

Schools Forum - 5 December 2023

Title of paper:	Central Expenditure Budget 2024/25 – On Going Commitments
Director(s)/ Corporate Director(s):	Catherine Underwood - People Ross Brown - Finance and Resources
Report author(s) and contact details:	Julia Holmes, Senior Commercial Business Partner julia.holmes@nottinghamcity.gov.uk
Other colleagues who have provided input:	Ann Barrett, Team Leader Legal Services Carol McCrone, Senior HR Consultant (Schools)
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 2024/25.</p> <p>The central expenditure for “Historic Commitments” proposals are included in a separate report to Schools Forum (SF) on 5 December 2023.</p> <p>Should the 2024/25 settlement for ongoing commitments be less than anticipated the LA, in the Schools Budget report 2024/25, will present revised funding allocations to SF on 16 January 2024.</p>	
Recommendation(s):	
1	Approve the ongoing commitments budgets set out in Table 3 totalling £2.275m, noting the additional historical detail set out in Appendix A . To note that £0.508m 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 2024/25 by block’ - Recommendation 4.
2	Note that the estimated cost of Copyright Licences totalling £0.264m 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 2022 census however; once the October 2023 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 £1.768m 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 (England) Financial Regulations 2023 and the Schools Forum Operational Guide issued in October 2023, 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	2024/25 £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	0.264
Schools Forum	Ongoing commitment	0.039
Retained Duties (Former ESG)	Ongoing commitment	1.291
Teachers Pay and Pension Contribution for centrally retained teachers	Ongoing commitment	0.096
Total ongoing commitments		2.275

- 2.2 Since the financial year 2018/19 to the financial year 2023/24 funding for ongoing responsibilities have been allocated to local authorities using a pupil-led formula. The formula used two factors, a basic per-pupil factor, and a deprivation per-pupil factor. This formula distributed 90% of funding based on the per-pupil factor and 10% based on the deprivation factor. Both elements are then adjusted for area costs. However, in the financial year 2024/25 a third factor has been introduced, a copyright licences per pupil factor to fund the additional costs of copyright licences that local authorities faced in 2023/24.

Table 2 shows the movement in rate for Nottingham City between 2019/20 and 2024/25.

Nationally, the total budget for ongoing responsibilities in 2024/25 is c.£304m. This includes £5.5m to cover the increased cost of copyright licences that LA's faced in 2023/24. 90% of this (c.£274m) forms the budget to be allocated to

LA's through the basic per-pupil factor (the remaining 10% (c.£30m) will be allocated through the deprivation factor.

Table 2: CSSB unit rates of funding and total funding for ongoing responsibilities from 2019/20 to 2024/25			
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
2024/25	£40.88**	£1.26	£1.768***

*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.

**Includes an additional £0.67 per pupil for increased cost copyright licences costs faced by LA's in 2023/24.

***This is based on the pupil numbers on the October 2022 school census. This will be updated in December 2023 and will be based on the October 2023 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 2024/25; the detail supporting the values are shown in **Table 3**.

Table 3: CENTRAL EXPENDITURE – ONGOING COMMITMENTS 2024/25

	2024/25 £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 14,962 applications and included 37,157 preferences in 2022/23; for all maintained schools and provide a provision of traded service (£0.146m) for own admissions authorities. This equates to £12 per capita for 2022/23. 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	0.039	<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	1.291	<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 2024/25 by block’ – paragraph 1.3 this budget has been increased by £0.056m 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 2023/24 £m	Total Cost 2024/25 £m
1	Director of children's services and personal staff for director	0.058	0.062
2	Planning for the education service as a whole	0.084	0.096
3	Revenue budget preparation, preparation of information on income and expenditure relating to education, and external audit relating to education	0.037	0.038
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	0.182	0.193
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.	0.019	0.018
8	Consultation costs relating to non-staffing issues	0.016	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	0.614	0.670
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.	0.095	0.101

16	General landlord duties for all buildings owned by the local authority, including those leased to academies.	0.056	0.085
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. • Investigations of employees or potential employees, with or without remuneration. • Investigation and resolution of complaints. • Legal services related to education functions. 	0.081	0.074
TOTAL		1.258	1.358

The main reason for the movement in costs between 2023/24 and 2024/25 are:

- The funding of the Education Welfare Service as whole at an additional cost of £0.056m
- The pay award in 2023/24 being greater than anticipated. A pay award of 2% was assumed but the actual pay award ranged from 9.42% to 3.88% depending on the spine point. Assumed a pay award of £1,925 per full-time equivalent for employees on the Local Government pay scale in 2024/25 and 3.88% for employees on the SLMG pay scale.
- The introduction of the Local Authorities new pay scale from July 2023 which saw the majority of grades moving to having four increments rather than two as in the old scale. A number of colleagues who had been on point 2 moved to point 4 on their grade.
- Some employees moved up to new higher grades.

The forecast cost of statutory retained duties is £1.358 in 2024/25, 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 2024/25. This is why £1.291m has been requested for approval and not £1.358m.

