

REPORT FOR SCHOOLS FORUM

1.	Date of meeting:	30th January 2025
2.	Title:	2025/26 Central Schools Services Block Funding
3.	Directorate:	Finance and Customer Services

PURPOSE OF THE REPORT

1. The purpose of this report is to outline the proposed central schools services block (CSSB) budgets for 2025-26 including the respective expenditure lines within the block funding.
2. DSG funding for 2025-26 is provided through 4 separate funding blocks, namely schools, early years, high needs and central schools services. This report deals with the distribution of DSG funding within the central schools services block.

RECOMMENDATION(S)

3. The required actions and approvals by the Schools Forum are
 - **Approve the proposed 2025/26 budget allocation as outlined in the table in paragraph 18.**
 - **Note the actions to address funding gap net funding gap identified in paragraph 24.**

BACKGROUND

4. As part of the implementation of the schools fairer funding, a central schools services block of DSG has been created to reflect the ongoing local authority role in education. This will ensure local authorities are appropriately resourced to continue to carry out their important role in supporting the provision of education to all pupils within their local area.
5. The central school services block (CSSB) includes retained functions / duties previously funded from elements of the defunct education services grant (ESG). These are duties which LAs undertake in respect of all schools / academies (e.g. asset management).
6. It should be noted that the central school services block excludes other DSG funding that are centrally retained and managed by the authority, namely:
 - Schools block: - growth funding and de-delegated budgets (for maintained schools);

- High Needs block: - budget held by the LA include SEN support services; Out of Authority SEN budgets; post schools funding; etc
- Early Years block: - 3&4 year old; 2 year old free entitlement funding; etc.

7. Consultation with the Schools Forum on the level of retention of the above funding by the Council will be determined through the various budget reports to the Forum.

CENTRAL SCHOOLS SERVICES FUNDING ALLOCATION 2025-26

8. Funding allocation for LAs central schools services responsibilities is determined through the CSSB national funding formula (NFF).

9. In 2024-25 LAs received additional funding through separate funding streams to support increased costs associated with centrally retained teachers, namely pay award and increased employer pension contribution rate to TPS.

- Core Schools Budget Grant (CSBG) £98k
- Teacher Pension Employer Contribution Grant (TPECG) £84k

10. These separate funding streams have been rolled into the baseline for ongoing responsibilities in 2025/26, CSBG increasing to £161k to include full year effect of pay award.

11. The table below compares the 2025/26 allocation for the central school services block to the current year (including additional in year funding).

	2024/25 £'000	2025/26 £'000	Change £'000
Ongoing responsibilities	1,586	1,794	208
Historic Commitments	0	0	0
CSBG & TPECG Additional Funding	182	0	-182
Total Central Services Funding	1,768	1,794	26

12. The CSSB NFF is designed to provide funding for 2 distinct elements, namely for ongoing responsibilities and historic commitments .

13. Funding for ongoing responsibilities is distributed using a simple formula based on a per-pupil factor (90%) and a deprivation factor (10%). The CSSB funding allocation for ongoing responsibilities has increased by £208k in 2025/26 due to

- the roll into the baseline of the CSBG & TPECG funding (+£245k)
- reduction in pupil numbers based on October 2024 Census (-£13k)
- reduced percentage rate for ongoing responsibilities (-1.33%) compared to 2024-25 (-£24k).

14. However, when comparing 2025/26 funding against 2024/25, the additional £208k funding within the CSSB is offset by removal of the separate funding streams (£182k) in 2024-25, resulting in an **overall Central Services funding increase of £26k in 2025-26.**
15. Funding for historic commitments is a fixed cash amount based on historic (baseline) spend by the LA. There are no remaining historic commitments and associated funding.
16. Funding changes are usually addressed through a review and realignment of funding / spend commitments across the CSSB. It is proposed that a similar approach is taken in 2025/26.
17. The expectation is that LAs consult with their schools forum on how to allocate their central services block funding in accordance with the published DfE operational guidance. The guidance sets out required approvals and restrictions on how LAs can allocate the funding.

BUDGET ALLOCATION 2025/26

18. The **ongoing responsibilities** of the Council that can be funded from the central school services block are outlined in regulations / issued guidance, including the respective approvals and spend limitations. The proposed respective budgets and the approval requirements for 2025/26 are outlined as follows

Budget Allocations 2025/26	2024/25 £'000	2025/26 £'000	Change £'000
Total Central Services Funding	1,768	1,794	26
Schools Forum approval <u>NOT</u> required for the following commitments			
National Copyright Licences	363	384	21
Centrally Employed Teachers Pay & Pensions	372	434	62
	735	818	83
Schools Forum <u>approval required</u> for the following commitments			
Admissions	207	207	0
Schools Forum Servicing	5	5	0
SACRE	6	6	0
School Improvement - Safeguarding	0	41	41
Retained Duties (Former ESG)	825	798	-27
	1,043	1,057	14
Total Commitment	1,778	1,875	97
Net Deficit	10	81	71

Annual allocations not subject to schools forum approval

19. The annual budgets for these ongoing responsibilities are not subject to Schools Forum approval, as they are pre-determined nationally by DfE. The proposed 2025-26 budgets in this category and detailed in the below:

- Copyright Licences (£384k): relating to all schools/academies are now managed nationally by the DfE on behalf of all local authorities. An adjustment is made annually to LAs funding allocation to recover the amount paid by the DfE. The amount for 2025-26 has not yet been confirmed by the DfE therefore a **£21k estimated increase** has been included based on the additional funding level provided by DfE for increased costs.
- Teachers Pay / Pension costs (£434k): relates to pension cost funding for centrally employed teachers' that was rolled into the ongoing responsibilities element of the CSSB in 2021/22 and additional grant in 2025/26 (CSBG & TPECG). The budget allocation has been **increased by £62k** to cover full year effect of the pay award in 2025/26.

Annual allocations subject to schools forum approval

20. This category of ongoing responsibilities requires Schools Forum approval on a line by line basis. These budget allocations **can be increased for new commitments or expenditure in 2025/26**.

21. It is proposed that the funding for existing 2024-25 commitments be maintained at the current level, with an **additional £41k commitment** for School Improvement (Safeguarding) proposed for 2025-26.

22. The ESG Retained Duties reflects responsibilities that were previously funded by the Education Services Grant (ESG) but have now been subsumed within the CSSB.. It should be noted that these **budgets cannot be increased and no new commitments can be entered into for 2025/26**. The breakdown of the ESG retained duties is outline below

Budget Allocations 2025/26	2024/25 £'000	2025/26 £'000	Change £'000
Education Welfare	73	73	0
Asset Management	71	71	0
Statutory/Regulatory Duties	661	634	-27
Total Retained Duties	825	798	-27

23. Issued guidance allows local authorities to continue to fund those statutory responsibilities or duties previously funded from the ESG. It is proposed that the costs of these services/responsibilities be are **reduced by £27k** to support mitigation of the identified funding gap.

REQUIRED ACTIONS TO ADDRESS FUNDING GAP

24. The proposed 2025/26 budget allocations have resulted in a £81k funding gap. It is proposed that this will be managed in 2025/26 by further assessing and reviewing current commitments. Options for consideration include the following

1. Review the costs associated with statutory/retained duties within the former ESG budget line. Work is ongoing within the council to review the methodology/basis of central establishment costs across the council.
2. Review how the teachers pay and pensions funding rolled into the CSSB baseline are allocated to services with centrally employed staff on teachers pay/pension conditions.
3. Assess the impact any changes in the copyright licence cost.

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