

Report to the Schools Forum 25 November 2016

Central Expenditure from the Dedicated Schools Grant for Services to maintained schools only, previously funded by the Education Services Grant (ESG)

1 Description of ESG

1.1 ESG is split into two elements:

- Retained duties – allocated to LAs (LAs) at the rate of £15 per pupil, for all pupils, aged 3-19, whether in maintained schools or academies;
- General funding – allocated to LAs at the rate of £77 per pupil (higher rates for PRU and special school pupils), for pupils aged 3 -19 in maintained schools only.

1.2 The general funding element is reduced pro rata in-year if any schools convert to academy status, from the date of conversion. The initial allocation of ESG to T&W in 2016/17 was

- Retained duties ESG £410,193
- General funding ESG £1,621,910

1.3 The amount of ESG income budgeted by T&W for 2016/17 was £1.82m, a lower figure to allow for projected academy conversions (the general funding element of ESG is transferred to academies pro rata from the conversion date).

1.4 ESG is a non-ring fenced grant and therefore there is no obligation on the LA to spend the grant on the areas identified by the DfE as ESG funded duties. However, expenditure in 2016/17 is likely to be a similar sum to budgeted ESG income. Budgeted expenditure (breakdown shown in section 2 below) in 2016/17 was £1.7m, but as expenditure in 2015/16 on two areas was significantly above the 2016/17 budget (remissions £60K over budget, Shortwood pool £90K over budget) it is likely that total expenditure will be very similar to budgeted ESG income.

1.5 The retained duties element, relating to services provided to all schools including academies, has been added into the schools block for 2017/18. The DfE have said that the 'general funding' element of this grant, relating to services provided to maintained schools only, will be provided at a reduced rate from April 2017 to August 2017 and then removed entirely. The DfE have yet to disclose how much the reduced rate between April 2017 and August 2017 will be.

2 Arrangements to fund services in 2017/18 formerly funded by ESG

2.1 The Forum will have to approve any central retentions of ESG for the LA to fund services – even though these are mainly statutory services, i.e. the LA is legally required to provide them. The DfE state that “*If the LA and schools forum are unable to reach consensus on the level of the DSG to be retained by the LA, the matter will need to be referred to the secretary of state*” (Education Funding Agency Operational Guide (EFAOG) para. 86).

- 2.2 The approval mechanism will depend upon whether the services are deemed to be provided to all schools including academies or just maintained schools. We do not yet know precisely how this will work as “*The split of former ESG duties to be funded from the centrally retained schools block funding (for all pupils) and from the mechanism set out below (for maintained school pupils only) will be set out when we consult on the Schools and Early Years Finance Regulations later this year.*” (EFAOG, paragraph 84). This consultation has yet to take place.
- 2.3 For services that are deemed to be just for maintained schools “*The amount to be retained by the LA will need to be agreed by the maintained schools members of the schools forum*” (EFAOG para. 86).
- 2.4 It therefore would seem that a third mechanism is to be added to the existing delegation and central retentions. Until now, there has been:
- de-delegation, only applying to mainstream maintained schools and with separate votes for primary and secondary representatives;
 - central retentions, applying to all schools and decided by a whole Forum vote
- 2.5 It appears that added to this will be a central retention, but only from maintained schools, at “*a single rate for all mainstream maintained schools (both primary and secondary). They [LAs] may choose to establish differential rates for special schools and PRUs if the cost of fulfilling the duty is substantially different for these schools*” (EFAOG para. 87). It appears likely that this category of retentions will be subject to a vote by all maintained school representatives on the Schools Forum (i.e. unlike de-delegation decisions, not split by sector).
- 2.6 According to the EFAOG, some duties formerly funded by ESG will also be added to the existing list of areas that are subject to a whole Forum vote, presumably those that apply to all schools including academies (see separate paper covering centrally retained funds from all schools).
- 2.7 The rationale behind these different voting arrangements is that the retained duties element of ESG related to duties for all schools, whereas the general funding element of DSG related to duties just for maintained schools.
- 2.8 This paper covers those services provide to maintained schools only, providing some background details in preparation for the Forum being asked to approve specific sums, once the DfE has issued the necessary regulations.

3 Duties and Services Formerly Funded by ESG

- 3.1 The DfE’s document “*Clarification of LA statutory duties relating to services relevant to the Education Services Grant*” (July 2014) described the services funded by ESG and is attached as Appendix A to this paper. T&W’s budgeted expenditure against each area is as follows (overleaf):

Duty	2016/17 budgeted expenditure
School improvement	£400,115
Statutory & regulatory duties	£818,921
Education welfare service	£141,151
Central support services	£165,362
Asset management	£134,178
Premature retirement costs/redundancy costs (new provisions).	£10,000
Therapies & other health related services	£8,558
Monitoring national curriculum assessment	£18,361
Total	£1,696,646

3.2 With the exception of central support services, all these areas, in whole or in part, are statutory services, although the statutory element is reduced for academies in some of the areas.

3.3 The amount of T&W expenditure can be put into context by looking at other LAs using the data available on section 251 returns, here:

<https://www.gov.uk/guidance/section-251-2016-to-2017>.

