

## **Savings to the Education Services Grant for 2015 to 2016: consultation document**

### **1. Purpose of the Report**

The DFE has issued a consultation document to consider how education services can be provided more innovatively and efficiently. The purpose of this report is to consider the draft consultation response to the DFE

### **2. Recommendation**

The forum note the response

### **3. Background**

- 3.1** The Education Services Grant (ESG) is a per-pupil grant paid to both local authorities and academies. The DFE consultation looks at how education services can be provided more innovatively and efficiently. Within the current settlement figures the ESG will be reduced by 20% next year.
- 3.2** The current rate for ESG paid to local authorities is £113 per pupil for community schools and £424 and £481 per place in alternative provision and special schools respectively.
- 3.3** Academies receive the same basic rate per pupil but also receive transitional protection of £27 per pupil in the academic year 2014/15, bringing their rate up to £140 per pupil.
- 3.4** In addition to the basic ESG rate, local authorities received an additional £15 per pupil for all pupils attending a state-funded school (regardless of whether it is a maintained school or an academy). This is to enable local authorities to fulfil the statutory duties that do not transfer to academies.
- 3.5** The grant is un-ring fenced and does not necessarily relate to the spending in each Local Authority
- 3.6** The service covered by this grant are
  - Education welfare service
  - School improvement
  - Asset management - education
  - Statutory/ Regulatory duties - education
  - Central support services
  - Premature retirement cost/ Redundancy costs

➤ Monitoring national curriculum assessment

**3.7** Lewisham currently receives a grant of £4.8m

**3.8** The document draws on field research that the DFE has undertaken in a small number of authorities. It looks at how services can be delivered in different ways particularly through collaboration. It considers whether schools are better placed to commission and pay for some services. The main thrust of the paper is to challenge Local Authorities on why they cannot reduce spending to the median level or to the lowest quartile level of other local authorities. The financial information is drawn from Local Authorities' S251 statement and it is apparent that there is some significant variation in the survey completion. While this is less important for the calculation of the median it seriously undermines the lower quartile figures as potential targets for expenditure; in some places LAs appear able to deliver statutory activities at nil cost or with a surplus of income over cost.

**3.9** The full consultation document can be found on

<https://www.gov.uk/government/consultations/savings-to-the-education-services-grant-for-2015-to-2016>

**4.** The draft response is shown in Appendix A to this report

## **5 Conclusion**

The consultation paper is essentially a manifesto for LAs to charge schools for a range of activities that are considered LA responsibilities, as a way to reduce LA expenditure to the level of funding DFE have proposed to make available for ESG in 2015/16. The paper promotes shared services but for activities that are at the heart of being a LA shared service approaches may not be suitable.

In some LAs the expenditure on services intended to be funded by ESG is ring fenced to the amount of the grant. In Lewisham the ESG has been treated as part of the overall finances for the running of the LA and efficiencies and reductions sought as part of a whole Council approach. The approaches set out in the ESG consultation are part of those being employed by the futures board in its endeavour to identify the expenditure reduction of £95m of which the ESG reduction in 2015/16 is a part.

Dave Richards

Group Finance Manager – Children and Young People

Contact on 020 8314 9442 or by e-mail at [Dave.Richards@Lewisham.gov.uk](mailto:Dave.Richards@Lewisham.gov.uk)