

## Rotherham Schools' Forum

**Venue:** Rockingham Professional Development Centre      **Date:** Friday, 24 April 2015

**Time:** 8.30 a.m.

### A G E N D A

1. Welcome and introductions.
2. Apologies for absence.
3. Election of Chair of the Rotherham Schools' Forum for the 2015/2016 financial year.
4. Election of Vice-Chair of the Rotherham Schools' Forum for the 2015/2016 financial year.
5. Confirmation of Learning Community Representatives and other Stakeholders for the 2015/2016 financial year.

Learning Community Representatives: -		Voting (and phase)	Substitute: -
<b>Aston</b>			
<b>Brinsworth</b>			
<b>Clifton</b>			
<b>Dinnington</b>			
<b>Maltby</b>			
<b>Oakwood</b>			
<b>Rawmarsh</b>			
<b>St. Bernard's</b>			
<b>St. Pius</b>			
<b>Swinton</b>			
<b>Thrybergh</b>			
<b>Wales</b>			
<b>Wath</b>			
<b>Wickersley</b>			
<b>Wingfield</b>			
<b>Winterhill</b>			
<b>Stakeholders: -</b>			
<b>Special Schools</b>	Julie Mott (via Anne Sanderson 23.03.15 – agreed at		

	Special meeting)	HT		
<b>Nursery</b>				
<b>Pupil Referral Units</b>				
<b>Teaching Schools</b>				
<b>PVI Early Years</b>				
<b>Primary Governor</b>				
<b>Secondary Governor</b>				
<b>Teaching Trade Unions</b>				
<b>Support Staff Trade Union</b>				
<b>Diocese of Sheffield</b>				
<b>Diocese of Hallam</b>				
<b>School Business Managers</b>				
<b>Colleges</b>				

6. Minutes of the previous meeting held on 6th March, 2015 and matters arising. (Pages 1 - 8)
7. Chris Harrison - report and outline of his work on Inclusion and SEND Review.
8. Proposed Total Schools Budget 2015/16 (Estimate). (Pages 9 - 14)
  - Karen Borthwick and Chris Harrison.
9. Education Support Grant. (Pages 15 - 84)
10. Schools in Financial Difficulty - update report. (Pages 85 - 86)
11. Update on External Commissioners.
12. Date of the next meeting: -
  - Friday 26<sup>th</sup> June, 2015, to start at 8.30 a.m. in the Rockingham Professional Development Centre.

**ROTHERHAM SCHOOLS' FORUM  
FRIDAY, 6TH MARCH, 2015**

**Present:-** P. Blackwell (Dinnington Learning Community Representative (in the Chair).

**Learning Community Representatives:** - P. Dilasio (Wales), C. Roberts (Wickersley), K. Sherburn (Rawmarsh), A. Abel and D. Naisbitt (Oakwood), L. Pepper (Clifton), H. McLaughlin (Saint Pius), D. Silvester (Wath), T. Mahon (Saint Bernard's), R. Fone (Brinsworth), D. Sutton (Maltby), R. Burman (Winterhill).

**Stakeholder Representatives:** - L. Redmile (Secondary Business Managers), P. Bloor (PRUs), A. Hardy (Colleges), M. Badger (Support Staff Trade Unions – Unison), S. Brooke (Teaching Trade Unions), A. Richards (Secondary Governors), D. Ashmore (Teaching Schools), N. Whitaker (Special Schools), G. Gillard (Sheffield Diocese), P. Gerard (Early Years), J. Morrison (Swinton), D. Ball (Aston), J. Fearnley (Wingfield).

**Officers in attendance:** - H. Etheridge (Clerk), K. Borthwick (Acting Director, Education and Skills, CYPS), V. Njelic (Finance), J. Robertson (Finance), D. Rae (SEN Consultant), I. Thomas.

**Observers:** - M. Young (Clifton Substitute), F. Sprague (Teaching Trade Unions Substitute).

**Apologies were received from:** - G. Alton and R. Williams (Colleges; A. Hardy representing), S. Mallinder (Primary Governors), J. Gray (Early Years PVI).

**101. DECLARATIONS OF INTEREST.**

No Declarations of Interest were made.

**102. MINUTES AND MATTERS ARISING FROM THE PREVIOUS MEETING HELD ON 16TH JANUARY, 2015.**

The minutes of the previous meeting of the Rotherham Schools' Forum held on 16<sup>th</sup> January, 2015, were considered.

Under matters arising the following issues were raised: -

- **Minute number 86 - Devolved Central Budget:** - An update was requested in relation to the Exemption of Standing Orders in respect of this. The Acting Director for Education and Skills explained that the Exemption from Standing Orders would be addressed through Schools completing a pro-forma return regarding their intended use for the funds.
- **Minute number 89 – Classroom start-up funding the new schools:** - It was noted that the Foundation Stage One classroom start-up fees had been agreed in conversations between the

Assistant Head of the School Effectiveness Service and the School.

- **Minute number 91 – High Needs Update:** - This minute showed that the previous High Needs update had included consideration of the impact the closure of Abbey School would have on the High Needs' Block. It was noted that the pre-consultation had ended and Abbey School was now under consultation to remain open with a smaller number of places.

Resolved: - That the minutes of the previous meeting be accepted as an accurate record.

**103. WELCOME TO THE NEW STRATEGIC DIRECTOR OF CHILDREN AND YOUNG PEOPLE'S SERVICES DIRECTORATE.**

Ian Thomas was welcomed to his first meeting of the Rotherham Schools' Forum.

Ian spoke a little about his vision for the DSG in Rotherham: -

- There had been a lack of transparency around the use of the DSG in previous years in Rotherham. This would be tackled from now on;
- There was a moral sense of purpose surrounding the use of any DSG funding;
- The funding was for all of Rotherham's children;
- It was public money and a collective resource;
- It would be uneconomical and not financially sustainable for individual schools to be protective of their own money;
- There were spiralling costs around High Needs budgets. Was Rotherham allocating enough funding to this area and was it spending in the right ways?;
- Future investments in High Needs areas would be required;
- Full accountability would be applied going forward.

Ian confirmed that full details for the 2015/2016 budget were being worked on and would be presented to the RSF meeting scheduled for 24<sup>th</sup> April, 2015.

**104. NOTE THE LETTER OF THE STRATEGIC DIRECTOR, CYPS, LETTER TO SCHOOLS AND OUTLINE THE IMPLICATIONS OF MOVING SOME BUDGET DECISIONS BACK TO 1ST JULY, 2015.**

Paul Blackwell, Chair of the RSF and Dinnington Learning Community Representative, informed the meeting that the purpose of this item was to note the letter that had been sent to all Schools regarding the transfer of centrally retained budgets from the Local Authority to individual school budgets.

All funding would be in Schools' budgets from 1<sup>st</sup> July, 2015, with traded services operating from that date.

The Strategic Director for Children and Young People's Services referred to the more sensitive budgets within those earmarked to transfer away from being centrally held by the Local Authority. These included the Children in Public Care and the funding received by the Sexual Exploitation Team. Schools in Rotherham could not distance themselves from this work or see themselves outside of the solution.

