

REPORT TO: Schools Forum

DATE: 23 January 2017

REPORTING OFFICER: Senior Finance Officer, Financial Management Division

SUBJECT: Schools Block Funding 2017-18 – former Education Services Grant

1.0 **PURPOSE OF REPORT**

1.1 To report to the School Forum on the transfer of the Education Services Grant duties and costs to Dedicated Schools Grant.

2.0 **RECOMMENDATION: That**

- (1) **The report be noted.**
- (2) **Agree that services previously funded by the Retained duties ESG are funded by DSG from April 2017**
- (3) **Agree that services previously funded by the General duties ESG are funded by DSG by way of de-delegation from maintained schools less transitional funding.**

3.0 **SUPPORTING INFORMATION**

In the 2015 Spending Review the DfE announced a saving of £600 million by removing the ESG general funding element from 2017-18. It was recognised that local authorities will need to use other sources of funding to pay for education services once the general funding element has been removed. Regulations are therefore being amended to allow local authorities to retain some of their schools block DSG to cover the statutory duties that they carry out for maintained schools.

Up until April 2017 the Education Services Grant (ESG) was made up of two elements that funded two different groups of services:

- Retained duties element paid to LAs to fund services they provide to all schools, including academies
- General duties element paid to both LAs and academies, to fund services LAs provide to maintained schools which academies must procure for themselves.

In 2016-17 Halton received a total of £1,412,652 of ESG funding made up of £289,950 Retained Duties and £1,117,033 General Duties.

From April 2017 the general duties element is ending and funding previously allocated through the retained duties element (£15.00 per pupil) will be transferred to the Schools Block DSG. As mentioned

in the Indicative Grant report, £288,514 has been added to the Schools Block DSG for the former ESG Retained Duties element.

We have also been notified of an allocation of £400,491 of transitional funding for the former ESG General element. That leaves a funding gap of £723,647.

Therefore, we need to reach agreement on the funding of the two areas of provision. Due to the late release of the funding allocations, final budget figures have not been reached and will be tabled at the meeting. However, below are the responsibilities set out by the DfE which we are proposing to be funded by DSG.

Retained Duties element (£0.29M)

- Director of Children's services (proportion)
- Planning for the education service as a whole (proportion)
- Financial Management (proportion)
- Standing Advisory Committees for Religious Education (proportion)
- Recharges relating to the above in proportion to the amount transferred to DSG

Agreement to the above required from Schools Forum

General Duties element (£1.1M):

- Financial Management (proportion)
- Internal Audit (proportion)
- Investigation and resolution of complaints relating to maintained schools
- Education Welfare (proportion)
- Health and Safety (general duty as an employer)
- Dismissal costs and Premature retirement costs when costs cannot be charged to maintained schools
- Recharges relating to the above in proportion to the amount transferred to DSG

Agreement to the above required from maintained school members of Schools Forum only.

The above responsibilities are only a proportion of those set out by the DfE in the Schools revenue funding 2017 to 2018 operational guide, but are sufficient in terms of cost to meet the 2016-17 level of ESG funding.

4.0 **POLICY IMPLICATIONS**

4.1 None

5.0 **OTHER IMPLICATIONS**

5.1 None