



<b>Schools Forum</b> Date: 22 November 2018 Time: 8:30 am Venue: Shrewsbury Training and Development Centre	<u>Item</u>  Public	<u>Paper</u>  <b>E</b>
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## **CENTRAL SCHOOL SERVICES BLOCK 2019-20**

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### **Summary**

1. On 24 July 2018, the Education and Skills Funding Agency (ESFA) issued their technical note on the Central School Services Block (CSSB) and provisional CSSB allocations for 2019-20. Final allocations are updated for October 2018 census data.
2. The purpose of the CSSB is to provide funding to local authorities to carry out central functions on behalf of pupils in state-funded maintained schools and academies.
3. The funding is split into funding for historic commitments and funding for ongoing responsibilities.
4. For those centrally retained services categorised as historic commitments, Schools Forum approval is required on a line-by-line basis and the budget cannot exceed the value agreed in the previous funding period, and no new commitments can be entered into.
5. For ongoing responsibilities, Schools Forum approval is required on a line-by-line basis and the budget can increase from year to year.
6. This report therefore presents a number of proposals on the retention of Dedicated Schools Grant (DSG) in 2019-20 to fund these statutory duties for which formal Schools Forum approval is required.

### **Recommendation**

7. Schools Forum consider and approve to the proposals presented in this report.

# REPORT

## Background

8. In 2018-19, Schools Block funding, for the first time, included the new Central School Services block, determined by a separate national funding formula.
9. The purpose of the CSSB was to provide funding to local authorities to carry out central functions on behalf of pupils in state-funded maintained schools and academies.
10. The funding was split into funding for historic commitments and funding for ongoing responsibilities. The total 2018-19 funding through the CSSB was equal to the total 2018-19 funding for historic commitments plus the total 2018-19 funding for ongoing responsibilities.
11. CSSB historic commitments funding in 2018-19 for each local authority were equal to their 2017-18 baseline value submitted to the ESFA in April 2017 and confirmed by the ESFA in August 2017. These historic commitments were subject to a limitation of new commitments or increases in expenditure.
12. The funding for ongoing responsibilities comprised funding previously allocated through the retained duties element of the Education Services Grant (ESG) at a rate of £15 per pupil, plus funding for ongoing central functions such as schools admissions and the servicing of Schools Forum.
13. The CSSB national funding formula allocated funding to local authorities for ongoing responsibilities used a pupil-led formula to establish a 2018-19 CSSB ongoing responsibilities rate per pupil. This was then multiplied by the Schools Block pupil count from the October 2017 census to arrive at each local authority's 2018-19 final allocation.

## Shropshire's Central Schools Services Block Allocation 2018-19

14. In 2018-19, Shropshire Council's CSSB allocation totalled £3,121,660, based on the baselining exercise described above, broken down as follows in the table below. The contributions levels or allocations for ongoing responsibilities plus the contributions for historic commitments were approved by Schools Forum on 7<sup>th</sup> December 2017 in "Paper E – Central School Service Blocks 2018-19".

	<b>2018-19 Allocation</b>
<b>Historic Commitments</b>	
Contribution to combined budgets	£852,110
Termination of employment costs	£994,920
Prudential borrowing	£295,350
<b>Sub Total Historic Commitments</b>	<b>£2,142,380</b>
<b>Ongoing Responsibilities</b>	
Schools admissions	£219,420
Servicing of Schools Forum	£10,000
Other items (Copyright Licensing Agency fee)	£208,190
Exceptions agreed by Secretary of State	
Former retained duties ESG	£580,400
<b>Sub Total Ongoing Responsibilities</b>	<b>£1,018,010</b>
<b>Total Central Spend</b>	<b>£3,160,390</b>

### Shropshire's Provisional Central Schools Services Block Allocation 2019-20

15. On 24 July 2018, the Department for Education issued provisional 2019-20 allocations for the CSSB. Historic commitments in the table above are baselined at the 2017-18 value in Shropshire's 2019-20 provisional CSSB national funding formula and the ongoing responsibilities value of £1,018,010 have been run through the national funding formula to arrive at a provisional allocation for ongoing responsibilities of £1,039,927. This represents an increase of 2.15% on the ongoing responsibilities which is slightly below the maximum gain allowed for 2019-20 which is published as 2.18%. The provisional total CSSB allocation for 2019-20 is £3,182,307.