3.4 A summary of this is as follows:

Net expenditure per pupil 2016/17 Section 251 Budgets lines 2.0.1 to 2.0.8

England overall	School improvement	Statutory/Regulatory duties - education	Education welfare service	Central support services	Asset management - education	Premature retirement cost/Redundancy costs (new provisions)	Therapies and other health related services	Monitoring national curriculum assessment	Total
Mean	£34	£58	£15	£8	£10	£4	£3	£1	£133
Median	£27	£37	£13	£3	£6	£0	£0	£0	£86
Maximum	£238	£742	£118	£104	£293	£56	£144	£24	
Minimum	-£3	-£13	£0	-£6	-£13	£0	£0	£0	
T&W	£20	£41	£7	£8	£7	£0	£0	£1	£84

3.5 T&W's budgeted expenditure is therefore well below the average amount and slightly below the median amount.

3.6 The budgeted amounts above are not explicitly split into expenditure relating to maintained schools and expenditure relating to all schools, either in the section 251 returns or in T&W's accounts, as no such split has been required until now. Therefore, whilst the ESG funding rate per pupil (i.e. for duties for maintained schools) is five times that for retained duties (i.e. for duties for all schools including academies) at £77 per pupil compared to £15 per pupil, this does not necessarily mean that the amount of expenditure reflects this comparative level of funding.

4 Descriptions of Each Area of Central Expenditure for maintained schools only, currently funded by ESG, to be funded by DSG in 2017/18

Expenditure described below is that relating uniquely to maintained schools. Services/duties that are delivered to both academies and maintained schools are covered in a separate paper.

4.1 School improvement

4.1.1 The LA must have regard to the Schools Causing Concern statutory guidance, and has the power to issue warning notices, require governing bodies to enter into arrangements, appoint additional members and provide for interim executive members.

4.1.2 The Regional School Commissioner (RSC) has the power to do these things as well, both for maintained schools and academies, as well as the power to define and judge what action to take for 'coasting schools', to close schools, issue academy orders etc.

4.2 Statutory & regulatory duties

Finance

4.2.2 The LA has a duty to monitor maintained school budgets and the ultimate power to suspend a school's delegated financial powers and must also monitor compliance with the requirements of the Scheme for Financing Schools and send relevant financial information to the Secretary of State.

Employment / performances protection

4.2.3 Enforce requirements and protections for children below compulsory school leaving age taking part in employment or performances.

Joint (with NHS) commissioning of therapy support for pupils

4.2.4 Jointly (with NHS) commission services to support disabled children and young people and those with SEN in all schools including academies who need therapy support.

Provision of information requested by the Secretary of State

4.2.5 Provision of information requested by the Secretary of State.

Core human resources functions

4.2.6 The HR team offer a traded consultancy service to schools. However, carrying out suitability checks for potential employees, general school workforce advice, appointment and termination of staff and payment of pension contributions are all statutory functions which do not form part of the traded service.

Health & safety functions

4.2.7 The LA is responsible for health & safety functions for maintained schools that cannot reasonably be delegated to school governing bodies.

Monitoring and reporting on school companies

4.2.8 The LA is the supervisory authority for any school companies set up by maintained schools.

Ensure Equality duty compliance

4.2.9 Ensure compliance with the Equality duty for maintained schools by publishing information to show its compliance and set specific measurable objectives.

Standing advisory council on religious education (SACRE)

4.2.10 Set up a standing advisory council on religious education and prepare an agreed syllabus of religious education for maintained schools.

4.3 **Education Welfare Service**

4.3.1 Duties are the same for academies and maintained schools and are therefore described in the paper covering central top slices applying to all schools

4.4 **Central Support Services**

4.4.1 Duties are the same for academies and maintained schools and are therefore described in the paper covering central top slices applying to all schools

4.5 **Asset management**

4.5.1 As the landlord for maintained schools, the LA must ensure that maintained schools have appropriate facilities for pupils and staff, are safe, weather resistant, have suitable escape routes, have appropriate acoustic levels, have appropriate heating, lighting and ventilation, have adequate water supplies and drainage and adequate playing fields. LAs also must manage the risk from asbestos and has a general health and safety duty for employees and others who may be effected.

4.6 **Redundancy costs**

4.6.1 The LA is responsible for redundancy costs for maintained schools unless there is a good reason not to fund them.

4.7 **Monitoring national curriculum assessments**

- 4.7.1 LAs have responsibilities to moderate KS1, 2 and 3 assessments in maintained schools but as KS2 and KS3 moderation is funded by specific grants, it is only KS1 moderation that is funded by ESG.

4.8 **General Comments**

- 4.8.1 Further details of each of these areas and the amount proposed by the LA to be retained from maintained school budgets will be provided once the DfE has issued its revised regulations for 2017/18.

- 4.8.2 ***Pending more information from the DfE, at this stage Forum is just asked to note that the above statutory duties for maintained schools will need to be funded from DSG and that at the January meeting of the Forum, there will be a vote on the amount to be retained from maintained schools DSG for these duties.***

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