The Winterhill Learning Community Representative advocated that the decision was taken with the view that no schools would want to opt out of this work. It was firmly believed that they would be happy to pay more for these Services. With a traded service, schools would buy-in, there was no suggestion that some would opt-out.

The Strategic Director referred to an Officer who provided a great deal of added value to Schools through the provision of safeguarding advice. The challenge to the Local Authority was to now create a marketable offer or decommission services. There were the mechanics of contributions to think through. The Aston Learning Community Representative suggested that the provision of advice to schools was a part of the Officer's role, which involved other functions too.

Discussion moved on to the rationale for the decision taken to end centrally retained budgets: -

- The decision taken was one of principle i.e. all services should be traded so they could decide how to spend the monies allocated;
- RSF attendees who made the decision were aware that, whilst some services would be bought-back, other services would come under more scrutiny about the value for money/added value they provided;
- School budgets were not yet known and there were statutory areas that needed to be addressed;
- Confirmation was needed on what were the statutory and what were the additional areas provided by Local Authority Services;
- Who provides these services and who should provide the services?;
- RSF Representatives had not reported back to the Schools that they represent that the money was a 'windfall'. Only three schools had not bought back into Learners First, for example. Schools were using the funds appropriately.

The Strategic Director thanked the RSF members for their contributions; the dialogue had been successful and would continue. There was a serious problem with High Needs funding and a lack of control over the future pressures on the budget. The next RSF meeting would be presented with the full information on 2015/2016 budget setting with absolute transparency.

The Teaching School Unions' Representative asked for information that was sent to schools to be copied to the other stakeholder representatives. They did not receive this letter, or other information, but needed to see it in order to adequately represent their communities.

Resolved: - (1) That the information shared be noted.

(2) That all letters to school relating to Rotherham Schools' Forum business be copied to the stakeholder representatives.

(The Strategic Director left the meeting at the end of this item as he had another commitment.)

#### **105. TOTAL SCHOOLS' BUDGET MONITORING REPORT AS AT 31ST JANUARY, 2015.**

Joanne Robertson, CYPS and Schools Finance Manager, presented the Total Schools' Budget Monitoring report to the end of the 2014/2015 financial year based on income and expenditure to 31<sup>st</sup> January, 2015.

Overall, the budget was forecasting an overspend of £476k (+0.33%).

The report outlined: -

- The Total Schools' Budget was £145.087m;
- The budget had been revised by £16.975m since the start of the financial year;
- Since the previous budget monitoring report there had been a reduction of £677k in the Schools' Block due to two primary schools academising.

Budget virements had taken place between December and January, 2015, in each of the three Blocks: -

- Schools' Block: -
  - Transfers from the School Effectiveness Service to Ferham, Sitwell and Milton Schools;
  - Allocation of EYFS Profile Moderator funding to Sitwell, Broom, Thornhill, Thurcroft, Anston Hillcrest, Swinton and Herringthorpe Schools;
  - £445k funding devolved to maintained schools for the Rotherham School Improvement Partnership (£320k passed on to Academy Schools).
- High Needs' Block: -
  - SEN Top-up Funding;
  - Learning Support Service and Autism Communication Team.

- Early Years' Block: -
  - Additional Early Years' funding allocated to Flanderwell and Trinity Croft;
  - Reduction of £12k maintained Early Years' funding for academy payments following the latest conversions.

The report outlined the main areas of variance against the budget: -

- Schools' Block - £759k under-spent: -
  - Rates – forecast under-spend of £748k;
  - Behaviour Support Service – under-spend of £22k;
  - Children in Public Care – under-spend of £26k;
  - Contingency – over-spends on Pupil Growth Fund - £22k - and termination of employment - £57k and under-spend of £24k on copyright licences;
  - Trade Union activities – under-spend of £6k due to additional income from academies;
  - Free School meals assessment – under-spend of £6k due to additional income from academies.
- High Needs' Block - £1.743m over-spent:-
  - Special Educational Needs – over-spend of £863k;
  - Post 16 – 24 provision – over-spend of £741k;
  - SEN complex needs – over-spend of £75k;
  - SEN extra district placements – under-spend of £98k;
  - Hearing Impaired Service – over-spend of £82k;
  - Visually Impaired Service – over-spend of £31k;
  - Learning Support and Autism Communication Team - under-spend of £10k;
  - Portage Service – over-spend of £19k;
  - EOTAS Transport – over-spend of £8k;
  - Home Tuition Service – over-spend of £33k.
- Early Years' Block - £508k under-spent: -
  - PVI Nursery Funding for 3 and 4 Year Olds – under-spend of £62k;
  - Early Education Funding for 2 Year Olds – under-spend of £446k.

Discussion followed and the following issues were raised:-

- The Rates Budget had significant changes year-on-year. Often these could be backdated;
- Would the Early Years' under-spend be retained within Rotherham in the next financial year? – Yes, some would be proposed as a carry-forward to the next year as a larger number of pupils were expected. Rotherham's levels of take-up were high in comparison to national;
- The over-spend on Post 16-24 was phenomenal – could

Rotherham make their own provision in the Borough? - Yes, more on this to follow in the High Needs' item.

Resolved: - (1) That the report be received and the content noted, including the revised Total Schools' Budget allocation for 2014/2015.

(2) That the projected out-turn of £476k over-spend (+0.33%) be noted.

#### 106. HIGH NEEDS STANDING UPDATE.

Donald Rae, SEN Consultant, gave a presentation to update the RSF on the work being undertaken on High Needs and the High Needs' Block.

The presentation covered: -

- Unrealistic budget set without reference to actual demand;
- Too much wishful thinking;
- Decisions taken without enough information or consideration of the impact of increasing or reducing budgets;
- Position not unique to Rotherham, although the pressures may be more extreme here;
- % of DSG spent on the HN Block – highest Wadsworth (21%). Lowest Tameside (8.44%). Rotherham 144 out of 148 (9.43%). National average = 13.38%. To get Rotherham to the national average would take an extra £8.6m of funding from the DSG;
- Tempered by the Minimum Funding Guarantee.

The Wales Learning Community Representative asked whether there was a connection between spend and quality? The SEN Consultant said that it was possible to spend less and get better outcomes.

- HN pressures;
- £1.7m deficit from 13/14 – this would need to be paid back;
- Top-up funding for mainstream schools – budgeted for £0.62m, cost £1.12m;
- Complex needs placements;
- Non-maintained special schools, placements up to 53 (from 42).

The Teaching Trades Unions Representative asked on the change in the consultation relating to Abbey and Kelford Schools. With Abbey remaining and Kelford increasing their number of total places, there would be a net increase of 40 places within the Phase. Would this lead to an increased pressure on the HN Block? - The SEN Consultant confirmed that the spreadsheet would need to be re-worked dependent on the outcome of the consultation. Overall, Special School budgets were working well.

The Wales Learning Community Representative asked about the potential impact of several special schools academising over the next year? - The



SEN Consultant did not envisage any particular change. Identification would remain the responsibility of the Local Authority.

