

Schools Forum			
REPORT TITLE	Education Services Grant – Retained Duties		
KEY DECISION	Yes	Item No.	9
CLASS	Part 1	Date	8 December 2016

1. Purpose of the Report

The Department for Education confirmed their intention to remove the Education Services Grant (ESG) and to move some of the funding for statutory services to the Dedicated Schools Budget. This paper looks at this and level of budget needed to manage those statutory services.

2. Recommendation

That the Forum agree

- i) To retain centrally from the Dedicated Schools Grant an amount equivalent to £15 per pupil to fund the statutory services funded in the past from the Education Service Grant.
- ii) To review this over the coming year to ensure that the statutory services funded from the centrally retained element of the DSG provide value for money.
- iii) To note the position of the central fund of the Education Services Grant

3. Background

3.1 In 2016/17 the allocation of ESG for Lewisham is £3.5m. It is made up of two elements: a so called general fund which is referred to in this paper as the ESG Central Fund (to avoid confusion with Lewisham's own General Fund which is used to fund core services) of £2.9m and a retained duties element of £0.6m. The ESG central funding rate for local authorities in the 2016 to 2017 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. The retained duties funding rate for local authorities is a flat rate of £15 per pupil **in all state funded schools**, which includes academies. There is no differential funding for Special Schools and pupil referral units for the retained duties element of the ESG.

3.2 The total ESG grant is to cover the following services

- School improvement
- Statutory and regulatory duties
- Education welfare service
- Central support services
- Asset management
- Premature retirement costs/redundancy costs (new provisions)
- Therapies and other health-related services
- Monitoring national curriculum assessment.

More details of the services covered in these areas is provided in Appendix A of this report. These services will have both statutory and non-statutory functions

3.3 The Education Services Grant over the past few years has been as follows

Year	ESG Central Funding £	Retained Duties £	Total £	ESG Central Funding Pupil Numbers	Retained Duties Pupil Numbers
2016/17	2,959,414	610,500	3,569,914	35,713	40,700
2015/16	3,313,817	605,954	3,919,771	35,369	40,397
2014/15	4,201,107	591,258	4,792,365	34,502	39,417
2013/14	4,247,829	584,403	4,832,233	34,088	38,960

3.4 Central government created the Education Services Grant money by transferring it from the local government revenue funding in 2013-14

4. Education Support Grant Retained Duties

4.1 The funding previously allocated through the ESG retained duties rate (£15 per pupil) will be transferred into the schools block for 2017 to 2018. The DFE will allow local authorities to retain some of their schools block funding to cover the statutory duties that they carry out for maintained schools which were previously funded through the ESG. The amount to be retained by the local authority needs to be agreed by the maintained schools members of the schools forum.

- 4.2 Services funded from ESG retained duties fund are shown in Appendix A
- 4.3 These duties are more fully described in the DfE's document "Clarification of local authority statutory duties relating to services relevant to the Education Services Grant" published in July 2014, which attached in Appendix B.
- 4.4 It is recommended to the Forum that a reduction to the schools block is made in line with the extra funding added. This will £15 per pupil. In 2016/17 this would be £610k, but will be adjusted to the amount in the settlement for 2017/18.
- 4.5 Lewisham does not manage the budgets for these services in an isolated way rather statutory and non-statutory services tend to be managed as a whole rather than distinct elements of a service with employees often working both across statutory and non-statutory functions.

5. Education Services Grant – General Fund

Further details are awaited about the reduction in ESG Central Funds but it is expected to cease from the end of September 2017. The ESG in Lewisham is managed corporately rather than by the Children and Young People's Directorate. It will be a decision for the Corporate Council whether to continue funding for the non-statutory elements of these services. When more is known about this process officers will report to the Forum.

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