

Schools Forum

Date: 30 November 2023

Time: 8:30 am

Venue: Virtual via Microsoft
(MS) Teams

Item	Paper
Public	D

CENTRAL SCHOOL SERVICES BLOCK 2024-25

Responsible Officer Stephen Waters
e-mail: Stephen.a.waters@shropshire.gov.uk Tel: (01743) 258952

Summary

1. In July 2023, the Education and Skills Funding Agency (ESFA) issued their technical note on the Central School Services Block (CSSB) and provisional CSSB allocations for 2024-25. Final allocations are updated for October 2023 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 2024-25, the ESFA intend to reduce the historic commitments funding by 20% compared to their 2019-20 baseline, meaning next year will be the fifth year of such reductions. This reduction is in line with ESFA's previously stated policy to withdraw this funding over time.
6. The CSSB technical note issued by the ESFA states that "historic commitments funding will be protected from dropping below the total value of ongoing prudential borrowing or termination of employment costs, based on evidence received by the department". The appropriate evidence has been submitted but no formal decision has been made as yet by the ESFA to confirm whether the funding will be protected.
7. For ongoing responsibilities, Schools Forum approval is required on a line-by-line basis and the budget can increase from year to year.
8. This report therefore presents a number of proposals on the retention of Dedicated Schools Grant (DSG) in 2024-25 to fund these statutory duties for which formal Schools Forum approval is required.



Recommendation

9. Schools Forum notes that the historic commitments value within Shropshire's CSSB funding allocation has been subjected to a 20% cut in funding by the ESFA in its 2024-25 provisional allocation. Consequently, the historic commitments element of Shropshire's 2024-25 CSSB allocation has been reduced by £210,336 to £841,344.
10. Schools Forum consider and approve the proposals presented in this report.

REPORT

Background

11. In 2018-19, Schools Block funding, for the first time, included the new Central School Services Block, determined by a separate national funding formula.
12. 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.
13. The CSSB funding is split into funding for historic commitments and funding for ongoing responsibilities.
14. CSSB historic commitments funding for each local authority is 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 are subject to a limitation of new commitments or increases in expenditure.
15. 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.
16. The CSSB national funding formula allocated funding to local authorities for ongoing responsibilities uses a pupil-led formula to establish a CSSB ongoing responsibilities rate per pupil. This is multiplied by the Schools Block pupil count from the latest census to arrive at each local authority's final allocation.

Shropshire's Central Schools Services Block Allocation 2023-24

17. In 2023-24, Shropshire Council's CSSB allocation totalled £2,378,385. The contributions levels or allocations for ongoing responsibilities plus the contributions for historic commitments were approved by Schools Forum on 1st December 2022 in "Paper D – Central School Service Blocks 2023-24" (based on a provisional allocation of £2,369,406).



	2023-24 Allocation
Historic Commitments	
Termination of employment costs	£756,330
Prudential borrowing	£295,350
Sub Total Historic Commitments	£1,051,680
Ongoing Responsibilities	
Schools admissions	£266,860
Servicing of Schools Forum	£10,000
Other items (Copyright Licensing Agency fee)	£264,530
Former retained duties ESG	£785,315
Sub Total Ongoing Responsibilities	£1,326,705
Total Central Spend	£2,378,385

Shropshire's Provisional Central Schools Services Block Allocation 2024-25

18. In July 2023, the Department for Education issued provisional 2024-25 allocations for the CSSB. The technical note published states that "in 2023- 2024, for those local authorities that receive it, historic commitments funding has been reduced by 20%".
19. For Shropshire Council this means that the £1,051,680 historic commitments 2023-24 value in the table above has been subject to a 20% cut equal to £210,366 in determining the 2024-25 provisional historic commitments allocation of £841,344.
20. The CSSB technical note issued by the ESFA states that "historic commitments funding will be protected from dropping below the total value of ongoing prudential borrowing or termination of employment costs, based on evidence received by the department". Officers have submitted evidence to the ESFA to show that the value of ongoing prudential borrowing and termination of employment costs is far greater than the level at which the historic commitments funding will be reduced to provisionally in 2024-25 but a formal decision is still awaited at the time of this paper being published.
21. The ongoing responsibilities value of £1,326,705 for 2023-24 has been run through the national funding formula to arrive at a provisional 2024-25 allocation for ongoing responsibilities of £1,385,167. This represents an increase of 4.4% on the ongoing responsibilities value. The provisional total CSSB allocation for 2024-25 is £2,226,511.



	2023-24 Allocation	Provisional Total 2024-25 CSSB NFF Funding	Provisional % Change to CSSB Funding in 2023-24
Historic commitments	£1,051,680	£841,344	20% reduction in line with ESFA's previously stated policy to withdraw this funding over time
Ongoing responsibilities	£1,326,705	£1,385,167	4.4%
Total Central Spend	£2,378,385	£2,226,511	-6.4%

Historic Commitments Approval

22. 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 the following paragraphs give more detail regarding what services are funded and any ongoing commitments.

Termination of Employment Costs

23. 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.

