

Report to: Schools Forum

Date: 20 September 2019

Title of report: Central School Services Block (CSSB) DSG 2020/21

By: Sarah Rice, Finance Manager

Purpose of report: To present and seek approval of proposals for the CSSB for 2020/21.

1. Background

- 1.1 As in 2019/20, the DSG for 2020/21 will be allocated by the DfE into four notional blocks (with each block calculated on a different basis): Schools, High Needs, Early Years and Central School Services Block (CSSB). Each block is subject to separate regulations as to eligible expenditure.
- 1.2 This paper specifically relates to the CSSB. This block includes funding that has been allocated to Local Authorities (LAs) to carry out functions on behalf of pupils in both maintained schools and academies. There are two distinct elements within this block:
- The “Ongoing responsibilities”. This element comprises:
 - funds previously separately specified by DfE and retained centrally (Admissions, Copyright licenses and Servicing Schools Forum); and
 - funds that were previously known as Retained Duties ESG which, up to 2017/18, the LA received and held separately for its on-going responsibilities to maintained schools and academies; and
 - The “historic commitments” which are what were previously known as “Combined Services”.
- 1.3 In recent years both council and school budgets have been subject to significant pressure and the LA has responded by reviewing service provision as part of the Core offer proposals. As part of this review Councillors’ considered the pressure on school’s budgets and identified actions to address this by reducing the pressure on DSG. These actions included identifying council resources and grants to replace the use of DSG in a number of services and delivering efficiencies. This has released additional one-off per pupil payments to schools over and above amounts received from the DfE to distribute directly to schools. In 2020/21 there will be a further release of £1.8m DSG.
- 1.4 A matter relating to the pay of term time only (TTO) paid staff has arisen during 2019, and affects all schools and academies (Schools Forum minutes 12/07/19). Detailed communication regarding this issue has been sent directly to all schools and academies. Modelling of these costs relating to back-pay indicates that this is in the region of £1.795m across all schools and academies. The unexpected financial burden of TTO back-pay could be managed, on behalf of all schools and academies, by using the £1.8m savings already identified in CSSB.
- 1.5 In addition to the TTO back-pay liability, there is also an associated pension liability. This has been very broadly estimated to be in the region of £2m across all schools and academies in the local authority. This additional financial burden could be managed by allocating any additional

funding, up to £2m (see section 5), that is received in the CSSB.

1.6 The proposal to allocate this funding to address the TTO back-pay and pension liabilities has been subject to separate discussion, scrutiny and approval by the Funding Formula Working Group. Please see the working group minutes, separate working group paper and recommendations for full details.

1.7 The initial spending proposals for 2020/21 are therefore for £1.94m for 'On-going Responsibilities' and £2.2m for 'Historic Commitments' which includes the £1.8m allocation to manage the TTO back-pay adjustments and subject to additional CSSB funding being available £2m to manage the schools and academies TTO pension liability.

2. 2020/21 On-going responsibilities

2.1 The table below shows the proposals for 2020/21 under the 'on-going responsibilities' element of the CSSB (in the 2 categories described in the first bullet point in paragraph 1.2). For the areas previously funded by Retained Duties ESG, the elements under the different DfE categories are itemised.

2.2 The proposals total £1.94m, for which the DfE have identified funding provision for LAs in the CSSB (outside of the Schools Block).

Table 1

CATEGORY	Responsibility	2019/20 DSG Allocations	2020/21 Proposed reductions	Proposed 2020/21 DSG Allocations
Specified by the DfE	Admissions	£486,500	-£6,200	£480,300
	CLA Licenses	£327,300	£0	£327,300
	Schools Forum	£28,500	-£5,000	£23,500
Stat and Reg Duties	Revenue budget preparation, preparation on income and expenditure relating to education, and external audit relating to education. Formulation and review of the LA Schools Funding Formula	£172,200	-£35,300	£136,900
Stat and Reg Duties	Leadership of Childrens services and support staff	£139,800	-£46,000	£93,800
Stat and Reg Duties	Planning for the Education Service as a whole	£164,100	-£54,000	£110,100
Stat and Reg Duties	Provision of information to or at the request of the Crown other than relating to specifically maintained schools	£75,000	-£25,000	£50,000
Stat and Reg Duties	SACRE	£10,000	£0	£10,000
Stat and Reg Duties	IA and CFO / S151	£38,500	-£10,000	£28,500
Stat and Reg Duties	Consultation Costs relating to non-staffing issues. Plans involving collaboration with other LA services or public or voluntary services	£77,600	-£45,000	£32,600
Asset Management	Management of LA's capital programme including preparation and review of an asset management plan, and negotiation and management of private finance transactions	£184,300	-£90,000	£94,300
Asset Management	General Landlord duties	£12,200	-£2,200	£10,000
Education Welfare	Functions in relation to the excluding of pupils from schools, excluding any provision of education to excluded pupils. Responsibilities regarding the employment of children	£391,500	-£298,900	£92,600
	School Attendance	£350,000	-£50,000	£300,000
Other Ongoing Duties	Places in independent schools for non - SEN pupils	£300,000	-£150,000	£150,000
	Total	£2,757,500	-£817,600	£1,939,900

Note: The figures do not represent the full cost of providing these services – the LA provides additional budgets for all these areas.

