

10 February 2022**TITLE OF REPORT: Former Education Services Grant Transfer**

Purpose of the Report

1. The purpose of this report is to request Schools Forums approval to centrally retain the former retained duties element of the Education Services Grant (ESG), which was mainstreamed into the Dedicated Schools Grant (DSG) from April 2017.

Background

2. This report builds on Report 5 from January 2022 Schools Forum, and the original request to centrally retain the former ESG retained duties report is in appendix 1.
3. Below is a link to the Schools Operational Guidance 22-23.

[Schools operational guide: 2022 to 2023 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/schools-operational-guide-2022-to-2023)

4. Below is an extract which details the items that can be funded from the Central Services Schools Block (CSSB) and be centrally retained.

Annex 2 – central services that may be funded with agreement of schools forums

5. The split of services between responsibilities that local authorities hold for all schools, and those that relate to maintained schools only are shown below.
6. Responsibilities held by local authorities for all schools that are funded from the central school services block, with the agreement of schools forums.
7. Responsibilities held by local authorities for maintained schools are only funded from maintained schools budgets, with agreement of the maintained schools members of schools forums.
8. The department has included references to the relevant schedules in the [School and Early Years Finance \(England\) Regulations 2021](#).

Responsibilities held for all schools

9. Statutory and regulatory duties
 - Director of children's services and personal staff for director (Sch 2, 15a)
 - Planning for the education service as a whole (Sch 2, 15b)
 - Revenue budget preparation, preparation of information on income and expenditure relating to education, and external audit relating to education (Sch 2, 22)

- Authorisation and monitoring of expenditure not met from schools' budget shares (Sch 2, 15c)
- Formulation and review of local authority schools funding formula (Sch 2, 15d)
- Internal audit and other tasks related to the local authority's chief finance officer's responsibilities under Section 151 of LGA 1972 except duties specifically related to maintained schools (Sch 2, 15e)
- Consultation costs relating to non-staffing issues (Sch 2, 19)
- Plans involving collaboration with other local authority services or public or voluntary bodies (Sch 2, 15f)
- Standing Advisory Committees for Religious Education (SACREs) (Sch 2, 17)
- Provision of information to or at the request of the Crown other than relating specifically to maintained schools (Sch 2, 21)

Education welfare

- Functions in relation to the exclusion of pupils from schools, excluding any provision of education to excluded pupils (Sch 2, 20)
- School attendance (Sch 2, 16)
- Responsibilities regarding the employment of children (Sch 2, 18)

Asset management

10. Management of the LA's capital programme including preparation and review of an asset management plan, negotiation and management of private finance transactions (Sch 2, 14a)
 - General landlord duties for all buildings owned by the local authority, including those leased to academies (Sch 2, 14b)

Other ongoing duties

- Licences negotiated centrally by the Secretary of State for all publicly funded schools (Sch 2, 8); this does not require schools forum approval
- Admissions (Sch 2, 9)
- Places in independent schools for non-SEN pupils (Sch 2, 10)
- Remission of boarding fees at maintained schools and academies (Sch 2, 11)
- Servicing of schools forums (Sch 2, 12)
- Back-pay for equal pay claims (Sch 2, 13)
- Writing to parents of year 9 pupils about schools with an atypical age of admission, such as UTCs and studio schools, within a reasonable travelling distance (Sch 2, 23)

Historic commitments

- Capital expenditure funded from revenue (Sch 2, 1)
- Prudential borrowing costs (Sch 2, 2(a))
- Termination of employment costs (Sch 2, 2(b))
- Contribution to combined budgets (Sch 2, 2(c))

