of the licences in 2023/24. The final figure will be confirmed in December 2022 and the final schools budget will be adjusted accordingly.</p> <table border="1" data-bbox="517 459 1301 879"> <thead> <tr> <th data-bbox="846 464 972 488">Licences</th> </tr> </thead> <tbody> <tr> <td data-bbox="533 533 981 560">Copyright Licencing Agency (CLA)</td> </tr> <tr> <td data-bbox="533 564 1025 592">School Printed Music Licence (SPML)</td> </tr> <tr> <td data-bbox="533 596 1021 624">Newspaper Licensing Authority (NLA)</td> </tr> <tr> <td data-bbox="533 628 1021 655">Educational Recording Agency (ERA)</td> </tr> <tr> <td data-bbox="533 660 1055 687">Filmbank Distributors Ltd. (for the PVSL)</td> </tr> <tr> <td data-bbox="533 692 1093 719">Motion Picture Licensing Company (MPLC)</td> </tr> <tr> <td data-bbox="533 724 958 751">Performing Rights Society (PRS)</td> </tr> <tr> <td data-bbox="533 756 1070 783">Phonographic Performance Limited (PPL)</td> </tr> <tr> <td data-bbox="533 788 1167 815">Mechanical Copyright Protection Society (MCPS)</td> </tr> <tr> <td data-bbox="533 820 1178 847">Christian Copyright Licensing International (CCLI)</td> </tr> </tbody> </table>	Licences	Copyright Licencing Agency (CLA)	School Printed Music Licence (SPML)	Newspaper Licensing Authority (NLA)	Educational Recording Agency (ERA)	Filmbank Distributors Ltd. (for the PVSL)	Motion Picture Licensing Company (MPLC)	Performing Rights Society (PRS)	Phonographic Performance Limited (PPL)	Mechanical Copyright Protection Society (MCPS)	Christian Copyright Licensing International (CCLI)
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TOTAL	2.155												

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 2023/24 Schools Budget, enabling updated schools budgets to be issued to schools within the statutory deadline of the 28 February 2023.

5. **Consideration of Risk**

- 5.1 See 6.5.

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

- 6.1 This report seeks approval for ongoing commitments in the financial year 2023/24 totalling £2.155m. This is proposed to be funded from the estimated allocation for ongoing commitments of £1.697m from the ESFA for the financial year 2023/24 and subject to approval from Schools Forum £0.458m from a High Needs to Central Schools Services Block transfer as outlined in agenda item 4 – ‘Proposed approach to DSG budget setting 2023/24 by block’ - Recommendation 4.

- 6.2 As stated in 2.2 the ESFA have confirmed that the rate per pupil for Nottingham City will be £39.62 per pupil for the financial year 2023/24.

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 5.86%. In 2023/24 Nottingham City will receive a 1.98% increase in the CSSB unit rate.

As demonstrated in **Table 2** the rate per pupil has increased by £0.77p per pupil between 2022/23 and 2023/24 which is forecast to generate an additional £0.033m in funding in 2023/24 compared to 2022/23. This is based on the October 2021 Autumn Term census.

- 6.3 The estimated cost for statutory retained duties for 2023/24 is £1.258m however, to keep within the funding envelope of £2.155m (subject to approval from SF for the High Needs Block transfer to the Central Schools Services Block of £0.458) the LA has used the statutory retained duties budget to balance the funding available for ongoing commitments. This is why the amount requested for approval by SF is £1.204m as shown in **Table 3**.

Therefore, the LA is proposing that should the pupil numbers increase in October 2022 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 2022/23 this would generate forecast income additional of £0.022m.

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

- 6.5 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 2023/24 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.

- 6.6 As stated in the summary of this report, approval is being sought from SF on 6 December 2022 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 2022. These Regulations make provision for local authorities' financial arrangements in relation to the funding of maintained schools and providers of funded early years provision in England, for the financial year 2022-2023.
- 7.2 These Regulations define the non-schools education budget (regulation 4 and Schedule 1), the schools budget (regulation 6 and Schedule 2), central expenditure and the individual schools budget (regulation 8 and Schedule 2). They require local authorities to determine budget shares for schools maintained by them and amounts to be allocated in respect of early years provision in their areas, in accordance with the appropriate formulae (regulations 10 and 11). They impose a minimum per pupil amount (regulation 22) and a minimum funding guarantee for schools (regulation 23 and Schedule 4). There is a requirement to pass 95 per cent of funding to early years providers (regulation 24) and a ten per cent limit on the amount of funding that may be attributable to the discretionary (supplementary) part of the early years formulae (regulation 25). There are also requirements in relation to local authorities' schemes (regulation 32 and Schedule 5). Regulation 19 makes provision in the event that a school enters into a Risk Protection Arrangement.
- 7.3 The LA must ensure that it complies with its obligations in accordance with these regulations.

Majid Iqbal, Team Leader and Solicitor for Litigation - 21 November 2022.

8 Other relevant comments

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 resources perspective before a formal consultation process is instigated.

After the scoping exercise is undertaken, 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 – 17 November 2022

9 Crime and Disorder Implications (If Applicable)

Not applicable

10 Social value considerations (If Applicable)

Not applicable

11 Equality Impact Assessment (EIA)

An EIA is not required.

12 Data Protection Impact Assessment (DPIA)

A DPIA is not required.

13 Carbon Impact Assessment (CIA)

A DPIA is not required because it is not necessary.

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

15 Published documents referred to in this report

- ESFA – Schools Operational guide 2023/24 October 2022

- DfE Schools and Early Years Financial Regulations 2022

APPENDIX A

Analysis of Ongoing Commitments 2021/22 to 2023/24

	2021/22				2022/23				2023/24
	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
Servicing of schools forums	0.035	0.035	0.035	0.000	0.037	0.037	0.037	0.000	0.038
Copyright Licences	0.219	0.215	0.215	0.000	0.223	0.223	0.224	(0.001)	0.232
Retained Education Services	0.634	0.654	0.654	0.000	0.702	0.723	0.723	0.000	1.204
Teachers Pay Teachers Pension Employers Contribution funding for centrally retained teachers	-	0.096	0.096	0.000	0.096	0.096	0.096	0.000	0.096
TOTAL	1.473	1.586	1.585	0.000	1.643	1.664	1.643	(0.001)	2.155