

Subject Heading:	Education Services Grant 2017-18
Report Author:	David Allen – Strategic Finance Manager
Eligibility to vote:	Recommendation (i) all members Recommendation (ii) LA maintained school members

SUMMARY

This report summarises the changes to the Education Services Grant (ESG) in financial year 2017-18 with part of the grant included for the first time in the DSG Schools Block.

RECOMMENDATIONS

That the Schools Funding Forum:

- (i) agrees that the £588,000 ESG that is within the DSG Schools Block is allocated to meet LA statutory costs
- (ii) considers the de-delegation of funding from maintained schools to support central costs relating to maintained schools

REPORT DETAIL

Background

The Education Services Grant (ESG) was introduced by the DFE in 2013-14. The largest element of the grant is allocated on a per pupil basis according to the number of pupils for which a local authority or academy is responsible. The ESG general funding rate has been reduced over the years from £116.46 per pupil in 2013-14 to £77 per pupil in 2016-17. Service level savings have been made to meet reductions in the general rate of the grant in

previous years. An additional £15 per pupil for retained duties is allocated to LAs regardless of whether the pupils are on the roll of a maintained school or an academy.

In the Government Spending Review and Autumn Statement of 2015 a phasing out of the ESG was announced to save £600 million. The general rate of £77 per pupil ceases from September 2017 and there is to be a reduced transitional rate of £66 per pupil for the period April to August 2017. The retained duties rate of £15 per pupil continues but is moved into the Schools Block of the DSG.

Transitional Grant

For 2017-18 only, local authorities are allocated a transitional general rate of £66 per pupil in maintained schools for the period April to August 2017. The initial allocation based on the number of maintained school in Havering in November 2016 is £606,055. The first 50% instalment to be released on 30th April 2017 will take into account any schools that have become academies up to and including 1st April. The second 50% instalment will take into account any schools that have become academies up to and including 1st August. With consultation on academy conversion already published for some schools, the final transitional grant received by the LA will be less than the £606k.

Grant position 2016-17

Havering's initial grant allocation for 2016-17 was £2,336,243 which has been used to fund LA statutory services. By the end of the financial year this will have reduced to take into account academy conversions during the year.

Grant position 2017-18

As stated above the £15 per pupil for retained duties will continue although it will be added to the Schools Block of the DSG. The DSG will therefore be £588k more than in previous years. Approval is sought from the Schools Funding Forum for that funding to be allocated to the LA to meet central costs.

Should this be approved there is still a shortfall against the £2.3m allocated in 2016-17 to meet central costs.

Within Learning and Achievement savings of £590k have been identified in 2017-18 to reduce this shortfall. This reduction in service cost will also reduce overheads charged to the service for corporate functions such as finance, ICT, HR and legal.

<u>Summary</u>	£m	£m
2016-17 ESG		2.33
Retained duties (if approved)	0.59	
Transitional funding (maximum)	0.60	
Total		1.19
ESG Shortfall		1.14
Less L&A savings	0.59	
Less Corporate contribution	0.46	
Revised shortfall		0.34

Central Services funded from ESG

The central services that are funded from ESG are set out in Appendix A and show separately those that relate to all schools and academies and those for maintained schools only.

School Improvement Grant

It should be noted that School Improvement is not included in the list of services. This is because there is a separate Schools Improvement Grant.

A new £50m School Improvement Fund is to be introduced from September 2017 to support local authorities with their maintained schools. A further £140m Strategic School Improvement Fund is also to be introduced for academies and maintained schools. The distribution mechanism for these is as yet unclear

Contribution to central services

The revised funding arrangements for 2017-18 introduce options for local authorities in recovering the funding to meet the costs of statutory services. These are:

- (i) To seek the approval of the Schools Funding Forum to allocate the retained duties element of the ESG that has been added to the Schools Block.
- (ii) To seek the approval of the LA maintained schools representatives of the Schools Funding Forum to de-delegate funding from the budgets of maintained schools to meet the cost of central services previously funded by the Education Services Grant.