

SCHOOLS FORUM – 8 OCTOBER 2019

Title of paper:	CENTRAL EXPENDITURE BUDGET 2020/21 – On Going Commitments
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Summary	
<p>This 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 25 September 2019 and <u>were content to accept the proposals put forward by the Local Authority (LA) on the funding of “Ongoing commitments” for the financial year 2020/21.</u></p> <p>The central expenditure for “Historic Commitments” proposals are included in a separate report to Schools Forum (SF) on 8 October 2019.</p> <p>This report has been prepared in accordance with the financial regulations issued by the Department of Education (DfE) for the financial year 2019/20 and the Schools revenue and funding 2020/21 - operational guidance – September 2019 from the Education, & Skills Funding Agency (ESFA) and forms part of the Dedicated School Grant (DSG) budget.</p> <p>At present the current Schools revenue and funding 2020/21 - operational guidance – September 2019 only gives a high level indication of the DfE’s plans for the funding of schools in the financial year 2020/21, detailed guidance is due to be released in October 2019. Any unexpected changes in the guidance will be reflected on the final allocation to the blocks.</p> <p>The regulations and guidance state that it is the requirement of SF to approve the elements of the Central Expenditure block within the DSG.</p> <p>Should the 2020/21 settlement for ongoing commitments be less than anticipated the LA, in the Schools Budget report 2020/21, will present revised funding allocations to SF on 21 January 2020.</p>	
Recommendation(s):	
1	Approve the ongoing commitments budgets set out in Table 3 totalling £1.475m, noting the additional historical detail set out in Appendix A .
2	Note that the SFSG were in agreement to recommend to SF the approval of the on-going commitments.

3	Note that the cost of Copyright Licences totalling £0.215m <u>does not</u> require approval as the licences are managed and procured by central government.
4	Note that where values are based on estimated pupil numbers, this report has used the latest October 2018 census however; once the October 2019 census and final allocations are 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 LA achieves the DfE statutory deadline of the 29 February 2020 for indicative budgets to be issued to Schools.
- 1.3 Under the Schools & Early Years Financial Regulations 2018 (No. 2) and the Schools Forum Operational Guidance issued in September 2018, SF approval is required for individual central expenditure items in the Central Schools Services Block (CSSB).
- 1.4 The proposed central expenditure for historic commitments are being presented to SF on 8 October 2019.

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 ESFA in September 2019; this is set out in **Table 1** below:

TABLE 1: CENTRAL EXPENDITURE APPROVALS	
Approval required	Centrally retained service
Schools forum approval is not required (although they should be consulted)	<ul style="list-style-type: none"> • High needs block provision ✓ Central licences negotiated by the Secretary of State
Schools forum approval is required on a line-by-line basis.	<ul style="list-style-type: none"> • Funding to enable all schools to meet the infant class size requirement • Back-pay for equal pay claims • Remission of boarding fees at maintained schools and academies • Places in independent schools for non-SEN pupils ✓ Services previously funded by the retained rate of the ESG
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"> ✓ Admissions ✓ Servicing of Schools Forum

<p>Schools Forum approval is required</p>	<ul style="list-style-type: none"> • Central early years block provision • Any movement of funding out of the schools block • 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) • Any brought forward deficit on de-delegated services which is to be met by the overall schools budget
<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>Historic Commitments</p> <ul style="list-style-type: none"> • Capital expenditure funded from revenue • Contribution to combined budgets • Existing termination of employment costs • Prudential borrowing costs • 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.
<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"> • Funding for significant pre-16 pupil growth, including new schools set up to meet basic need, whether maintained or academy • Funding for good or outstanding schools with falling rolls where growth in pupil numbers is expected within three years

The ✓ denotes those services included in **Table 3**.

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 2020/21, 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 2019/20 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		£209.563m in 2019/20	£21.132m in 2019/20	£29.635m in 2019/20	TBC
Pupil Growth		£1.326m in 2019/20			TBC
Historic Commitments	£5.570m in 2020/21			£1.000m in 2020/21	£6.570m
Ongoing Commitments	£1.475m in 2020/21		£0.954 in 2019/20	£4.602m in 2019/20	TBC
De-delegated		£0.344m in 2019/20			TBC
Block Total	£7.045m	TBC	TBC		TBC
2020/21 Indicative Budget Issued	TBC	TBC	TBC	TBC	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 2020/21 Schools Budget, enabling updated schools budgets to be issued to schools within the statutory deadline of the 29 February 2020.

