

REPORT OF THE DIRECTOR OF CHILDREN'S SERVICES

EDUCATION SERVICES GRANT (ESG)

1.0 EXECUTIVE SUMMARY

1.1 The purpose of this report is to inform Forum on how the schools budget contribution to the former Education Services Grant is spent, and to advise of likely future requirements.

2.0 BACKGROUND

2.1 The Education Services Grant (ESG) has been provided by Department for Education (DfE) since 2013. It was not part of DSG, nor was it a ring fenced grant. It has been used by the Council as a general contribution to support functions to schools, including a variety of services such as asset management and education welfare.

2.2 Up to and including 2016/17 ESG has been split into 2 areas:

- Retained duties with a rate of £15 per pupil, paid to local authorities to fund services to maintained schools and academies.
- General duties rate of £66 per pupil, paid to local authorities and academies for support services (where academies would need to provide those services themselves).

2.3 In the 2015 spending review, DfE confirmed that from 2017/18 ESG will change. The retained duty rate has been transferred into DSG, the amount transferred into Wirral's DSG in 2017/18 being £703k. Meanwhile the general rate has been removed as part of a £600m saving within the DfE. DfE have provided one-off transitional funding covering the period April to August 2017 to help with the changes, Wirral's allocation confirmed in August 2017 is £919k (although £185k of this will support School Improvement).

2.4 The table below compares the ESG grant received in 2016/17 with 2017/18 and highlights the loss in funding:

	2016/17	2017/18	Difference
	£	£	£
Retained duties (transferred to DSG in 17/18)	728,130	702,531	(25,599)
General funding rate (transitional April - August in 17/18):			
Mainstream schools	2,343,525	796,722	(1,546,803)
Special schools	341,322	121,906	(219,416)
Total	3,412,977	1,621,159	(1,791,818)

3.0 ESG IN 2017/18

3.1 With the reduction / removal of this funding, guidance from the EFA acknowledged that "we recognise the LA's will need to use other sources of funding for Education Services once the General Funding Rate has been removed". This can include

funding from maintained schools with the agreement of Schools Forum, and at January Forum it was agreed that £1,021,600 would be retained centrally to contribute to the running costs of the services:

	De-delegated £
Retained duties (DSG)	730,000
General duties (7/12ths)	<u>291,600</u>
	1,021,600
Transitional funding	<u>733,340</u>
Total funding for ESG services	<u>1,754,940</u>

- 3.2 The table below shows the estimated costs of services funded by the former ESG grant based on the 2017-18 Section 251 Budget return:

	Total £
Education Welfare	377,400
Asset Management	155,200
Statutory and Regulatory duties	1,029,500
Premature retirement and redundancy	128,300
Monitoring national curriculum assessment	<u>64,540</u>
Total	<u>1,754,940</u>

4.0 ESG SERVICES

- 4.1 A full list of former ESG services is shown in Appendix 1. This is extracted from the “Schools Revenue Funding 2017-18 Operational Guide” issued by the ESFA. The table sets out which services can be provided by retaining funding from all schools (retained rate) and those which can be charged to maintained schools only.
- 4.2 Services come under the headings Statutory and Regulatory Duties, Education Welfare, Asset Management, Central Support Services, Premature Retirement and Redundancy, and Monitoring National Curriculum Assessment.
- 4.3 Costs for services under the Statutory and Regulatory Duties heading include salary costs (or partial salary costs) for various officers including the Director of Children’s Services and assistants, the Senior Manager for Financial Management, Principal Officer School Admissions Place and Planning, Principal Accountant for Schools, and Principal Officer LMS and Finance.
- 4.4 The Senior Manager for Financial Management has overarching responsibility for education finances, including planning for strategic decisions on school funding, overseeing the revenue budget preparation, preparation of information on income and expenditure relating to education, formulation of schools funding formula and external audit relating to education.
- 4.5 Principal Officer School Admissions Place and Planning is involved in the planning for the education service as a whole, including primary and secondary school place applications, admissions timetables, and appeals.
- 4.6 The role of the Principal Accountant for Schools includes the accounting, budgeting, financial monitoring, and financial support for the Schools budget, and the preparation of income and expenditure relating to education for incorporation into the authority’s annual statement of accounts. This role also includes the

compilation and submission of grant claims and statistical returns in accordance with due dates to required standards, as well as preparing responses to Government consultation papers.

