

<b>Schools Forum</b>			
<b>REPORT TITLE</b>	<b>Spending Review of Selected DSG Budgets</b>		
<b>KEY DECISION</b>	<b>Yes</b>	<b>Item No.</b>	<b>10</b>
<b>CLASS</b>	<b>Part 1</b>	<b>Date</b>	<b>5 October 2017</b>

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

As part of the budget setting process it was agreed that it was not possible to review all the budgets in the Dedicated School Grant in one meeting when the total Dedicated School Grant budget is set as it did not allow sufficient time to give proper consideration to the issues. Officers were asked to bring a rolling programme of reviews. This report reviews the services to be met out of the former Education Services Grant and Looked after Children Education budget.

Also, in order to meet Department for Education deadlines for 2017/18 school funding decisions, this report covers a Minimum Funding Guarantee variation application.

## **2. Recommendation**

The Forum

- Note the position on the Education Services Grant budget
- Agree to keep the budget for retained services previously funded from the former Education Services Grant at £600k in 2018/19
- Agree to keep the budget at the same level of £479k for Looked after Children Education in 2018/19 to meet the statutory functions of the Virtual School
- Agree that the minimum funding guarantee is applied to all through schools in such a way that primary and secondary pupils are protected at their appropriate rates

## **3. Education Services Grant (ESG)**

- 3.1 In 2016/17 the allocation of ESG for Lewisham was £3.5m. It was 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 was 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

### 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
2017/18	1,052,000	*	1,052,000	35,713	40,700
2016/17	2,959,414	610,500	3,569,914		
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

\*£0.6m added to the dedicated schools grants to replace this

### 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) was transferred into the schools block for 2017 to 2018. The DFE allowed 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 The Forum agreed last December to set aside the sum in the settlement to be the initial budget for the former ESG retained duties with the proviso to review this over to ensure that the statutory services funded from the centrally retained element of the DSG provide value for money.
- 4.4 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. Which makes a review more complex.
- 4.5 The summary table in 4.7 shows the position
- 4.6 The current costs shown are in excess of the budget set aside. The Schools Forum are not being asked to increase the budget but the Local Authority will manage the situation.

## 4.7

ref	Service		More detail description	£'000
1	Education Welfare	a	Functions in relation to the exclusion of pupils from schools, excluding any provision of education to excluded pupils (Sch 1, 10c)	359
		b	School attendance (Sch 1, 11)	
		c	Responsibilities regarding the employment of children (Sch 1, 29)	
2	Asset management	a	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 1, 10a)	100
		b	General landlord duties for all buildings owned by the local authority, including those leased to academies	
3	Statutory and Regulatory duties	a	Director of children's services and personal staff for director (Sch 1, 20a)	57
		b	Planning for the education service as a whole (Sch 1, 20b)	91
		c	Finance including: Revenue budget preparation, preparation of information on income and expenditure relating to education, and external audit relating to education, administration of grants, authorising and monitoring expenditure no met from schools' budget shares, formulation and review of local authority schools funding formula.	47
		d	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 1, 20i)	46
		e	Consultation costs relating to non-staffing issues (Sch 1, 20r)	3
		f	Plans involving collaboration with other LA services or public/voluntary bodies (Sch 1, 20v)	1
		g	Standing Advisory Committees for Religious Education (SACREs) (Sch 1, 24)	21
		h	Provision of information to or at the request of the Crown other than relating specifically to maintained schools (Sch 1, 20w)	5
TOTAL				730

## 5. Looked after education budget

5.1 The service budget is made of two amounts, £741k funded via the Pupil Premium grant. There are restrictions on how this money can be spent – it cannot be spent on the Council's core statutory functions and DFE have confirmed that it would not be in the spirit of the Pupil Premium Grant to pay Virtual School staff salaries although this can cover spend on individual pupil level interventions and support. Additionally there is an early year's pupil premium for CLA OF £9,000.

There is a further £479k from the Dedicated Schools Grant High Needs Block which funds the core business of the Lewisham Virtual School (LVS).

However, this is not an accurate reflection of budgetary need and does not properly reflect how the different budgets are allocated as we need to ensure we are operating within statutory guidelines which have been recently updated.

All of the allocated High Needs Budget has largely been on staffing and on-costs to fund the core business of the Virtual School

The data in Appendix B demonstrates LVS is achieving outstanding outcomes for children in our care. It is particularly encouraging to note that overall attendance is now almost on a par with the overall school population. Fixed term exclusions are at their lowest ever level and attainment is likely to be above the national average when figures are released in March.

This grant funds the statutory work of LVS. The majority of this is staffing, which ensure that every CLA has a dedicated education professional and that additional support is given to young people vulnerable to child sexual exploitation.

## **6. Minimum Funding Guarantee for All Through Schools**

- 6.1 The Minimum Funding Guarantee is a DfE mandated funding element that protects schools' funding at the per pupil level. In 2017/18 this meant that if a school's 2016/17 eligible funding equated to £5,000 per pupil, its 2017/18 per pupil funding could not be less than £4,925.
- 6.2 For former secondary schools that are still expanding into the primary phase, normal operation of the MFG would lead to new primary pupils being funded inappropriately at secondary funding levels. The DfE stipulates an adjustment to the operation of the MFG in such cases which protects the two age groups at the appropriate levels.
- 6.3 As the adjustment is a variation in the regulations, LA's need to apply to the DfE to use their adjustment and Forum's agreement to apply for the variation is sought.

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