The Special Schools' Representative spoke about the highly variable quality of non-maintained specialist provision. It was always expensive and could be poor quality. If a Rotherham child was placed in a non-maintained placement they more often returned to Rotherham less included and less prepared to move onto the next stage of their life successfully. It would be beneficial if the Local Authority, Rotherham's Schools and all partners strategically built up skills between the ages of 0-2 to be ready for High Needs childrens' journeys. It is a mistake to wait until Statutory Assessment began at 2 to be surprised. - The SEN Consultant agreed but referred to reducing budgets. Early intervention was important.

The Wingfield Learning Community Representative stated that Strategic SEN Reviews had been taking place for three years and nothing had changed. - The SEN Consultant agreed; he was the fourth SEN Consultant. An Inclusion Service was being developed alongside the bringing together of stakeholders.

The Teaching Schools' Representative referred to a comment by the Strategic Director that the RSF had been asked to increase the HN Block but had refused. He could not recall this having been the case. The Chair believed this to be a technical inaccuracy.

The Wingfield Learning Community Representative felt that the RSF had been misrepresented. The HN Block had been set and was insufficient based on needs and its staffing profile. The RSF had worked and been committed over many years. It was unfair to say this in a public forum.

The Wath Learning Community thanked the SEN Consultant for the clarity that was starting to emerge. This had been sought for a long time.

Resolved: - (1) That the update provided be noted.

(2) That future standing updates be provided on High Needs' work/development.

**107. PROPOSED TOTAL SCHOOLS' BUDGET - 2015/2016: -**

Presentation and consideration of this item was deferred to the next meeting to be held on 24<sup>th</sup> April, 2015.

**108. DATE AND TIME OF NEXT MEETINGS: -**

Resolved: - (1) That the next meeting of the Rotherham Schools' Forum take place on Friday 24<sup>th</sup> April, 2015, to start at 8.30 a.m. at Rockingham Professional Development Centre.

(2) That future meetings take place on: -

- Friday 26<sup>th</sup> June, 2015.

**ROTHERHAM BOROUGH COUNCIL – REPORT TO SCHOOLS FORUM**

<b>1.</b>	<b>Meeting:</b>	<b>Schools Forum</b>
<b>2.</b>	<b>Date:</b>	<b>24<sup>th</sup> June 2015</b>
<b>3.</b>	<b>Title:</b>	<b>Proposed Total Schools Budget 2015/16 (Estimate)</b>
<b>4.</b>	<b>Directorate:</b>	<b>Children and Young People's Services</b>

**5. Summary**

The report gives details of the proposed Total Schools Budget for 2015/16 based on Dedicated Schools Grant (DSG) settlement received from the DfE (Department for Education) and the Estimated Education Funding Agency (EFA) settlement.

**6. Recommendations**

**That Schools Forum agrees the budget as set out at Appendix A.**

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## 7. Proposals and Details

**7.1.1** The total estimated grant allocation from the Department for Education and Education Funding Agencies for the 2015/16 financial year to fund the Total Schools budget for Rotherham is £ 220,546,522.

This is before adjusting for recoupment in respect of Rotherham Academies. The amount of recoupment is estimated to be £81,144,843. After further adjustments and carry forwards of estimated balances from 2014/15 financial year the estimated total funding available for 2015/16 is £ 139,441,555.

Details are summarised below:

<b>Financial Year 2015/16</b>	<b>£</b>	<b>£</b>
Total Grant Allocation (DfE and EFA)	220,546,522	220,546,522
<b>Less:</b>		
Estimated Academy recoupment	81,144,843	81,144,843
<b>Estimated Additions to the grant allocation:</b>		
EFA 6 <sup>th</sup> Form Funding for Special Schools	943,301	
DfE – Additional High Needs Top Up Funding	226,461	
DfE– High Needs Places Growth Pre 16	75,978	
DfE – High Needs Places Growth Post 16	7,649	1,253,389
<b>Estimated Reductions to the grant allocation:</b>		
EFA Direct funding of Pre and Post 16 places	1,387,414	1,387,414
<b>Estimated Adjusted Grant Allocation</b>		<b>139,267,654</b>
<b>Estimated Balance Brought Forward from 2014/15 Financial Year</b>		173,901
<b>Total Estimated Funding available for the Financial Year</b>		<b>139,441,555</b>

**A breakdown of the funding allocation by block is given on Appendix A.**

**Details of the proposed Total School Budget for the financial year are given on Appendix B.**

### 7.1.2 Movement of Funding Between the Blocks

Due to the on-going pressure on the High Needs block it has been necessary to move £2.954m of funding from the Schools block and £432k from the Early Years block.

The movement of funding from Early Years Block to High Needs block is possible as there has been a lower take up in 2014/15 in the number of 2 year old places than originally estimated.

The movement of funding from Schools block to High Needs block still allows the payment of the Minimum Funding Guarantee for each school as required by the DfE (i.e. year on year no school will lose more than 1.5% funding per pupil in their delegated budget share). This action results in an increase of a maximum of 0.71% per pupil for those schools who gained.

The on-going SEND review will consider, in partnership with schools, a service and structural redesign as part of the new CYPS structure with the aim of delivering improvement in outcomes for children and their families and to meet legislative requirements. The approach will be the development of an integrated multi-agency, multi-disciplinary, social care, education and health service.

#### **Total Estimated Balance Brought Forward from the 2014/15 Financial Year (Forecast Outturn Position)**

	£
Schools Block (under spend)	509,012
Early Years Block (under spend)	752,889
High Needs Block (over spend)	1,088,000
<b>Estimated Net Forecast Outturn position carried forward to 2015/16 (under spend)</b>	<b>173,901</b>

#### **Use of Under spends**

Schools Block: £509,012 to be allocated to the rates budget based on projected valuation estimates.

Early Years Block:

£432,889 Transferred to High Needs Block.

£320,000 carried forward to 2015/16 financial year early years block.

**7.1.3**

**High Needs Block**

**Over Spend Position**

The current estimated over spend on High Needs block is £1,088,000. This is a decrease of £655k since the last reported forecast outturn position at the end of January 2015. This has reduced as a result of the correction of the allocation of expenditure and income relating to placements for children with a social care need. The resulting impact is an increase on the Children and Young People's Services Directorate forecast outturn position.

For 2015/16 the high needs budget allocation for complex needs placements has been based on the estimated placements in line with the above adjustment.

Special School and Alternative provision placement and top up allocations are still being worked on with individual schools in accordance with assessments for individual children. As such a detailed paper showing the place and top up information for each setting will be presented at a later meeting.

**8. Finance**

**The Financial issues are covered in 7. Above.**

**9. Risks and Uncertainties**

Principal risks and uncertainties relate to the 'needs led' nature of High Needs Block and Early Years Block budgets.