- 4.7 The Principal Officer LMS and Finance is responsible for budgeting and accounting functions relating to maintained schools, in addition to the monitoring of compliance with requirements in relation to the scheme for financing schools, as well as other LMS functions that fall outside of its SLA.
- 4.8 Other statutory and regulatory services include HR costs that fall outside of the HR SLA such as pay alterations, whole school pay policy and conditions of service; IT costs of establishing and maintaining computer systems and data storage, and Internal Audit costs, which in 2017/18 include 770 hours allocated to audits of specific schools during the year.

5.0 ESG IN 2018/19

- 5.1 As the transitional funding received in 2017/18 (described in paragraph 2.3) related to the period April to August, the total amount dedelegated for ESG in 2017-18 was based on just 7/12ths of the total requirement. On this basis in 2018-19 the full year effect of de-delegation would increase to £500,000
- 5.2 However there will no longer be any transitional support from DfE resulting in a shortfall between the estimated cost of services and the contribution from the schools budget. Based on the 2017-18 Section 251 Budget return and DSG allocations published in July 2017 this is as follows:

	Total £
Cost of former ESG services (see para 3.2)	1,754,900
Required contribution:	
Retained duties (DSG)	702,500
General duties	500,000
Total	1,202,500
 Shortfall	 552,400

The Council will need to consider this shortfall, and may need to take decisions with regards to its budget setting process for 2018/19.

6.0 CONCLUSION

- 6.1 There will be a shortfall in funding of former ESG services from 2018-19, due to the withdrawal of DfE transitional funding.

7.0 RECOMMENDATION

- 7.1 That the Schools Forum working group considers this information in more detail before decisions are taken in respect of 2018-19 funding

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Interim Director of Children's Services

Appendix 1 – Duties Formerly Funded by Education Services Grant

ESG Duties	
Responsibilities local authorities hold for all schools (funding may be retained centrally from all schools with agreement of schools forum)	Responsibilities local authorities hold for maintained schools (funding may be retained centrally from <u>maintained schools only</u> with agreement of schools forum)
<p><u>Statutory and Regulatory duties</u></p> <p>Director of children's services and personal staff for director (Sch 1, 20a)</p> <p>Planning for the education service as a whole (Sch 1, 20b)</p> <p>Revenue budget preparation, preparation of information on income and expenditure relating to education, and external audit relating to education (Sch 1, 20d)</p> <p>Administration of grants (Sch 1, 20e)</p> <p>Authorisation and monitoring of expenditure not met from schools' budget shares (Sch 1, 20fi)</p> <p>Formulation and review of local authority schools funding formula (Sch 1, 20g)</p> <p>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)</p> <p>Consultation costs relating to non-staffing issues (Sch 1, 20r)</p> <p>Plans involving collaboration with other LA services or public/voluntary bodies (Sch 1, 20v)</p> <p>Standing Advisory Committees for Religious Education (SACREs) (Sch 1, 24)</p> <p>Provision of information to or at the request of the Crown other than relating specifically to maintained schools (Sch 1, 20w)</p>	<p><u>Statutory and Regulatory duties</u></p> <p>Functions of LA related to best value and provision of advice to governing bodies in procuring goods and services (Sch 1, 20c)</p> <p>Budgeting and accounting functions relating to maintained schools (Sch 1, 20d)</p> <p>Authorisation and monitoring of expenditure in respect of schools which do not have delegated budgets, and related financial administration (Sch 1, 20fii)</p> <p>Functions relating to the financing of maintained schools (Sch 1, 20e)</p> <p>Functions made under Section 44 of the 2002 Act (Consistent Financial Reporting) (Sch 1, 20j)</p> <p>Compliance with duties under Health and Safety at Work Act (Sch 1, 20s)</p> <p>Internal audit and other tasks related to the authority's chief finance officer's responsibilities under Section 151 of LGA 1972 for maintained schools (Sch 1, 20i)</p> <p>Consultation costs relating to staffing (Sch 1, 20r)</p> <p>Investigation and resolution of complaints relating to maintained schools (Sch 1, 20t)</p> <p>Establish and maintaining computer systems, including data storage (Sch 1, 22)</p> <p>Appointment of governors and payment of governor expenses (Sch 1, 26)</p> <p>Monitoring of compliance with requirements in relation to the scheme for financing schools and the provision of community facilities by governing bodies (Sch 1, 20h)</p> <p>Investigations of employees or potential employees, with or without remuneration to work at or for schools under the direct management of the headteacher or governing body (Sch 1, 20L)</p>