3. 2020/21 Historic Commitments

- 3.1 The below table (Table 2) shows the proposals for 2020/21 funding of the service areas via historic commitments.
- 3.2 As explained in paragraph 1.3, the LA has made additional contributions to these budgets, as well as delivering efficiencies, and has also replaced DSG with other grants, where possible in order to release DSG funding from these areas. The planned release of CSSB DSG for 2020/21 is £1.8m.
- 3.3 From a schools' perspective, the proposals therefore mean that, in line with previous years, while services may either no longer receive DSG funding or will receive a reduction in DSG funding, services in these areas can continue.
- 3.4 It is proposed that all the CSSB reductions planned for 2020/21 are allocated within Historic Commitments (as shown in the table below) to fund the back-pay commitments related to TTO staff pay adjustments.

Table 2

Historic Commitments	2019/20 DSG Allocations	2020/21 Proposed Reductions	Proposed 2020/21 DSG Allocations
Connexions Contract	£257,600	-£257,600	£0
Lansdowne	£242,000	£0	£242,000
YOT Education Support	£121,600	-£121,600	£0
Family Key Work	£239,900	-£239,900	£0
Virtual School	£180,000	£0	£180,000
Safeguarding	£50,000	-£50,000	£0
External Advisors	£56,300	-£56,300	£0
Key Stage 4	£43,700	-£43,700	
Single Point of Advice	£191,300	-£191,300	£0
	£1,382,400	-£960,400	£422,000
TTO Back Pay - Schools and Academies	£0	£1,778,000	£1,778,000
Total	£1,382,400	£817,600	£2,200,000

- 3.5 We are therefore proposing a total spend on historic commitments of £2.2m (which includes the £1.8m set aside for TTO back-pay).

4. Statutory duties for Maintained Schools

- 4.1 LAs are able to seek approval from maintained schools to retain some Schools Block DSG (from maintained schools only) to cover the statutory duties that are carried out for maintained schools that were previously funded through the General ESG.

- 4.2 ESCC, unlike other LAs, has not proposed this action despite seeing significant reductions in this ESG funding (Funding was £3.9m in 2015/16, reducing to £1.1m for 2017/18 and to nil for 2018/19).
- 4.3 Recognising ongoing pressure on school budgets, we are proposing to continue in this way for 2020/21, although there continues to be some risks to the LA with this approach.

5. Additional CSSB Funding

- 5.1 There is still some uncertainty regarding the actual DSG settlement East Sussex will receive from DfE for 2020/21. In relation to the Historic Commitment savings that have been made in recent years, East Sussex have expected a reduction in the amount of CSSB allocated from the DfE. However, in 2019/20 the allocation from DfE was not reduced and as a result the amount received above the expected funding was distributed directly to schools on top of the additional distribution that was already planned.
- 5.2 Due to some lack of clarity on total DSG funding we are at this point unsure if the CSSB will be reduced in 2020/21 to reflect the savings that have been made to date.
- 5.3 If the 2020/21 CSSB allocation from DfE remains at a higher than expected level, i.e. no reduction for the LA's savings, there would be up to £4m that is not currently built into funding proposals. If the additional funding is received, it could be allocated to support the pension liability costs relating to the schools and academies TTO pension adjustments.
- 5.4 While the back-pay element can be estimated with some degree of accuracy and the £1.8m identified in the table above is thought to be sufficient to meet this liability (with a level of contingency built in for currently unknown variables), the pension liability is much more complex to estimate and is subject to further negotiations. The current conservative estimate is in the region of a further £2m.
- 5.5 If additional CSSB funding is received as described in 1.5, 1.6 and 5.3, it is proposed that up to £2m would be retained to contribute to the pension liability associated with TTO back-pay. Any additional funds received in the CSSB above this level will be distributed directly to schools and academies.
- 5.6 Any CSSB retained for the purposes of managing TTO pay and pensions on behalf of all schools and academies, that in the final settlement are not required for this purpose, will be distributed directly to schools and academies.
- 5.7 In the event that this additional CSSB funding is not allocated to ESCC, further proposals to address this TTO pension liability would have to be explored.

6. Summary and Conclusion

- 6.1 This report lays out the proposals for £1.94m for 'on-going responsibilities' and £2.2m for 'Historic Commitments' of CSSB for 2020/21, to include 1.8m allocated to TTO back-pay and, were additional CSSB funds to be available, up to £2m will be allocated to the associated TTO pension adjustment liability. Schools Forum members are asked to approve these proposals.