Responsibilities held for maintained schools only

11. Statutory and regulatory duties

- Functions of local authority related to best value and provision of advice to governing bodies in procuring goods and services (Sch 2, 59)
- Budgeting and accounting functions relating to maintained schools (Sch 2, 75)
- Authorisation and monitoring of expenditure in respect of schools which do not have delegated budgets, and related financial administration (Sch 2, 60) Monitoring of compliance with requirements in relation to the scheme for financing schools and the provision of community facilities by governing bodies (Sch 2, 61)
- Internal audit and other tasks related to the local authority's chief finance officer's responsibilities under Section 151 of LGA 1972 for maintained schools (Sch 2, 62)
- Functions made under Section 44 of the 2002 Act (Consistent Financial Reporting) (Sch 2, 63)
- Investigations of employees or potential employees, with or without remuneration to work at or for schools under the direct management of the headteacher or governing body (Sch 2, 64)
- Functions related to local government pensions and administration of teachers' pensions in relation to staff working at maintained schools under the direct management of the headteacher or governing body (Sch 2, 65)
- Retrospective membership of pension schemes where it would not be appropriate to expect a school to meet the cost (Sch 2, 78)
- HR duties, including advice to schools on the management of staff, pay alterations, conditions of service and composition or organisation of staff (Sch 2, 67), determination of conditions of service for non-teaching staff (Sch 2, 67); appointment or dismissal of employee functions (Sch 2, 67)
- Consultation costs relating to staffing (Sch 2, 69)
- Compliance with duties under Health and Safety at Work Act (Sch 2, 70)
- Provision of information to or at the request of the Crown relating to schools (Sch 2, 71)
- School companies (Sch 2, 72)
- Functions under the Equality Act 2010 (Sch 2, 73)
- Establish and maintaining computer systems, including data storage (Sch 2, 74)
- Appointment of governors and payment of governor expenses (Sch 2, 75)

Education welfare

- Inspection of attendance registers (Sch 2, 81)

Asset management

- General landlord duties for all maintained schools (Sch 2, 79a & b (section 542(2)) Education Act 1996; School Premises Regulations 2012) to ensure that school buildings have:
 - appropriate facilities for pupils and staff (including medical and accommodation)
 - the ability to sustain appropriate loads
 - reasonable weather resistance
 - safe escape routes
 - appropriate acoustic levels
 - lighting, heating and ventilation which meets the required standards
 - adequate water supplies and drainage
 - playing fields of the appropriate standards
- General health and safety duty as an employer for employees and others who may be affected (Health and Safety at Work etc. Act 1974)
- Management of the risk from asbestos in community school buildings (Control of Asbestos Regulations 2012)

Central support services

- Clothing grants (Sch 2, 55)
- Provision of tuition in music, or on other music-related activities (Sch 2, 56)
- Visual, creative and performing arts (Sch 2, 57)
- Outdoor education centres (but not centres mainly for the provision of organised games, swimming or athletics) (Sch 2, 58)

Premature retirement and redundancy

- Dismissal or premature retirement when costs cannot be charged to maintained schools (Sch 2, 78)

Monitoring national curriculum assessment

- Monitoring of National Curriculum assessments (Sch 2, 77)

Therapies

- This is now covered in the high needs section of the regulations and does not require schools forum approval

Additional note on central services

12. Services set out above will also include administrative costs and overheads relating to these services (regulation 1(4)) for:
 - expenditure related to functions imposed by or under chapter 4 of part 2 of the 1998 Act (financing of maintained schools), the administration of grants to the local authority (including preparation of applications) and, where it's the local authority's duty to do so, ensuring payments are made in respect of taxation, national insurance and superannuation contributions
 - expenditure on recruitment, training, continuing professional development, performance management and personnel management of staff who are funded by expenditure not met from schools' budget shares and who are paid for services
 - expenditure in relation to the investigation and resolution of complaints
 - expenditure on legal services
13. As a Local Authority Gateshead has chosen not to ask schools to de-delegate for the above maintained schools services, but many of them are offered to schools on a buyback basis.

Proposal

14. The DSG allocation received in December 2021 was based on 23,893 pupils and the retained duties element is calculated $£15 \times 23,893 = £358,395$.
15. The current regulations state that ESG retained duties funding (now included in the DSG) requires Schools Forum approval for the local authority to retain this funding centrally.