ESG Duties	
Responsibilities local authorities hold for all schools (funding may be retained centrally from all schools with agreement of schools forum)	Responsibilities local authorities hold for maintained schools (funding may be retained centrally from maintained schools only with agreement of schools forum)
	<p>Functions related to local government pensions and administration of teachers' pensions in relation to staff working at maintained schools under the direct management of the headteacher or governing body (Sch 1, 20m)</p> <p>Retrospective membership of pension schemes where it would not be appropriate to expect a school to meet the cost (Sch 1, 20n)</p> <p>HR duties, including: advice to schools on the management of staff, pay alterations, conditions of service and composition/organisation of staff (Sch 1, 20o); determination of conditions of service for non-teaching staff (Sch 1, 20p); appointment or dismissal of employee functions (Sch 1, 20q)</p> <p>Provision of information to or at the request of the Crown relating to schools (Sch 1, 20w)</p> <p>School companies (Sch 1, 20x)</p> <p>Functions under the Equality Act 2010 (Sch 1, 20y)</p>
<p><u>Education Welfare</u> School attendance (Sch 1, 11)</p> <p>Responsibilities regarding the employment of children (Sch 1, 29)</p> <p>Functions in relation to the exclusion of pupils from schools, excluding any provision of education to excluded pupils (Sch 1, 10c)</p>	<p><u>Education Welfare</u> Inspection of attendance registers (Sch1, 11)</p>
<p><u>Asset management</u> 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)</p> <p>General landlord duties for all buildings owned by the local authority, including those leased to academies</p>	<p><u>Asset management</u> General landlord duties for all maintained schools (Sch 1, 10a (section 542(2) Education Act 1996; School Premises Regulations 2012) to ensure that school buildings have:</p> <ul style="list-style-type: none"> • appropriate facilities for pupils and staff (including medical and accommodation) • the ability to sustain appropriate loads • reasonable weather resistance • safe escape routes • appropriate acoustic levels • lighting, heating and ventilation which meets the required standards • adequate water supplies and drainage • playing fields of the appropriate standards

ESG Duties	
Responsibilities local authorities hold for all schools (funding may be retained centrally from all schools with agreement of schools forum)	Responsibilities local authorities hold for maintained schools (funding may be retained centrally from <u>maintained schools only</u> with agreement of schools forum)
	<p>General health and safety duty as an employer for employees and others who may be affected (Health and Safety at Work etc Act 1974).</p> <p>Management of the risk from asbestos in community school buildings (Control of Asbestos Regulations 2012).</p>
<p><u>Central support services</u> No functions</p>	<p><u>Central support services</u> Clothing grants (Sch 1, 10e)</p> <p>Provision of tuition in music, or on other music-related activities (Sch 1, 15)</p> <p>Visual, creative and performing arts (Sch 1, 16)</p> <p>Outdoor education centres (but not centres mainly for the provision of organised games, swimming or athletics) (Sch 1, 17)</p>
<p><u>Premature retirement and redundancy</u> No functions</p>	<p><u>Premature retirement and redundancy</u> Dismissal or premature retirement when costs cannot be charged to maintained schools (Sch 1, 25)</p>
<p><u>Monitoring national curriculum assessment</u> No functions</p>	<p><u>Monitoring national curriculum assessment</u> Monitoring of National Curriculum assessments (Sch 1, 23)</p>
<p><u>Additional Note</u> Services set out in the table above will also include overheads relating to these services (regulation 8(11) already refers to this for schedule 2 services) for:</p> <ul style="list-style-type: none"> · Ensuring payments are made in respect of taxation, national insurance and superannuation contributions (sch 1, 20e). · Recruitment, training, continuing professional development, performance management and personnel management of staff (Sch 1, 20k) · Investigations of employees or potential employees, with or without remuneration (Sch 1, 20l) · Investigation and resolution of complaints (Sch 1, 20t) · Legal services related to education functions (Sch 1, 20u) 	

Note: References are to the schedules in the schools and early years finance (England) regulations.