

Report to the Schools Forum 3 October 2017

Funding Statutory Services for Schools (previously funded from the Education Services Grant) - 2018/19 Central Schools Services Block and De-delegation

1 Background

- 1.1 Many of the local authority's statutory functions for schools had been funded from the Education Services Grant (ESG) which has ceased in 2017/18. A few had been funded via central top slices agreed by the Schools Forum. The arrangements for 2018/19 bring together some of these funding streams together into the new Central Schools Services DSG block.
- 1.2 The tables below contain considerable duplication, but in order to see clearly the overall impact of the funding changes to DSG and ESG from both a local authority and school perspective, it is useful to separate the two sides. It is also useful to look at the last few years so that the cumulative impact of the changes and cuts is more apparent.
- 1.3 Firstly from an LA budgetary perspective:

Table 1: ESG and Schools Budget Funding of LA Services – LA Income

	£'000				
	2013/14	2014/15	2015/16	2016/17	2017/18
ESG	2,856	2,805	2,256	2,032	592
Central top-slice from all schools including academies for services formerly funded by ESG	0	0	0	0	510
Central top-slice for BSF (CERA)	342	342	342	100	0
Central top-slice for asset management (CERA)	252	252	252	252	0
Central top-slice for admissions	392	392	392	392	357
Central top-slice for safeguarding	25	25	25	25	25
Central top-slice for schools forum	17	17	17	17	17
Total central top slices from all schools including academies	1,028	1,028	1,028	786	909
De-delegation from maintained schools only for services formerly funded by ESG	0	0	0	0	350
De-delegation for behaviour support	67	52	53	0	0
De-delegation for Multi-Cultural Development Team	73	0	89	0	0
De-delegation for Free School Meal eligibility checks	23	17	20	16	24
Total de-delegation from maintained schools only	163	69	162	16	374
Total funding for LA services from ESG and school budgets	4,047	3,902	3,446	2,834	1,875

- 1.4 Thus from an LA perspective, funding for school services from DSG and ESG has more than halved over the 5 year period. Even if we discount the reduction in BSF support, coinciding with the ending of the project, funding has decreased by around £1.8m.
- 1.5 The picture from a schools budgetary perspective is as follows:

Table 2: Contributions from Schools Budgets to LA Services

	£'000				
	2013/14	2014/15	2015/16	2016/17	2017/18
Addition by DfE to school budget for element of ESG relating to services for all schools including academies	0	0	0	0	(410)
Central top-slice from all schools including academies for services formerly funded by ESG	0	0	0	0	510
De-delegation from maintained schools only for services formerly funded by ESG	0	0	0	0	350
Central top-slice for BSF (CERA)	342	342	342	100	0
Central top-slice for asset management (CERA)	252	252	252	252	0
Central top-slice for admissions	392	392	392	392	357
Central top-slice for safeguarding	25	25	25	25	25
Central top-slice for schools forum	17	17	17	17	17
De-delegation for behaviour support	67	52	53	0	0
De-delegation for Multi-Cultural Development Team	73	0	89	0	0
De-delegation for Free School Meal eligibility checks	23	17	20	16	24
Total	1,191	1,097	1,190	802	873

- 1.6 It is perhaps surprising to see that the overall net contribution to LA services from school budgets has significantly decreased since 2015/16. The substantial contribution in 2017/18 towards statutory services formerly funded by ESG was largely offset by a combination of part of the ESG grant being added to Schools Block DSG and the ending of CERA (both BSF and asset management).

2 2018/19 Funding of Statutory Services for Schools

- 2.1 We had assumed that the creation of Central Services DSG block meant that the funds within this block could be used for central services, without requiring Schools Forum votes to agree this. Otherwise there would seem little point in creating such a block, as the arrangements would replicate existing arrangements in 2017/18
- 2.2 However, the DfE's operational guidance states that line by line approval will be required in order for the Central Services Block to be used for central services.

