

Open Report on behalf of Debbie Barnes OBE, Executive Director of Children's Services

Report to:	Lincolnshire Schools' Forum
Date:	11 October 2018
Subject:	Schools Broadband Services

Summary:

The purpose of this report is to provide an overview of the schools broadband services for all Lincolnshire schools (including academies) from November 2019 to October 2022, and to outline the budget intentions.

Recommendation(s):

The Schools Forum is asked to:

- (1) support the Local Authority (LA) decision to continue securing access to the Public Sector Network through a continuation of the existing arrangements delivered to 31 October 2022.
- (2) agree to retaining the Central Schools Services Block (CSSB) historic commitment broadband budget in 2019/20, to continue meeting the revenue costs of the central schools broadband services arrangement.
- (3) support the LA proposals to meeting the costs of the central schools broadband services arrangement to 31 October 2022.

Background

The LA entered into a broadband arrangement in November 2012 through a regional initiative supporting both corporate and schools infrastructure. The decision delivered significant savings to both Lincolnshire County Council and schools through a consolidated broadband offer enabling greater purchasing power to be achieved. The recommendation was supported by the Schools Forum in January 2012.

The annual cost in 2012 of schools broadband services prior to the agreement was £3.350m reducing to a budget requirement of £1.600m in 2013/14 through the new consolidated broadband offer. This enabled monies to be reinvested back into the Dedicated Schools Grant (DSG) for the benefits of all schools.

The Council including other LA members¹ formed two teckal companies² (EMPSN Services Ltd and EMPSN Infrastructure Ltd) in February 2012 to aggregate demand for and arrange for a supply of Public Sector Network (PSN) that connects public organisations connectivity and IT services to each other, enabling various services to be provided through the network, while maintaining end to end quality, security and integrity.

Schools Forum has agreed annually to retain a central budget to fund the schools consolidated broadband offer each January for the following financial year in line with the School's and Early Years Finance (England) Regulations. In 2018/19, the agreed schools broadband budget of £1.350m is held within the Central Schools Services Block (CSSB) under 'historic commitments' following the implementation of the national funding formula.

This central budget supported the core broadband costs of Lincolnshire schools and academies, which achieves significant economies of scale, and provides a resilient, secure and quality broadband service for all schools in delivering the schools educational goals. The centralised contract was considered to be the fairest approach for all schools since it allows schools not to be financially disadvantaged purely by their location, which is particularly important in rural Lincolnshire where broadband costs do vary between schools.

320 Lincolnshire schools receive this consolidated broadband offer through the contract with the remaining Lincolnshire schools contracting with an IT provider directly. The operational broadband service benefits for your schools through this contract include:

- Resilient, monitored and managed network, available 24/7/365 supported by UK based staff and operations
- No limits on usage (data caps), which means no unexpected bills
- Secure service behind emPSN and Janet Firewalls
- Ability to upgrade to more bandwidth for many schools.
- Supports cluster working amongst schools, locally, county wide and nationally.
- Managed service with the ability for suppliers to remotely access sites your router to fix faults, often without you realising anything was wrong.
- Free access to dedicated educational resources, including British Pathe, Audio Networks and Listening Books plus other resources only available on the National Education Network.
- Connection to the Internet through JANET (National service for HE, FE and schools) and access to JANET services, including many commonly used services (e.g. Google, Microsoft, BBC, Amazon) are on network through EMPSN and Janet so are accessed without touching the Internet giving better performance and security.
- Guaranteed minimum provision to schools, dependent on size and location.

¹ Tier 1 LA members include: Lincolnshire County Council, Leicestershire County Council; Leicester City, Derbyshire County Council; Nottingham City and Rutland County Council. The Board of Directors consist solely of the nominees of the Tier 1 LA members.

² A teckal company is a Local Authority controlled company and has day-to-day control over the company's affairs. The company is inwardly focused on activities to support the Local Authority's needs.

- Access to a wide range of additional services and supplier available, on network, from the growing EMPSN catalogue.
- Lincolnshire County Council is one of the owners of emPSN – a not for profit, Company Limited by Guarantee.
- EMPSN staff work closely with Council staff to monitor and develop service delivery and quality.
- Opportunity to be part of national initiatives, such as the current DCMS / DfE pilot to make available low cost fibre broadband services to schools and their communities.