**10. Policy and Performance Agenda Implications**

- We will focus on all children, young people and their families to improve their qualifications and skills and for them to be economically active through lifelong learning

**11. Background Papers and Consultation**

*Education Funding Agency: Schools Revenue Funding 2015/16 Operational Guide.*

**Contact:** *Ian Thomas, Strategic Director of Children and Young People Services, 01709 822677 or [ian.thomas@rotherham.gov.uk](mailto:ian.thomas@rotherham.gov.uk)*

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<b>TOTAL SCHOOLS BUDGET 2015/16</b>	<b>Schools Block</b>	<b>High Needs Block</b>	<b>Early Years Block</b>
<b>Individual School Budgets</b>			
Primary Schools	65,802,639		
Secondary Schools	35,556,869		
Special Schools		11,651,045	
Primary Delegated - Exceptional Needs Top up Funding and Specialist Resource Units		1,322,724	
Flanderwell Unit		100,000	
Secondary Delegated - Exceptional Needs Top Up Funding and Specialist Resource Unit		604,855	
Post 16-24 Provision		1,647,882	
Special Educational Complex Needs - Statemented Placements - Out of Authority - Independent and non maintained Schools		1,978,965	
Education only Independent placements		473,360	
Education Equipment/Mind Contract and SALT Contract		183,000	
SEN Extra District Placements		221,832	
SEN Assessment Team		53,300	
Commissioning Team (SEND Placements)		35,105	
Early Years ASD Support		76,000	
Hearing Impaired Service		636,500	
Visual Impaired Service		475,000	
Learning Support Service and Autism Communication Team (Inc READ Service)		587,600	
Portage		231,000	
Pupil Referral Units - Delegated Budget		2,240,203	
Educated Other than at School - Transport		48,000	
Home Tuition Service		140,000	
Schools in Financial Difficulty	75,000		
Pupil Growth Fund	500,000		
Winterhill and Rawmarsh CLCs	40,653		
School Effectiveness	313,510		
Children in Public Care	38,000		
Education Welfare	13,500		
Outdoor Education Co-ordinator	6,162		
Train for Child with Medical Needs	11,375		
Moving and Handling Account	11,375		
Sexual Exploitation Team	11,302		
Operational Safeguarding Unit	10,750		
SEN Transport	25,250		
Servicing of Schools Forum	3,000		
CLA Licences	205,000		
<b>Funding for 3 and 4 year old places</b>			
Nursery Schools			1,706,127
Primary Schools (including Early Years Pupil Premium)			4,061,909
Private, Voluntary and Independent			3,495,128
<b>Funding for 2 year old places</b>			4,847,634
<b>Sub - totals</b>	<b>102,624,386</b>	<b>22,706,371</b>	<b>14,110,798</b>
<b>TOTAL BUDGET ALLOCATION</b>			<b>139,441,555</b>

<b>TOTAL SCHOOLS BUDGET 2015/16</b>	<b>Schools Block</b>	<b>High Needs Block</b>	<b>Early Years Block</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Total Grant Allocation (DfE and EFA)	186,206,149	20,549,575	13,790,798	<b>220,546,522</b>
<b>Less:</b>				
Estimated Academy Recoupment	-81,144,843			<b>-81,144,843</b>
<b>Estimated Additions to the Grant Allocation:</b>				
EFA 6th Form Funding for Special Schools		943,301		
DfE - Additional High Needs Top Up Funding		226,461		
DfE - High Needs Places Growth Pre 16		75,978		
DfE- High Needs Places Growth Post 16		7,649		<b>1,253,389</b>
<b>Estimated Reductions to the grant allocation:</b>				
EFA Direct funding of Pre and Post 16 places		-1,387,414		<b>-1,387,414</b>
<b>Estimated Adjusted Grant Allocation</b>	<b>105,061,306</b>	<b>20,415,550</b>	<b>13,790,798</b>	<b>139,267,654</b>
<b>Estimated Balance Brought Forward from 2014/15 Financial Year</b>	509,012	-1,088,000	752,889	<b>173,901</b>
<b>Movement Between Funding Blocks</b>	-2,945,932	3,378,821	-432,889	<b>0</b>
<b>Total Estimated Funding available for the Financial Year</b>	<b>102,624,386</b>	<b>22,706,371</b>	<b>14,110,798</b>	<b>139,441,555</b>



**ROTHERHAM BOROUGH COUNCIL – REPORT TO SCHOOLS FORUM**

<b>1.</b>	<b>Meeting:</b>	<b>Schools Forum</b>
<b>2.</b>	<b>Date:</b>	<b>24<sup>th</sup> April 2015</b>
<b>3.</b>	<b>Title:</b>	<b>Education Support Grant</b>
<b>4.</b>	<b>Directorate:</b>	<b>Children and Young People's Services</b>

**5. Summary**

In response to a request by the Schools Forum Finance Committee, the report gives an overview of the Education Support Grant and how the funding received has been allocated.

**6. Recommendations**

**That Schools Forum note the report.**

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## 7. Proposals and Details

**7.1.1** The Education Services Grant (ESG) is a non-ring fenced grant which can be used in support of central education functions. As it is not ring fenced there is no requirement for all of the grant allocated to the Local Authority to be spent on central education services, rather it is for Local Authorities to determine how the funding is allocated to support local priorities. The Grant replaces an equal amount of Revenue Support Grant (the general grant used to support all Council revenue funded services) and this reduces each year as more academies open. Funding not used to support central education services is used to support Children and Young People's Services Directorate budget. Further details are given in the Department for Education document 'The Education Services Grant – statement of Financial Arrangements for 2015 to 2016' (**Appendix A attached**).

### 7.1.2

**For the financial year 2014/15 the Council received £3,831,099.**

The Department for Education refer to the Section 251 Tables of Budgeted Expenditure in their document and describe areas of expenditure within Children and Young People's Services budgets as 'ESG relevant areas of expenditure'. The forecast expenditure (based on the unaudited outturn report) for the Council in these is given below:

<b>Section 251 Heading*</b>	<b>Forecast Net Expenditure in 2014/15 £k</b>
<b>Central Support Services</b>	<b>1,029</b>
<b>Education Welfare</b>	<b>632</b>
<b>School Improvement</b>	<b>927</b>
<b>Asset Management – Education</b>	<b>54</b>
<b>Statutory Regulatory Duties - Education</b>	<b>381</b>
<b>Total</b>	<b>3,023</b>

***\*DfE guidance on what should be included under these headings is attached at Appendix B***

The balance of the funding received is allocated to the total funding available for the Children and Young People's Directorate. As a result of this it is not possible to identify exactly where this is spent.

## 8. Finance

**The Financial issues are covered in 7. Above.**

## 9. Risks and Uncertainties

Principal risks and uncertainties relate to the 'needs led' nature of High Needs Block and Early Years Block budgets.

## 10. Policy and Performance Agenda Implications

- We will focus on all children, young people and their families to improve their qualifications and skills and for them to be economically active through lifelong learning

**11. Background Papers and Consultation**

'The Education Services Grant – statement of Financial Arrangements for 2015 to 2016' (attached).

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Department  
for Education

# **The Education Services Grant**

**Statement of final arrangements for 2015 to  
2016**

**July 2014**

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## Introduction

The Education Services Grant (ESG) was introduced in 2013 to replace the Local Authority Central Spend Equivalent Grant (LACSEG), which was paid to academies to cover the cost of the services that local authorities provide centrally to maintained schools but that academies must secure independently. As LACSEG allocations were based on the spending decisions of local authorities the system created a large variation in allocations to academies across the country and uncertainty about allocations from one year to the next.

The LACSEG arrangements were designed when there were fewer academies and the rationale for the introduction of ESG was to make funding of education services more appropriate to the increasing number of academies and the increasingly autonomous school system. The introduction of a national per pupil rate for ESG has made the system for funding education services simpler, fairer and more transparent.