Recommendations

16. It is recommended that Schools Forum notes the information in this report and approves the central retention of funding allocated for retained duties.

For the following reasons:

To provide funding to enable the local authority to carry out their retained duties.

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Item 10

TITLE OF REPORT: Education Services Grant Transfer**Purpose of the Report**

The purpose of this report is to bring to Schools Forums attention the transfer of the retained duties element of the Education Services Grant (ESG) into the Dedicated Schools Grant (DSG) from April 2017, and to propose the central retention of this funding.

Background

The Spending Review and Autumn Statement 2015 stated: "Savings of around £600 million will be made on the ESG, including phasing out the additional funding schools receive through the ESG. The government will reduce the local authority role in running schools and remove a number of statutory duties. The government will consult on policy and funding proposals in 2016."

The ESG general funding rate for local authorities/ academies in the 2016/17 financial year is £77 per pupil in mainstream schools and £288.75 and £327.25 per place in pupil referral units and special schools respectively. This funding will cease from the end of August 2017.

The ESG retained duties funding rate for local authorities only is a flat rate of £15 per pupil in all state funded schools. The multipliers for pupils in special schools/special academies and pupil referral units (PRU)/alternative provision (AP) academies are not applied, because they are only relevant to school-level responsibilities. This funding will be included in the DSG from April 2017.

The broad duties covered by the retained duties funding relate to the following areas:-

- Schools Admissions - Local authorities have responsibility for determining admission arrangements for community and voluntary controlled schools and for co-ordinating admissions for all schools, including academies. These functions are consistent with the local authority role to ensure every child has a school place.
- Asset Management – Local authorities have responsibility in relation to the management of the authority's capital programme, preparation and review of an asset management plan, negotiation and management of private finance transactions and contracts (including academies which have converted since the contracts were signed), general landlord premises functions for all schools including academy leases, health and safety.
- Education Welfare - Local authorities currently receive ESG funding for education welfare services. This includes attendance services and prosecutions, tracking children missing education, and undertaking licensing

and registration responsibilities in respect of child employment and engagement in performances. Local authorities will continue to have a strong and important role in ensuring educational needs are catered for, and acting as champions for parents, families and vulnerable pupils.

- Statutory and Regulatory Duties - The ESG is currently intended to fund a wide range of statutory and regulatory duties, including:
 - financial planning and management for the whole of DSG;
 - equalities duties;
 - data collection for returns to the Department for Education;
 - the authority's role in the education strategy, including the employment of a Director of Children's Services; and
 - establishing a standing advisory council on religious education and preparing a locally agreed syllabus of religious education.

In addition to the retained duties above, local authorities will also have duties that are required to be performed for maintained schools only, funded via the general ESG rate which will no longer be funded from September 2017. Confirmation of the specific duties that will be removed, or how they can be funded is not known at the time of writing and is expected as part of the second stage consultation on the National Funding Formula.

The retained duties funding is calculated using the total headcount of pupils in state-funded primary and secondary schools. The numbers of full time equivalent (FTE) 3 and 4 year olds in nursery schools for each local authority are also included. Only pupils that are solely registered in a suitable institution or dual-registered with their main registration at such an institution in that local authority are counted. For special schools and academies, PRUs, AP academies and general hospital schools, the 2015 to 2016 places data are used.

The provisional DSG allocations received in July, and updated in November estimate that Gateshead Council will receive £414,255 for retained duties based on 27,617 pupils aged 3 to 19. It is anticipated that this figure will be updated for the October 2016 census.

The current regulations state that ESG retained duties funding, now included in the DSG, requires Schools Forum approval for the local authority to retain this funding centrally.

Proposal

That Schools Forum approves the central retention of the allocation for retained duties.

Recommendations

It is recommended that Schools Forum approves the central retention of funding allocated for retained duties.

For the following reasons:

To provide funding to enable the local authority carry out their retained duties.