	<b>2018-19 Allocation</b>	<b>Provisional Total 2019-20 CSSB NFF Funding</b>	<b>Provisional % Change to CSSB Funding in 2018-19</b>
Historic commitments	£2,142,380	£2,142,380	0% as limited to no increase in expenditure
Ongoing responsibilities	£1,018,010	£1,039,927	2.15%
<b>Total Central Spend</b>	<b>£3,160,390</b>	<b>£3,182,307</b>	<b>0.69%</b>

## Historic Commitments Approval

16. As outlined in Appendix A, historic commitments require Schools Forum approval 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. To enable Schools Forum members to make a more informed decision to continue to approve funding at the baselined level the following paragraphs give more detail regarding what services are funded and any ongoing commitments.

### Contribution to Combined Budgets

17. Contribution to combined budgets is expenditure that has traditionally been retained from the Central Schools Block for maintained schools and academies to fund a contribution from the schools budget to services which would otherwise be funded from other sources.
18. The ESFA carried out a DSG baselining exercise to determine the baseline level of all historic commitments including contribution to combined budgets funding that is deemed eligible for Shropshire Council under the condition that Schools Forum agreed to fund these costs prior to April 2013. To assist the ESFA with this exercise, Shropshire Council officers submitted evidence to the ESFA of these historic commitments. The result of this baselining exercise was the confirmation by the ESFA of a contribution to combined budgets value of £852,110.
19. A detailed breakdown of how the Council spends this £852,110 is set out within Appendix C. It is important to note that this budget line is contributing funding to ongoing historic commitments e.g. permanent posts and contracts that are providing a mix of statutory and essential services to schools.

**Recommendation 1** - Maintained and academy school representatives agree to continue to contribute £852,110 to combined budgets as per the detail of these costs outlined in Appendix C.

### Termination of Employment Costs

20. This budget covers the ongoing termination costs for ex-Shropshire Council school staff. This historic pension commitment will eventually to be reduced to nil, but over many years.
21. The DSG baselining exercise carried out of by the ESFA established a baseline cost for termination of employment costs of £994,920. The total cost of these ongoing pension commitments is significantly higher than £994,920 with the Council also making a sizeable contribution. £994,920 is the maximum contribution permitted from centrally retained DSG on the basis that this budget line cannot increase in value compared to previous years and this was the level of contribution set in 2017-18.
22. In the Schools Forum Paper dated 7<sup>th</sup> December 2017 dealing with specifically CSSB contributions levels in 2018-19, the recommended DSG level of £980,930

was approved on the basis that the total termination of employment costs fall marginally year on year.

23. As the total actual cost, fell by 0.82%, it is appropriate that both the Council and centrally retained DSG contribution falls by the same percentage. As set out in the table below it is proposed that the 2019-20 budget allocation for termination of employment costs is lowered from £980,930 as approved for 2018-19 to £972,920 in 2019/20.

Cost	2016-17 Council Outturn £	2017-18 Council Outturn	2017-18 Council Outturn % Change	2018-19 DSG Allocation	2018-19 DSG Contribution	2019-20 Proposed Allocation
Primary School Pension Compensation Payments	413,115	407,352	-1.39%	£ 994,920	£ 980,930	£ 972,920
Secondary School Pension Compensation Payments	1,428,884	1,421,034	-0.55%			
Special School Pension Compensation Payments	67,956	65,981	-2.91%			
<b>TOTAL</b>	<b>1,909,955</b>	<b>1,894,368</b>	<b>-0.82%</b>	<b>£ 994,920</b>	<b>£ 980,930</b>	<b>£ 972,920</b>

**Recommendation 2** - Maintained and academy school representatives agree to contribute £972,920 to fund a portion of these ongoing pension commitments, a reduction of £8,010 or 0.82% compared to 2018-19.