4. Teacher s Pay and Pension costs for centrally retained staff	0.096	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.											
CONSULTATION ONLY													
5. Copyright Licences	0.264	<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 £0.264m is the estimated cost of the licences in 2024/25. The final figure will be confirmed in December 2023 and the final schools' budget will be adjusted accordingly.</p> <table border="1" data-bbox="517 799 1301 1225"> <thead> <tr> <th data-bbox="517 799 1301 871">Licences</th> </tr> </thead> <tbody> <tr> <td data-bbox="517 871 1301 906">Copyright Licencing Agency (CLA)</td> </tr> <tr> <td data-bbox="517 906 1301 941">School Printed Music Licence (SPML)</td> </tr> <tr> <td data-bbox="517 941 1301 976">Newspaper Licensing Authority (NLA)</td> </tr> <tr> <td data-bbox="517 976 1301 1011">Educational Recording Agency (ERA)</td> </tr> <tr> <td data-bbox="517 1011 1301 1046">Filmbank Distributors Ltd. (for the PVSL)</td> </tr> <tr> <td data-bbox="517 1046 1301 1082">Motion Picture Licensing Company (MPLC)</td> </tr> <tr> <td data-bbox="517 1082 1301 1117">Performing Rights Society (PRS)</td> </tr> <tr> <td data-bbox="517 1117 1301 1152">Phonographic Performance Limited (PPL)</td> </tr> <tr> <td data-bbox="517 1152 1301 1187">Mechanical Copyright Protection Society (MCPS)</td> </tr> <tr> <td data-bbox="517 1187 1301 1222">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	2.275												

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 2024/25 Schools Budget, enabling updated schools' budgets to be issued to schools within the statutory deadline of the 28 February 2024.

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 2024/25 totalling £2.275m. This is proposed to be funded from the estimated allocation for ongoing commitments of £1.767m from the ESFA for the financial year 2024/25 and subject to approval from Schools Forum £0.508m from a High Needs to Central Schools Services Block transfer as outlined in agenda item 4 – 'Proposed approach to DSG budget setting 2024/25 by block' - Recommendation 4. The final Central Schools Services Block allocation is anticipated to be released on either the 15th or 22nd December 2023, therefore the allocation for on-going commitments is provisional and likely to change.
- 6.2 As stated in 2.2 the ESFA have confirmed that the rate per pupil for Nottingham City will be £40.88 per pupil for the financial year 2024/25.

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 5.51%. In 2024/25 Nottingham City will receive a 3.2% increase in the CSSB unit rate.

As demonstrated in **Table 2** the rate per pupil has increased by £1.26p per pupil between 2023/24 and 2024/25 which is forecast to generate an additional £0.071m in funding in 2024/25 compared to 2023/24. This is based on the October 2022 Autumn Term census.

- 6.3 The estimated cost for statutory retained duties for 2024/25 is £1.358m however, to keep within the funding envelope of £2.275m (subject to approval from SF for the High Needs Block transfer to the Central Schools Services Block of £0.508) 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 £1.291m as shown in **Table 3**.

Therefore, the LA is proposing that should the pupil numbers increase in October 2023 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 2023/24 this would generate forecast income additional of £0.016m.

- 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 2024/25 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 5 December 2023 for the historic commitments in a separate report.

Julia Holmes
Senior Commercial Business Partner
6 November 2023

7. **Legal colleague comments**

- 7.1 The current law in force in this area is the School and Early Years Finance (England) Regulations 2023. 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 2023-2024 and the Council must ensure that it complies with its obligations in accordance with these Regulations. Financial advice in that respect is given above
- 7.2 The Forum has decision making powers in relation to (amongst other things,) agreeing centrally retained budgets and funding for central early years expenditure and therefore the Recommendations appear to be within the Forum's powers decision making powers.

Ann Barrett, Team Leader Legal Services - 21 November 2023.

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 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.

Carol McCrone, Senior HR Consultant (Schools) – 20 November 2023

9. Crime and Disorder Implications (If Applicable)

9.1 N/A

10. Social value considerations (If Applicable)

10.1 N/A

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:
(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.

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:
(Please explain why a DPIA is not necessary)

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:
(Please explain why a DPIA is not necessary)

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 Operational guide 2024/25 – Updated 11 October 2023

15.2 DfE - Schools and Early Years Financial Regulations 2023

APPENDIX A

Analysis of Ongoing Commitments 2022/23 to 2024/25

	2022/23				2023/24				2024/25
	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	0.037	0.037	0.037	0.000	0.038	0.038	0.052	(0.014)	0.039
Copyright Licences	0.223	0.223	0.224	(0.001)	0.232	0.232	0.232	0.000	0.264
Retained Education Services	0.702	0.723	0.723	0.000	1.204	1.204	1.204	0.000	1.291
Teachers Pay Teachers Pension Employers Contribution funding for centrally retained teachers	0.096	0.096	0.096	0.000	0.096	0.096	0.096	0.000	0.096
TOTAL	1.643	1.664	1.665	(0.001)	2.155	2.155	2.169	(0.014)	2.275

* The forecast overspend on the Schools Forum budget in 2023/24 is mainly due to the employment of interim agency staff. Original budget costed based on the employment of permanent staff.