The government's school funding reforms are putting restrictions on LAs in retaining central budgets relating to schools costs (such as broadband costs) with the move towards the 'hard' national funding formula. The government is very supportive of collaborative work under the efficiency and best value agenda, however the approach being adopted by the DfE is disappointing, since the cost impact on schools of purchasing access to the PSN individually could be considerable (particularly those small and rural schools), which is at a time when schools are facing other cost increases. The government is allowing LAs to retain historical funding commitments (through contracts) for pre 2013/14 decisions up to their end point, which the schools consolidated broadband offer falls into.

The initial term of the contract was 7 years (to 31 October 2019), which could be extended at the Council's option for a further period of up to three years. Where the maximum extension is triggered the Service Term becomes the 7 year Initial Term plus the three years of the extension i.e. 10 years. The LA through its decision-making process triggered the full three year extension on the 3 July 2018, which will mean the consolidated broadband offer contract will come to an end on 31 October 2022. All schools will continue to receive the core broadband services through this centralised contract to 31 October 2022.

The LA decision to continue for a further 3 years to 31 October 2022 is based on many of the reasons that the Council along with other public bodies formed the teckal companies in November 2012 for. The aggregated approach delivers significant economies of scale and has driven down costs overall. Securing these benefits through the two public service aspect companies going forward is very important in continuing to add value and securing competitive pricing. Prices remain fixed to the end of the contract for the broadband services, and EMPSN continue to provide an effective brokerage function and are continually identifying opportunities for improving schools broadband connectivity, as enhanced technology is rolled out. The consolidated broadband offer continues to provide a resilient, secure and quality broadband service for all schools. The LA decision-making continues to be in the best interest of its schools.

Financial Year 2019/20

The schools revenue funding 2019/20 operational guidance published by the DfE on 25 July 2018 outlines the position for the CSSB on historic commitments. The DfE has confirmed that they will continue to allocate historic commitments in 2019/20 at the same level as 2018/19, which is positive news. This is £1.350m for schools broadband services. The LA is seeking the Schools Forum decision to

retain this budget in 2019/20 within the CSSB to support the annual revenue costs for the core schools broadband services.

The government expectation is that these contract commitments will reduce over time as contracts and other commitments reach their end points, and this position will be monitored. From 2020/21, the government intend to reduce the historical commitments funding allocations where LAs expenditure has not reduced³. This supports the government's drive towards the move to the 'hard' national funding formula by removing indefinite differences in funding between LAs, which reflect historical decisions. At this stage the government are not proposing any changes to the regulation.

The LA can still maintain spending on historic commitments at current levels using other funding sources, therefore the LA propose to prudently earmark funding to secure funding to centrally fund the contract ending 31 October 2022 for all schools core broadband services, as is the case now. The LA proposes to earmark funding from the accumulated DSG underspend reported at 31 March 2018. The alternative would for schools to pick up this cost directly. The government has confirmed funding levels for 2019/20, however financial uncertainty exists from April 2020 to October 2022 (30 months). From government guidance released to date, it is unlikely that historic commitment funding will end in 2020/21, however funding levels are expected to fall. The LA recommends earmarking £1.350m (a one year budget allocation) to cover any potential shortfall in revenue funding.

Preparation for post contract period

The government's direction of travel is for schools to have a direct billing relationship with an IT provider, such as EMPSN (rather than it being contracted centrally by the Council) and to meet this cost from their delegated budgets. The LA and EMPSN will play an important role in supporting schools make this transition to a direct billing relationship starting November 2022 to ensure quality and secure broadband provision is sustained and value for money continues to be achieved. A consolidated approach (albeit a direct billing arrangement with schools) is likely to have the greatest value to Lincolnshire schools due to the economies of scale it brings. EMPSN is expected to remain in some form supporting schools broadband connectivity post Lincolnshire's official contract end date.

The LA and EMPSN working with schools will develop a timeline of events to ensure a smooth and planned transition takes place.

This will be a new cost for schools to meet from November 2022; therefore preparation for this will be important. Given that the costs of the broadband service to schools is not transparent at an individual school level due to the current way of contracting for schools, the LA working with EMPSN intend to share this level of detail to schools to aid financial planning.

³ From 2020/21, the government reductions in historic commitment spending are likely to be through percentage reductions.

Consultation

a) Have Risks and Impact Analysis been carried out?

No

b) Risks and Impact Analysis

N/A

Background Papers

This report was written by Mark Popplewell, Head of Finance, who can be contacted on 01522 553326 or mark.popplewell@lincolnshire.gov.uk.

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