### Prudential Borrowing Costs

24. The prudential borrowing costs budget heading covers expenditure incurred in the repayment of loans.
25. Shropshire Council has ongoing annual revenue costs of £295,350 for funding prudential borrowing relating to the Monkmoor Campus Project approved in 2006-07.
26. The rationale behind the project was to expand Severndale School to ensure that all Shropshire special needs pupils can be considered for a place in Severndale before a more expensive out of county place is deemed necessary. The delivery of this project delivered revenue savings against costs funded within the High Needs Block of DSG where placements are funded at expensive out of county, independent special schools.
27. Due to available financing from other areas of the schools capital programme on a cash flow basis the borrowing was not applied until 2010-11, with the first borrowing costs in 2010-11 and will thus be incurred until 2035-36.
28. Shropshire Council was required to evidence these costs to the ESFA as part of the DSG baselining exercise. A capital budget report for 2006-07, which approved the prudential borrowing together with the capital project appraisal form was submitted to the ESFA and the figure of £295,350 was approved as part of the Shropshire's baseline.

**Recommendation 3** - Maintained and academy school representatives agree to continue to contribute £295,350 to fund the ongoing revenue costs of funding prudential borrowing for the Monkmoor Campus Project.

### **Ongoing Responsibilities Approval**

29. As outlined in Appendix A, funding for ongoing central functions previously retained from the School Block also require Schools Forum approval on a line-by-line basis. In contrast to the historic commitments discussed above, the ongoing central functions of school admissions, servicing of Schools Forum, copyright licensing and ongoing responsibilities formerly funded by retained duties ESG, are not subject to the limitation of no new commitments or increases in expenditure.

### **Schools Admissions**

30. Shropshire Council employs a School Admissions team to provide a comprehensive administrative service for the allocation of school places within statutory requirements through compliance with the School Admissions Code published by the Department for Education in 2014.
31. The Schools Admissions Team's core service includes:
- Exchange of application data with other local authorities
  - Production of the annual Parents' Guide
  - Input/import of application details
  - Submission of electronic transfer file to schools
  - Production of offer letters to parents on behalf of admission authority
  - Administration of review process/ offers refused
  - Maintenance of transfer group waiting list.
32. In addition, an extended chargeable service is offered to academies which provides support in meeting the legal responsibilities of an admission authority.
33. To discharge these statutory duties, local authorities are expected to retain some central DSG funding to fund the costs of the Schools Admissions Team. As shown in the table in paragraph 14 above, the 2018-19 budget allocation for the Schools Admissions team was £219,420. An increased budget allocation of £228,340 is required for 2019-20. This increase of £8,920 would be met from the overall increase in CSSB allocation of £21,917.

**Recommendation 4** - Maintained and academy school representatives agree to the increased charge of £228,340 for the provision of a School Admissions Team.

### **Servicing of Schools Forum**

34. The servicing of Schools Forum expenditure line covers all expenditure incurred in connection with the local authority's functions of running the Forum as defined under section 47A of the 1998 Education Act.

35. As shown in the table in paragraph 14, the 2018-19 budget allocation for the Servicing of Schools Forum was £10,000, and will be held at this level in 2019-20.

**Recommendation 5** - Maintained and academy school representatives agree to the budget of £10,000 for the servicing of Schools Forum.

### Copyright Licenses

36. As set out in the 2017-18 DSG Technical Note published by the Department for Education on 20 December 2016, the Department agreed with the following agencies to purchase a single national licence managed centrally for all state-funded schools in England:

- Copyright Licensing Agency (CLA)
- Education Recording Agency (ERA)
- Filmbank Distributors Ltd. (for the PVSL)
- Motion Picture Licensing Company (MPLC)
- Newspaper Licensing Authority (NLA)
- Schools Printed Music Licence (SPML)
- Christian Copyright Licensing International (CCLI)
- Mechanical Copyright Protection Society (MCPS);
- Performing Rights Society (PRS), and
- Phonographic Performance Limited (PPL).