ESG is paid to local authorities and academies on a per pupil basis as an un-ringfenced grant. Local authorities receive additional funding for the obligations that they have to fulfil to both academies and maintained schools (known as “retained duties”). Table 1 below sets out the ESG rates for 2013-14 and 2014-15.

	2013-14	2014-15
Total ESG	£1.03 billion	£1.02 billion
<b>Retained duties rate</b> (paid to local authorities for every pupil, both at maintained schools and academies)	£15	£15
<b>General funding rate</b> ( paid to LAs for pupils in maintained schools and to academies <sup>1</sup> for their pupils)	£116	£113
Academy top-up (paid to academies for their pupils)	£34	£27

**Table 1 – summary of ESG per pupil rates since 2013-14<sup>2</sup>**

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<sup>1</sup> Academies receive their funding on an academic year basis, whereas local authorities receive it on a financial year basis.

<sup>2</sup> For pupils in alternative provision and special schools multipliers of 3.75 and 4.25 respectively are applied on a per place basis to the rates and top-up shown.

In order to provide stability to academies that could see big reductions in funding as a result of the introduction of a national ESG rate, we decided that academies should receive transitional protections. In the academic year 2014/15, academies receive the same general funding rate per pupil as local authorities but also receive a top-up of £27 per pupil, bringing their rate up to £140 per pupil. There is also a protection that ensures that the loss incurred by any academy as a result of the changes in ESG and SEN LACSEG<sup>3</sup> in academic year 2014/15 cannot exceed 1% of its total budget (including its post-16 funding) from academic year 2013/14.

As we have always made clear, this transitional protection is funded from a part of the Department's budget outside the ESG, not from the ESG itself. We have also always been clear that this transitional protection will be removed over a limited period of time so that the overall rates for local authorities and academies converge.

Last summer, the government's spending round announced that, in the context of difficult decisions about public spending across government, and in line with the changing nature of the schools system, we would make savings of around £200 million to ESG in 2015-16. These savings help the government to protect front-line budgets, including the dedicated schools grant and the pupil premium.

We recognised that this reduction to the ESG might require some local authorities and academies to deliver their services differently. We therefore launched a consultation in March 2014 to gather views about how the grant was being used, how much money could be saved and the impact of making those savings. We were also interested in whether there was any further clarification or guidance we could provide in order to help local authorities and academies deliver these savings, as well as whether there were any functions that local authorities or academies should stop doing completely.

Our consultation generated a large number of responses (1,429) from a range of respondents, of which the great majority was linked to a campaign about funding for music education, to which we respond in Chapter 5.

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<sup>3</sup> Academies used to receive money from DfE for SEN services as part of the schools block Local Authority Central Spend Equivalent Grant (LACSEG). From 2011-12 local authorities were given responsibility for providing such services to academies free of charge, so academies were being double funded. This element of LACSEG continued to be paid directly to academies until academic year 2012/13. It ceased to be paid in academic year 2013/14 but was included in academies' baselines for calculation of the minimum funding guarantee. We announced in February 2014 that the Education Funding Agency would recover the overpayment made in academic year 2012/13. The adjustment is being made over two academic year allocations: 50% in 2014/15 and 50% in 2015/16. Academies are protected from excessive year-on-year turbulence as a result of this change, through the transitional protection as set out in Chapter 3.

This document sets out:

- how ESG rates for local authorities and academies will change;
- why we have made these decisions; and
- clarification for local authorities of their core obligations for both maintained schools and for academies.

It should be read in conjunction with the full [government response](#) to the consultation



## Chapter 1 – Education Services Grant funding for 2015-16

We announced in the 2013 Spending Round that we intended to reduce the ESG by around £200 million in 2015-16.

- The **retained duties rate** will remain at £15 per pupil in 2015-16.
- The **general funding rate** will be £87 per pupil in 2015-16.
- There will be **no top-up** for academies in academic year 2015/16 but, in order to provide **continuing protection** against large budget reductions, revised protection arrangements will be applied for academies against reductions to the ESG and the removal of SEN LACSEG<sup>4</sup>.
- The protection will be set in tapered bands, so that academies that are currently receiving relatively low ESG payments will still not be allowed to see a fall of more than 1% of their total funding, while academies that are currently receiving relatively high ESG payments (because they used to have high levels of LACSEG) will be allowed to see a fall of more than 1% in their total funding (up to a maximum of 3%). More detail on this revised protection is set out in Chapter 3.
- The multipliers for alternative provision and special schools will remain at **3.75 and 4.25** respectively (see Chapter 3).

### Our rationale

This section explains the rationale for our decision on each element of ESG.

It is important to note that ESG is an un-ringfenced grant and that how it is spent is for local authorities and academies to decide based on their individual circumstances. Different local authorities and academies will have different needs and will rightly make different choices about how to use their funding.

We have drawn on a range of evidence in order to decide how to set final ESG funding rates for 2015-16. At all times we have been mindful of limitations in the data available and cautious of making unjustified generalisations.

### Retained duties rate

When ESG was introduced in 2013-14, we wanted to ensure that local authorities would continue to receive appropriate levels of funding for responsibilities that had not

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<sup>4</sup> As in previous years, protection funding for academies will continue to be funded from a part of the Department's budget outside the ESG, not from the ESG itself.

transferred to academies. We introduced the **retained duties rate**, paid to local authorities on a per pupil basis for all pupils, regardless of whether they attend a maintained school or academy. We consulted on the rate for these retained duties in 2012 and, based on evidence submitted by local authorities about expenditure, decided on a per pupil rate of £15.

Responses to our consultation indicated that there is little scope to reduce the retained duties rate below £15 per pupil. We will therefore maintain the retained duties rate at £15 per pupil for 2015-16.

### General funding rate

The general funding rate is paid to local authorities for every pupil in a maintained school and to academies for every pupil on roll. It is from the general funding rate that the £200 million will be saved. The general funding rate for 2015-16 will be £87.

We have used a variety of sources of evidence including: consultation responses; fieldwork; case studies; stakeholder meetings; and benchmarking data to help us assess the scope of local authorities to make savings. We are aware of the limitations of some of the evidence available. In particular, we are conscious of the weaknesses in section 251 budget data which record how much local authorities plan to spend on ESG relevant functions. Limitations arise from a number of factors:

- different interpretations of the section 251 guidance;
- the time lag on the data available (the latest data available is planned spend for 2013-14);
- reporting lines do not separate spending on retained duties from spending exclusively for maintained school pupils;
- the data may contain reporting errors; and
- the data indicate only how much a local authority plans to spend, not the level nor quality of service that the local authority is providing – and therefore give no indication of how efficiently the local authority is providing the service.

That is why we have considered section 251 data in conjunction with case studies of particular local authorities and academies that have been collected over the past year. In using case studies we have been mindful that we cannot generalise crudely from any single case study because different local authorities and academies have different needs and face different challenges.

As we anticipated, the scope for local authorities to make savings appears to vary between different functions and different types of local authority. Some local authorities report that they have already made savings and that it is difficult to achieve more; others report that there is scope for efficiency and savings through, for example: the joining up of services; refocusing work on essential duties; collaboration with other local authorities;

encouraging schools to take more responsibility for services and encouraging collaboration between schools; outsourcing to external providers; and restructuring and flexible deployment of staff.