- 2.3 This means that for 2018/19, as for 2017/18, there will be two Forum votes, the first by the whole Forum covering services funded from the Central School Services block, the second by maintained school Forum representatives only, covering statutory services for maintained schools only funded by de-delegation.
- 2.4 The Council is considering the sums that will be requested for 2018/19. For the de-delegation element, the requests will cover the entire financial year, rather than the 7 months in 2017/18 (this element of ESG continued at a reduced level until August 2017).
- 2.5 Central retentions for ESG duties will be calculated at an individual school level at an amount per pupil. We are proposing to generally replicate the DfE's previous scaling arrangements with regard to ESG for special schools (4.25) and PRUs (3.75), although we will consider whether there are any services for which this seems an unreasonable assumption.
- 2.6 With regard to the information provided to the Forum in order to decide how to vote, we intend to broadly follow the suggested evidence in paragraph 132 of the ESFA's operational guide for 2018/19, namely:
- planned total spending for 2018-19 on each of the headings set out in table 4 below
 - spending shown to at least the level of detail provided in the 2018-19 section 251 budget statement
 - comparable figures for previous years' spending, split where relevant between those relating to all schools and those for maintained schools only
 - consequences for the funding and delivery of each of the services provided if the request was not approved
 - the impact on individual school budgets and their overall financial position
 - the impact on the local authority if the amount was not held centrally
 - detail of the results of the equalities impact assessment carried out to assess the impact of the central retention of the funding on children or other people who have one or more of the protected characteristics under the Equality Act 2010
- 2.7 The operational guide also contains a summary of statutory responsibilities that local authorities hold for all schools and for maintained schools only, which is shown as Appendix A to this paper.

Tim Davis
Finance Team Leader
September 2017

Appendix A – Statutory Responsibilities for local Authorities previously funded by the Education Services Grant

(References are to the schedules in the current schools and early years finance (England) regulations 2017)

Central Services	
Responsibilities local authorities hold for all schools (funded by the central school services block with the agreement of schools forums)	Responsibilities local authorities hold for maintained schools (funded from maintained school budgets only with agreement of the maintained school members of the schools forum)
<p><u>Statutory and regulatory duties</u></p> <p>Director of children’s services and personal staff for director (Sch 2, 15a)</p> <p>Planning for the education service as a whole (Sch 2, 15b)</p> <p>Revenue budget preparation, preparation of information on income and expenditure relating to education, and external audit relating to education (Sch 2, 22)</p> <p>Authorisation and monitoring of expenditure not met from schools’ budget shares (Sch 2, 15c)</p> <p>Formulation and review of local authority schools funding formula (Sch 2, 15d)</p> <p>Internal audit and other tasks related to the authority’s chief finance officer’s responsibilities under Section 151 of LGA 1972 except duties specifically related to maintained schools (Sch 2, 15e)</p> <p>Consultation costs relating to non-staffing issues (Sch 2, 19)</p> <p>Plans involving collaboration with other LA services or public/voluntary bodies (Sch 2, 15f)</p> <p>Standing Advisory Committees for Religious Education (SACREs) (Sch 2, 17)</p>	<p><u>Statutory and regulatory duties</u></p> <p>Functions of LA related to best value and provision of advice to governing bodies in procuring goods and services (Sch 2, 56)</p> <p>Budgeting and accounting functions relating to maintained schools (Sch 2, 73)</p> <p>Functions relating to the financing of maintained schools (Sch 2, 58)</p> <p>Authorisation and monitoring of expenditure in respect of schools which do not have delegated budgets, and related financial administration (Sch 2, 57)</p> <p>Monitoring of compliance with requirements in relation to the scheme for financing schools and the provision of community facilities by governing bodies (Sch 2, 58)</p> <p>Internal audit and other tasks related to the authority’s chief finance officer’s responsibilities under Section 151 of LGA 1972 for maintained schools (Sch 2, 59)</p> <p>Functions made under Section 44 of the 2002 Act (Consistent Financial Reporting) (Sch 2, 60)</p> <p>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, 61)</p> <p>Functions related to local government pensions and administration of teachers’ pensions in relation to staff working at maintained schools</p>