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

- 5.1 The 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.

Table 2 : 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

- 5.2 At present the ESFA has not provided detailed guidance on how LA's are to be funded for historic and ongoing commitments. The Schools revenue funding operational guidance released in September 2019 released by the ESFA states:

Paragraph 231

"The government has not yet confirmed the level of funding for the CSSB in 2020 to 2021. We will however, publish provisional NFF allocations for the CSSB in October, alongside allocations for the schools and high needs blocks. At the same time, we will publish technical documents setting out the formula for ongoing responsibilities element of the block. As stated previously, we expect to reduce the historic commitments element of the block from 2020/21 and detail of our approach will follow in due course. We will update this guide where appropriate as further detail is announced.

Paragraph 232

We are not proposing any changes to the regulations, which require authorities to have the approval of the schools forum for such expenditures."

Therefore, in order not to hold up the budget setting process for 2020/21 the LA is following the Schools revenue funding 2020 to 2021 operational guide released in September 2019 and the Schools & Early Years Financial Regulations 2018 (No.2) where SF approval is required for individual ongoing commitments in the CSSB.

- 5.3 In 2019/20 LA's were funded for ongoing commitments based a national formula which distributed 90% of funding according to a per-pupil factor and 10% of funding according to a deprivation factor. Both elements were adjusted for area costs. The 2019/20 rate per pupil for Nottingham City was £36.04 per pupil.

This was a reduction of £0.005m compared to the financial year 2018/19. Had the LA not had an increase in pupils the real term loss would have been £0.037m.

It is assumed that this rate will be reduce by 2.5% in 2020/21.

Therefore, we estimate that in 2020/21 the rate will be £35.14 per pupil. By increasing the pupil numbers by the same amount as in the increase in pupils between 2018/19 and 2019/20 this would generate funding of £1.475m in 2020/21.

This would be an actual reduction of £0.005m compared to the previous financial year 2019/20 and a **real term reduction of £0.074m for 2019/20 and 2020/21 to be managed within a LA that has significant financial challenges** in year and in the medium term.

- 5.4 The final allocation for ongoing commitments will be confirmed in December 2019 once the ongoing commitments funding has been updated to reflect the pupils on the Autumn Term 2019 school census. The provisional allocation to be released in October 2019 will be based upon the Autumn Term 2018 school census.
- 5.5 The items seeking approval in this report are for ongoing commitments only for the financial year 2020/21; the detail supporting the values are shown in **Table 3.**

As stated in 1.3 approval is being sought from SFon 8 October 2019 for the historic commitments in a separate report.

Table 3: CENTRAL EXPENDITURE – ONGOING COMMITMENTS 2020/21

	2020/21 £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 (2019/20 was 44,556 pupils) processing for all maintained schools and provide a provision of traded service (£0.146m) for own admissions authorities. This equates to £16 per capita for 2018/19. • Provides scrutiny of application of Admissions Code and management of compliance relating to all aspects of school admissions legislation. <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>
2.Servicing of Schools Forum	0.035	<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	0.640	<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>

ESG RETAINED ANALYSIS		
		Total Cost £m
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	0.151
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
	<u>Education Welfare</u>	
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
	<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.	0.071
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"> • 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. 	0.069

		<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	0.640											
TOTAL	TBC													
CONSULTATION ONLY														
4. Copyright Licences	0.215	<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>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
Licences														
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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														

- 5.6 **Appendix A** shows the values of these items compared to previous years budgets and actuals.
- 5.7 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 2019/20 due to the impact on services, the need to then consult with stakeholders and enter into a consultation process.

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

6 LEGAL AND PROCUREMENT COLLEAGUE COMMENTS (INCLUDING RISK MANAGEMENT ISSUES, AND LEGAL, CRIME AND DISORDER ACT AND PROCUREMENT IMPLICATIONS)

- 6.1.1 The current law in force in this area is the School and Early Years Finance (England) (No.2) Regulations 2018. However, these regulations apply for the financial year beginning on 1 April 2019 and such regulations are usually updated annually. Therefore, if implemented, it will be necessary to review these proposals if and when new regulations have been made by the Secretary of State and have come into force.

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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.

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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 this report does not propose a new service.

Yes

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 (No.2).

10.2 ESFA – Schools revenue funding 2019 to 2020 - Operational guide December 2018

10.3 ESFA – Schools revenue funding 2020 to 2021 - Operational guide September 2019

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