We are satisfied that a general funding rate of £87 is sufficient for local authorities to deliver the services that ESG is intended to fund. The rest of this section sets out a number of key observations we have made.

One key observation is that we estimate around a third of local authorities (48) planned to spend around £87<sup>5</sup> or less per pupil in 2013-14 on ESG relevant functions for maintained schools. These local authorities are listed in Annex B and are highly diverse in nature. They include authorities with the following characteristics:

- both large and small proportions of academies;
- a large and small number of schools in special measures;
- inner, outer and non London locations;
- both large and small proportions of special schools and alternative provision;
- rural and urban; and
- high and low levels of deprivation.

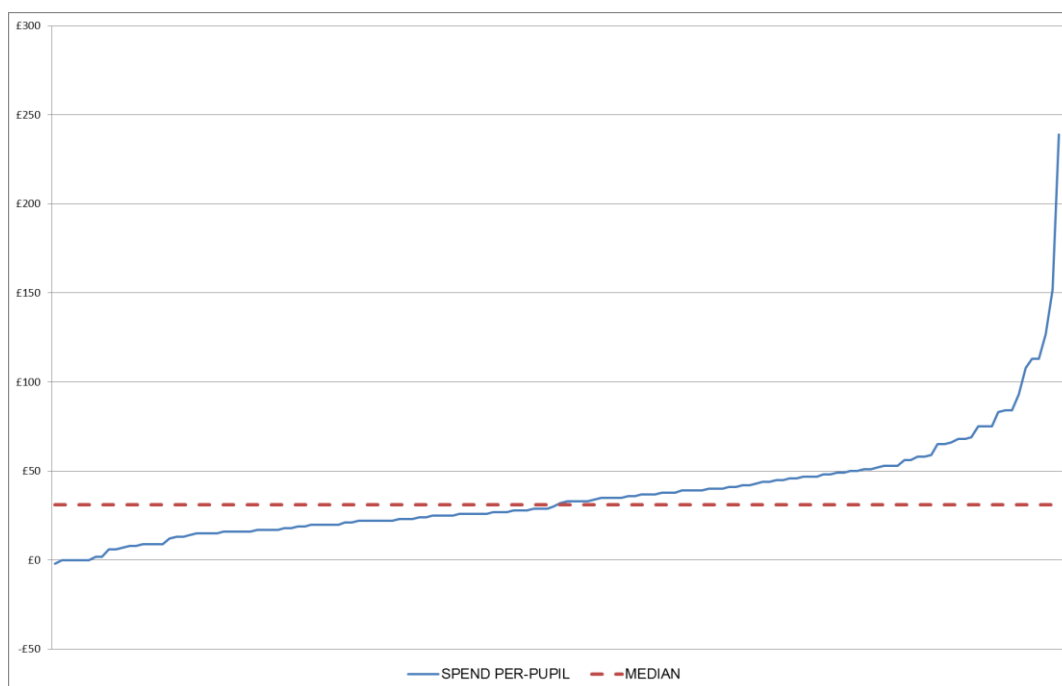
The following sets out key observations we have made about each of the ESG relevant functions in turn.

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<sup>5</sup> This is after spend on retained duties has been accounted for. For the three ESG relevant functions where local authorities retain some duties on behalf of academies we have applied an adjustment for retained duties. We have assumed that the percentage of total spend on each line for retained duties is as follows: education welfare services, 15%; statutory and regulatory duties, 25%; and asset management, 26%. These splits are the same as those applied to former LACSEG rates.

## School improvement

The range of planned spend on school improvement in 2013-14 is illustrated in Chart 1 below.



**Chart 1 – Distribution of local authority per pupil spend on maintained school pupils and the median (ESG budget line 2.0.4 – school improvement)**

A large majority of respondents to this question (74%) felt that further clarification or guidance from the department on the role of local authorities in school improvement would be needed in order to have a clear set of expectations. We anticipate that the [revised statutory guidance](#) on schools causing concern (May 2014) will serve that purpose. We are working with Ofsted so that its inspection guidelines reflect the role of the local authority as described in the guidance.

Other opportunities for savings identified through the consultation include: collaboration between local authorities in order to share expertise; school-to-school support, particularly from teaching schools; using an external provider; greater flexibility in the deployment of key staff; and using daily rates for specific projects rather than permanent arrangements.

On this basis, we think it is reasonable to assume that some local authorities could reduce spending considerably in this area, with many higher spenders moving closer to – or below – the observed median planned spend in 2013-14. Furthermore, given that we have not yet found evidence of a relationship between spend on school improvement and

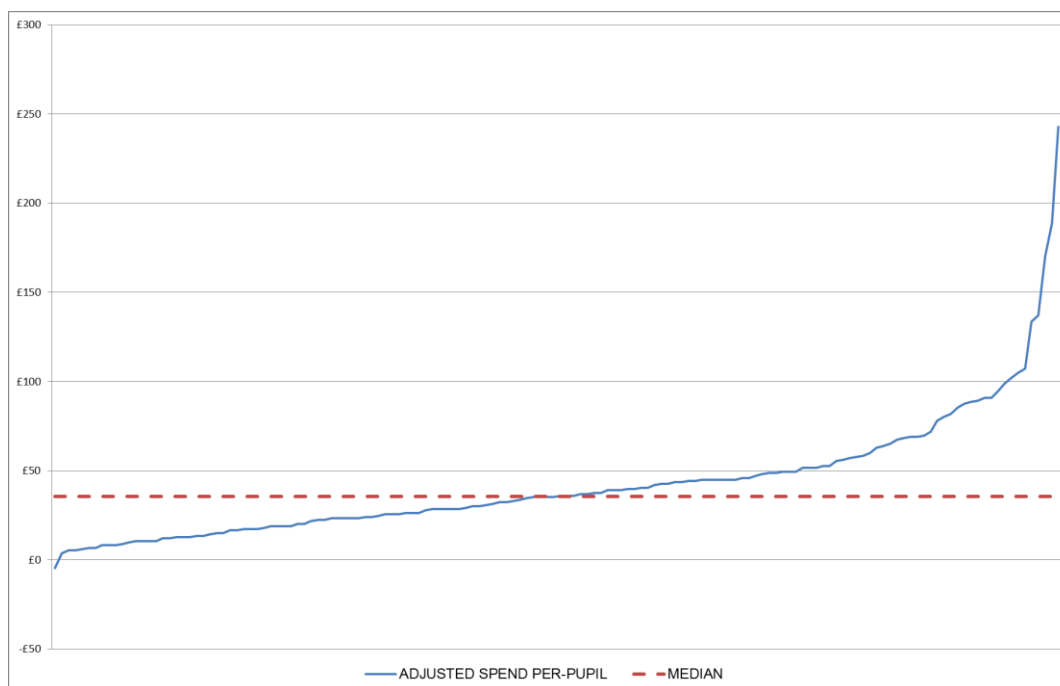
improvement in the performance of schools<sup>6</sup> we think that many local authorities could make savings without risk to delivery.

