

REPORT TO: Children, Young People and Families Policy & Performance Board
DATE: 1 September 2014
REPORTING OFFICER: Strategic Director, Children and Enterprise
PORTFOLIO: Children, Young People and Families
SUBJECT: Proposed cuts to Education Services Grant
WARD(S) Borough-wide

1.0 **PURPOSE OF THE REPORT**

1.1 The ESG is revenue funding provided by government to fund the statutory functions of education provision.

1.2 The June 2013 Spending round announced the DfE will be required to make £200m savings in 2015/16. In order to protect frontline spending for schools they consulted on the impact of a 25% reduction in ESG to LA's in 2015/16.

2.0 **RECOMMENDATION: That the report be noted.**

3.0 **SUPPORTING INFORMATION**

3.1 **Consultation – Savings to the Education Services Grant for 2015/16**

3.2 The ESG is revenue funding provided by government to the Local Authority (LA) to fund the statutory functions of education provision e.g. managing and distributing the schools formula, school improvement, asset management etc. It is paid to LA's and Academies on a per pupil basis. In 2014-15 the rate paid to LA's is £113 per pupil (£140 for academies) for primary and secondary pupils, £437 for Alternative Provision and £495 for Special Schools.

3.3 The differential rates between LA's and Academies is to be phased out over time with both receiving the same per pupil amount in the longer term. From 2015/16 academies will continue to receive funding protection which will gradually be reduced. In addition the LA received £15 per pupil based on total pupils in the Borough (including academies) to recognise some statutory functions remain with the LA. The overall 2014/15 ESG allocation for the Council was £2.02m.

- 3.4 The June 2013 Spending Round announced the DfE will be required to make £200m savings in 2015/16. Whilst recognising this will be challenging, they are keen to protect frontline spending for schools; hence they examined a potential 25% cut in ESG to LA in 2015/16.
- 3.5 The Consultation Document outlined there are different levels of spend in LA's on statutory functions and has undertaken in-depth studies at 18 LA's and 13 academies to establish how the ESG spend is prioritised to assist LA's in managing a reduction in the Grant. They sought views on the impact this reductions will make.
- 3.6 Comparative Spend Details document provided details of median spend nationally for each LA function to enable comparison of spend together with case studies of how low spend LA's operate or have reduced spend in some areas. This is provided to assist LA's in managing the reduced funding.
- 3.7 The Case Studies seem to have some generic themes which are working in collaboration, charging schools for services above bare statutory minimum or ceasing some services altogether.
- 3.8 The consultation provided case studies for LA's to consider options for reduction of spend which are mainly around reducing intervention and support to schools, charging school for non-statutory functions and collaboration with other LA's.
- 3.9 **Government Response to the Consultation – Funding Implications**
- 3.10 Recently the government announced the outcome of the consultation confirming they will reduce ESG by £200m in 2015-16. This will mean the general funding rate will fall from £113 per pupil to £87 per pupil, a cut of 23%. The £15 for retained duties which goes to councils for all pupils irrespective of what type of school is unchanged.
- 3.11 As a result of the above it would equate to a reduction of around £0.5m in ESG in 2015/16 for the Council. In addition any further conversions of schools to academies would increase this reduction. Every loss in 1,000 pupils (an average secondary school) equates to a loss of funding of around £113k.
- 3.12 This represents a significant loss of funding to the LA and, whilst schools are not directly affected, there would be an impact on the level of support the LA could provide to schools. The LA is currently reviewing the effect any reduction would have on the ability to undertake its statutory role effectively.

4.0 **POLICY IMPLICATIONS**

4.1 None

5.0 **OTHER FINANCIAL IMPLICATIONS**

5.1 None

6.0 **IMPLICATIONS FOR THE COUNCIL'S PRIORITIES**

6.1 **Children & Young People in Halton**

Not applicable

6.2 **Employment, Learning & Skills in Halton**

Not applicable

6.3 **A Healthy Halton**

Not applicable

6.4 **A Safer Halton**

Not applicable

6.5 **Halton's Urban Renewal**

Not applicable

7.0 **RISK ANALYSIS**

The risk is services to schools will be affected by the reduction in grant. However, work will be undertaken to either find ways of reducing costs or find budget savings elsewhere within the C&E Directorate to offset the cut in grant.

8.0 **EQUALITY AND DIVERSITY ISSUES**

None

9.0 **LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972**

Document	Place of Inspection	Contact Officer

DfE 'Savings to the Education Services Grant 2015-16 Consultation'	Kingsway House	Naheem Shafiq
DfE 'The Education Services Grant – Statement of final arrangements for 2015 to 2016'	Kingsway House	Naheem Shafiq