24. 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.

25. For 2023-24, the recommended DSG level of £582,169 was approved in the Schools Forum Paper dated 2nd December 2021. This was on the basis that the submission of evidence to the ESFA to protect this value was unsuccessful. Thankfully the evidence was approved and the figure was protected at £756,330.

26. For 2024-25, it is proposed that the £210,336 reduction in funding is set against this area in the event that the appeal to the ESFA to protect the value of ongoing prudential borrowing and termination of employment costs is not successful. In this instance it is



proposed to reduce the £756,330 level from 2023-24 by £210,336 to £545,994. If the appeal to the ESFA to protect value of ongoing prudential borrowing and termination of employment costs is successful the value of "Termination of employment costs" will remain at the same level of £756,330 in 2024-25.

Recommendation 2 - Maintained and academy school representatives agree to contribute £545,994 to fund a portion of these ongoing pension commitments in the event that the appeal to the ESFA to protect the value of ongoing prudential borrowing and termination of employment costs is not successful, a reduction of £210,336 compared to 2023-24.

Prudential Borrowing Costs

27. The prudential borrowing costs budget heading covers expenditure incurred in the repayment of loans.
28. Shropshire Council has ongoing annual revenue costs of £295,350 for funding prudential borrowing relating to the Monkmoor Campus Project approved in 2006-07.
29. 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.
30. 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.
31. 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.
32. As this is an ongoing cost commitment of £295,350 until 2035-36, it is not appropriate to target any of the £210,336 reduction in historic commitments DSG funding to this budget line.

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

33. 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, or any % reduction in funding. This portion of the CCSB funding allocation has increased by 4.4% compared to 2023-24.

Schools Admissions

34. 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.

35. 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.

36. In addition, an extended chargeable service is offered to academies which provides support in meeting the legal responsibilities of an admission authority.

37. To discharge these statutory duties, local authorities are expected to retain some central DSG funding to fund the costs of the Schools Admissions Team. The 2023-24 initial budget allocation for the Schools Admissions team was £271,600, however the budget was revised to £266,860 during the 2023-24 budget setting process once further detail was known. An increased budget allocation of £282,330 is required for 2023-24. This increase of £9,600 would be met from the overall increase in CSSB allocation.

Recommendation 4 - Maintained and academy school representatives agree to the increased charge of £282,330 for the provision of a School Admissions Team.

Servicing of Schools Forum

38. 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.



39. The 2023-24 budget allocation for the Servicing of Schools Forum was £10,000, and will be held at this level in 2024-25.

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

Copyright Licenses

40. 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).

41. 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.

42. The 2023-24 initial budget allocation for the annual copyright licensing invoice was set at £241,450, however the actual cost for 2023-24 has been confirmed as £264,530. The reason for the larger than typical increase of 13% in 2023-24 was the inclusion of an additional £20,860 Public Video Screening License (Variation) figure. For 2024-25 it is anticipated that the annual charge will increase again due to inflation, so a proposed budget allocation for 2024-25 is £276,700. This is based on a 4.6% inflationary increase applied to the 2023-24 value of £264,530 which mirrors the Consumer Price Index (CPI) % increase for October 2023.



Financial Year	2021-22 Actual Cost (£)	2022-23 Actual Cost (£)	2023-24 Actual Cost (£)	2024-25 Proposed Allocation (£)
Value	227,090	234,160	264,530	276,700
% Increase		3.1%	13.0%	4.6%

Recommendation 6 - Maintained and academy school representatives agree to the increased charge of £276,700 for the annual copyright licensing fees.

Ongoing Responsibilities that Local Authorities Hold for all Schools

43. 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.
44. Details of these retained ongoing duties are provided in Appendix B (Column 1).
45. £785,315 was included in Shropshire's CSSB 2023-24 allocation to cover these duties.
46. 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 C details how the Council apportions this £816,137 to cover these ongoing retained duties. £816,137 is the value available within the ongoing responsibilities allocation of £1,385,167 once the items above have been allocated.
47. 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 £816,137 allocation.

Recommendation 7 - Maintained and academy school representatives agree to continue to contribute £816,137 to ongoing responsibilities that the local authority provides for maintained schools and academies as per the detail of these costs outlined in Appendix C.

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



	2023-24 Allocation	2024-25 Proposed Allocation if appeal successful	2024-25 Proposed Allocation if appeal unsuccessful
Historic Commitments			
Termination of employment costs	£756,330	£756,330	£545,994
Prudential borrowing	£295,350	£295,350	£295,350
Sub Total Historic Commitments	£1,051,680	£1,051,680	£841,344
Ongoing Responsibilities			
Schools admissions	£266,860	£282,330	£282,330
Servicing of Schools Forum	£10,000	£10,000	£10,000
Other Items (Copyright Licensing Agency fee)	£264,530	£276,700	£276,700
Former retained duties ESG	£785,315	£816,137	£816,137
Sub Total Ongoing Responsibilities	£1,326,705	£1,385,167	£1,385,167
Total Allocation	£2,378,385	£2,436,847	£2,226,511