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<sup>6</sup>Figures 4 and 5 in Annex B of our consultation document illustrated the relationship between spend on school improvement and % change in key stage 2 and 4 attainment rates. It can be found here: [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/321286/Consultation\\_Document.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/321286/Consultation_Document.pdf)

## Statutory and regulatory duties

The range of planned spend in 2013-14 on statutory and regulatory duties for maintained schools is illustrated in Chart 2 below. We have adjusted planned spend by removing the funding for retained duties<sup>5</sup>.



**Chart 2 – Distribution of local authority per pupil spend on maintained school pupils and the median (ESG budget line 2.0.6 – statutory and regulatory duties)**

The main opportunities for reducing costs and making savings identified through the consultation were:

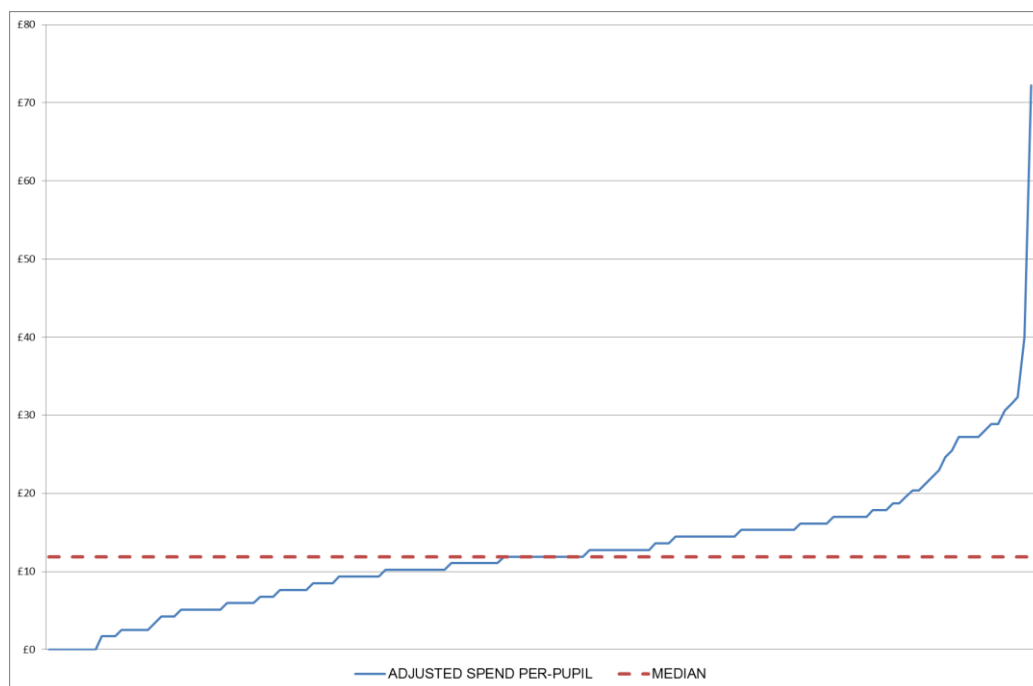
- collaboration, for example sharing procurement or audit services across the whole local authority, or with other local authorities;
- reducing spend on back-office functions, for example by establishing an independent provider to provide these at lower cost; and
- transferring costs of some functions to schools, for example audit and health and safety.

A key feature of this budget line is that local authorities retain some duties for both academies and maintained schools. As we have discussed in the section above, we have decided to maintain the retained duties rate at £15 per pupil.

A high proportion of respondents asked for further clarification of these duties. We have provided this clarification in Annex A. On the basis of this clarification, the current wide range of reported spend, and the opportunities for savings identified above, we are confident that a significant number of local authorities should be able to reduce their spending on this function.

## Education welfare services

The range of planned spend in 2013-14 on education welfare services for maintained schools is illustrated in Chart 3 below. We have adjusted planned spend by removing the funding for retained duties<sup>5</sup>.



**Chart 3 – Distribution of local authority per pupil spend on maintained school pupils and the median (ESG budget line 2.0.3 – education welfare services)**

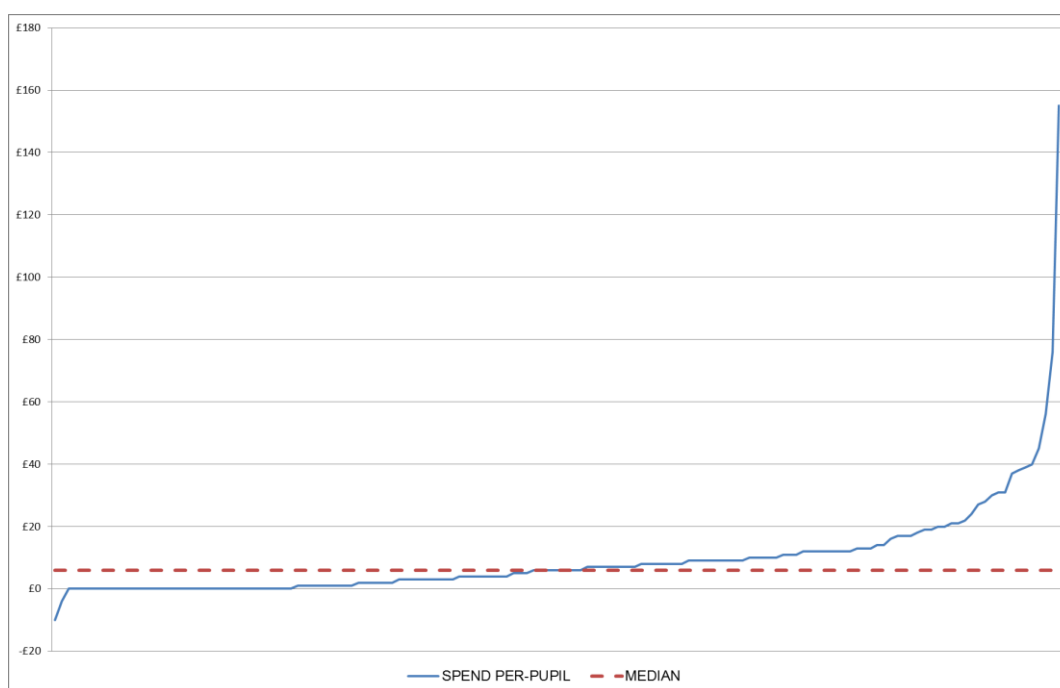
We know that education welfare is an area where many local authorities have already made savings and reduced services to the statutory minimum. We did, however, receive responses suggesting that clarification of duties might allow some local authorities to deliver these services at lower cost. Examples cited included schools taking more responsibility for their statutory obligations according to the England (Pupil Registration) Regulations 2006 and subsequent amendments, and joint working between services across the authority.

A key feature of this budget line is that local authorities retain some duties for both academies and maintained schools. As we have discussed in the section above, we have decided to maintain the retained duties rate at £15 per pupil.

We have provided clarification in Annex A of the relevant statutory duties. On the basis of this clarification, the current wide range of reported spend, and the opportunities for savings identified above, we are confident that a significant number of local authorities should be able to reduce their spending on this function.

## Central support services

The range of planned spend in 2013-14 on central support services is illustrated in Chart 4 below.