Central Services	
Responsibilities local authorities hold for all schools (funded by the central school services block with the agreement of schools forums)	Responsibilities local authorities hold for maintained schools (funded from maintained school budgets only with agreement of the maintained school members of the schools forum)
Provision of information to or at the request of the Crown other than relating specifically to maintained schools (Sch 2, 21)	<p>under the direct management of the headteacher or governing body (Sch 2, 62)</p> <p>Retrospective membership of pension schemes where it would not be appropriate to expect a school to meet the cost (Sch 2, 75)</p> <p>HR duties, including: advice to schools on the management of staff, pay alterations, conditions of service and composition/organisation of staff (Sch 2, 63); determination of conditions of service for non-teaching staff (Sch 2, 64); appointment or dismissal of employee functions (Sch 2, 65)</p> <p>Consultation costs relating to staffing (Sch 2, 66)</p> <p>Compliance with duties under Health and Safety at Work Act (Sch 2, 67)</p> <p>Provision of information to or at the request of the Crown relating to schools (Sch 2, 68)</p> <p>School companies (Sch 2, 69)</p> <p>Functions under the Equality Act 2010 (Sch 2, 70)</p> <p>Establish and maintaining computer systems, including data storage (Sch 2, 71)</p> <p>Appointment of governors and payment of governor expenses (Sch 2, 72)</p>
<p><u>Education welfare</u></p> <p>Functions in relation to the exclusion of pupils from schools, excluding any provision of education to excluded pupils (Sch 2, 20)</p> <p>School attendance (Sch 2, 16)</p> <p>Responsibilities regarding the employment of children (Sch 2, 18)</p>	<p><u>Education welfare</u></p> <p>Inspection of attendance registers (Sch 2, 78)</p>

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Responsibilities local authorities hold for all schools (funded by the central school services block with the agreement of schools forums)	Responsibilities local authorities hold for maintained schools (funded from maintained school budgets only with agreement of the maintained school members of the schools forum)
<p><u>Asset management</u></p> <p>Management of the LA's capital programme including preparation and review of an asset management plan, and negotiation and management of private finance transactions (Sch 2, 14a)</p> <p>General landlord duties for all buildings owned by the local authority, including those leased to academies (Sch 2, 14b)</p>	<p><u>Asset management</u></p> <p>General landlord duties for all maintained schools (Sch 2, 76a & b (section 542(2)) Education Act 1996; School Premises Regulations 2012) to ensure that school buildings have:</p> <ul style="list-style-type: none"> • 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 <p>General health and safety duty as an employer for employees and others who may be affected (Health and Safety at Work etc Act 1974)</p> <p>Management of the risk from asbestos in community school buildings (Control of Asbestos Regulations 2012)</p>
<p><u>Central support services</u></p> <p>No functions</p>	<p><u>Central support services</u></p> <p>Clothing grants (Sch 2, 52)</p> <p>Provision of tuition in music, or on other music-related activities (Sch 2, 53)</p> <p>Visual, creative and performing arts (Sch 2, 54)</p> <p>Outdoor education centres (but not centres mainly for the provision of organised games, swimming or athletics) (Sch 2, 55)</p>

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Responsibilities local authorities hold for all schools (funded by the central school services block with the agreement of schools forums)	Responsibilities local authorities hold for maintained schools (funded from maintained school budgets only with agreement of the maintained school members of the schools forum)
<p><u>Premature retirement and redundancy</u></p> <p>No functions</p>	<p><u>Premature retirement and redundancy</u></p> <p>Dismissal or premature retirement when costs cannot be charged to maintained schools (Sch 2, 77)</p>
<p><u>Monitoring national curriculum assessment</u></p> <p>No functions</p>	<p><u>Monitoring national curriculum assessment</u></p> <p>Monitoring of National Curriculum assessments (Sch 2, 74)</p>
<p><u>Therapies</u></p> <p>No functions</p>	<p><u>Therapies</u></p> <p>This is now covered in the high needs section of the regulations and does not require schools forum approval</p>
<p><u>Other ongoing duties</u></p> <p>Licences negotiated centrally by the Secretary of State for all publicly funded schools (Sch 2, 8) – this does not require schools forum approval</p> <p>Admissions (Sch 2, 9)</p> <p>Places in independent schools for non-SEN pupils (Sch 2, 10)</p> <p>Remission of boarding fees at maintained schools and academies (Sch 2, 11)</p> <p>Servicing of schools forums (Sch 2, 12)</p> <p>Back-pay for equal pay claims (Sch 2, 13)</p> <p>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 (new addition to CSSB, to be included in 2018-19 regulations).¹</p>	

¹Funding for this duty was previously delivered to local authorities via a s.31 grant. Additional funding will be added to the CSSB baseline for this from 2018-19.

Central Services	
Responsibilities local authorities hold for all schools (funded by the central school services block with the agreement of schools forums)	Responsibilities local authorities hold for maintained schools (funded from maintained school budgets only with agreement of the maintained school members of the schools forum)
<u>Historic commitments</u> 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))	
<u>Additional note</u> Services set out in the table above will also include administrative costs and overheads relating to these services (regulation 1(4)) for:	
<ul style="list-style-type: none"> • 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 authority (including preparation of applications) and, where it's the 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 	