37. This means that local authorities and schools do not have to negotiate individual licences. The Department for Education pays the cost, including VAT, to the agencies and provides this as a service to local authorities, at a charge. Local authorities can reclaim VAT on the charge. These arrangements cover academies as well as maintained schools and local authorities can hold this money centrally, rather than include it in school budgets.

38. As shown in the table in paragraph 14, the 2018-19 budget allocation for the annual copyright licensing invoice was set at £208,190. For 2019-20 it is anticipated that the annual charge will increase again due to inflation, so a proposed budget allocation for 2019-20 is £208,190 subject to a 3% inflationary increase based on the increase experienced in 2018-19. This results in an anticipated budget requirement of £214,440 for 2019-20.

Financial Year	2015-16 Actual Cost	2016-17 Actual Cost	2017-18 Actual Cost	2018-19 Actual Cost	2019-20 Budgeted Cost
<b>Value</b>	£ 194,445	£ 198,632	£ 202,106	£ 208,190	£ 214,440
<b>% Increase</b>		2.2%	1.7%	3.0%	3.0%

**Recommendation 6** - Maintained and academy school representatives agree to the increased charge of £214,440 for the annual copyright licensing fees.

## Ongoing Responsibilities that Local Authorities Hold for all Schools

39. The CSSB funds local authorities for the statutory duties they hold for both maintained schools and academies which was previously allocated through the retained duties element of the ESG.
40. Details of these retained ongoing duties are provided in Appendix B (Column 1).
41. £580,400 was included in Shropshire's CSSB 2018-19 allocation to cover these duties.
42. Schools Forum is required to agree to the central retention of retained duties ESG and to enable Schools Forum members to make a more informed decision to continue to approve funding, Appendix D details how the Council apportions this £587,307 to cover these ongoing retained duties. £587,307 is the value available within the ongoing responsibilities allocation of £1,039,927 once the items above have been allocated.
43. It is important to note that in some cases the total cost of providing the statutory functions listed would be greater than the illustrative budget allocation. In these cases the Council subsidises the additional costs above and beyond the £587,307 allocation.

**Recommendation 7** - Maintained and academy school representatives agree to continue to contribute £587,307 to ongoing responsibilities that the local authority provides for maintained schools and academies as per the detail of these costs outlined in Appendix D.

44. The final table below illustrates what the proposed CSSB budget allocations above would be if all recommendations are approved.



	<b>2018-19 Allocation</b>	<b>2018-19 Proposed Allocation</b>
<b>Historic Commitments</b>		
Contribution to combined budgets	£852,110	£852,110
Termination of employment costs	£994,920	£972,920
Prudential borrowing	£295,350	£295,350
<b>Sub Total Historic Commitments</b>	<b>£2,142,380</b>	<b>£2,120,380</b>
<b>Ongoing Responsibilities</b>		
Schools admissions	£219,420	£228,340
Servicing of Schools Forum	£10,000	£10,000
Other Items (Copyright Licensing Agency fee)	£208,190	£214,400
Former retained duties ESG	£580,400	£587,187
<b>Sub Total Ongoing Responsibilities</b>	<b>£1,018,100</b>	<b>£1,039,927</b>
<b>Total Central Spend</b>	<b>£3,160,390</b>	<b>£3,160,307</b>
<b>Provisional 2019-20 CSSB Allocation</b>		<b>£3,182,307</b>
<b>Unallocated 2019-20 CSSB Allocation</b>		<b>£22,000</b>

### High Needs Block Provision

45. Shropshire Council's provisional High Needs Block allocation was published in September 2018 and does not require Schools Forum approval although they should be consulted.
46. The High Needs Block budget setting process has commenced and the DSG monitoring paper to be brought to Schools Forum in January 2019 will report back to Schools Forum members with any budget pressures or reallocations of funding required as part of allocating the 2019-20 High Needs Block provisional allocation of £25.205 million.