

TITLE OF REPORT: Education Services Grant Transfer

Purpose of the Report

1. 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

2. 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."
3. 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.
4. 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.
5. 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.
6. 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.
 7. 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.
 8. 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.
 9. 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

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

Recommendations

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

For the following reasons:

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

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