**Chart 4 – Distribution of local authority per pupil spend on maintained school pupils and the median (ESG budget line 2.0.2 – central support services)**

The consultation document stated that we believe the role for local authorities in providing central support services is limited and that local authorities could commission services on behalf of schools or charge where appropriate. This section of the consultation attracted the vast majority of responses because we said that our expectation was that music services should now be funded through music education hubs (which can cover one or more local authority areas) and from school budgets, not from the ESG.

Respondents expressed concerns about local authorities reducing spend on music and the impact this would have on disadvantaged families and on local culture. Almost everyone reported that they would like to see further clarification or guidance from the department on the expectations relating to this function. A number of local authority respondents reported that because there were no specific obligations for them to provide central support services, they were not incurring any expenditure, either because they have no activity or because they are charging for services. The median spend on this line is £6 per pupil, but more than 30 authorities planned to spend £0, and some authorities made clear they had not incurred spend on these services for some years.

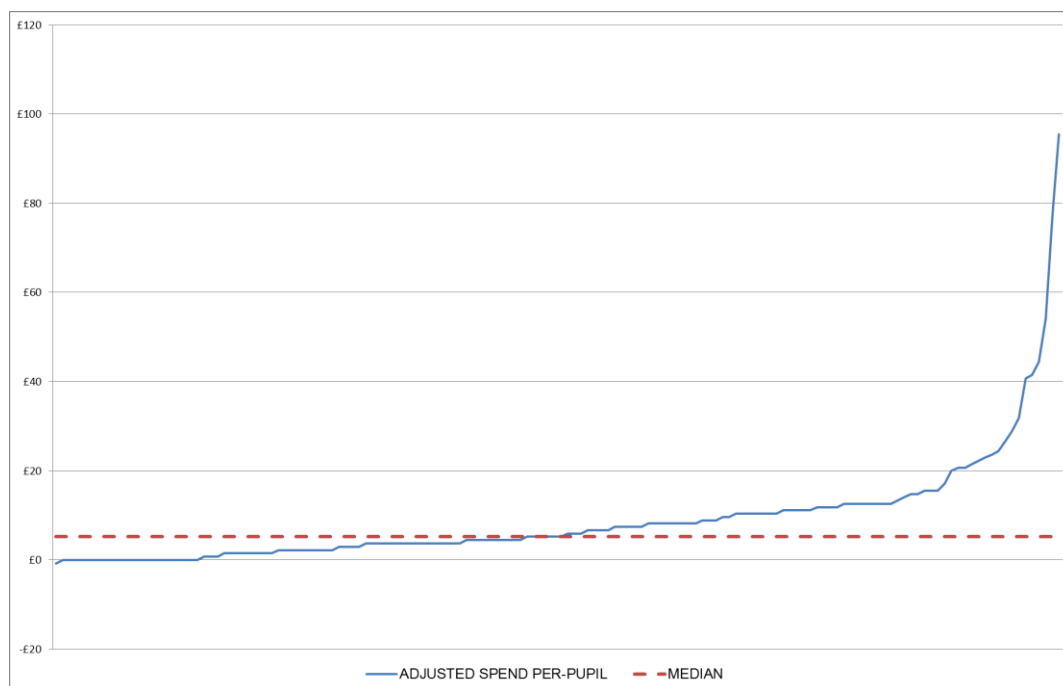
Because of the strong interest and concern around music services (with few concerns expressed about any other aspect of central services), we have addressed the question



of music services and music hubs separately in Chapter 5. Here we set out our position on the funding of music education and the additional £18 million announced in parallel.

## Asset management

The range of planned spend in 2013-14 on asset management for maintained schools is illustrated in Chart 5 below. We have adjusted planned spend by removing the funding for retained duties<sup>5</sup>.



**Chart 5 – Distribution of local authority per pupil spend on maintained school pupils and the median (ESG budget line 2.0.5 – asset management)**

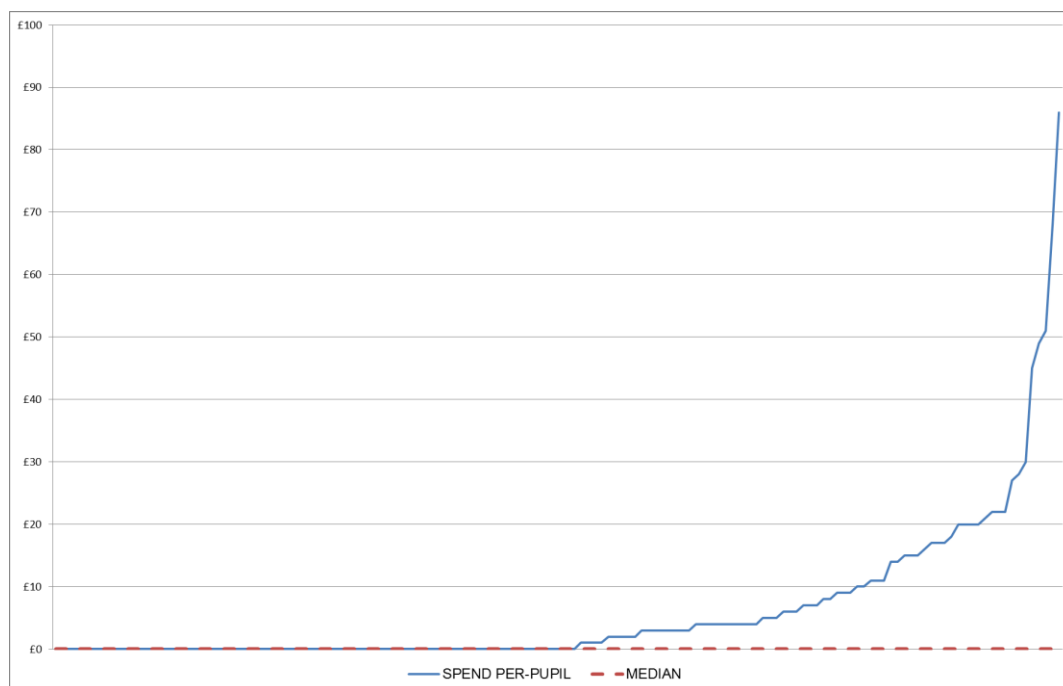
Consultation respondents highlighted a number of services that were classified as asset management. These related to capital programme planning, management of private finance initiatives and administration of academy leases. Few respondents reported scope for savings given the statutory nature of the function. As a result, we have not yet found a satisfactory explanation for the wide range of reported spend. Many local authorities are already joining up asset management functions across services to realise savings; where local authorities are not, they could perhaps consider doing so. We will consider further whether there is merit in providing new, clearer, information on the roles and responsibilities for school asset management for local authorities and other bodies within the system.

Again, a key consideration of this function is that local authorities retain some duties for both academies and maintained schools. As we have discussed in the section above, we have decided to maintain the retained duties rate at £15 per pupil.

On the basis of the current wide range of reported spend, we are confident that some local authorities currently spending well above the median should be able to reduce their spending towards – or below – the median.

## Premature retirement and redundancy costs

The range of planned spend in 2013-14 on premature retirement and redundancy costs is illustrated in Chart 6 below. It shows the majority of local authorities planned no spend in this area.



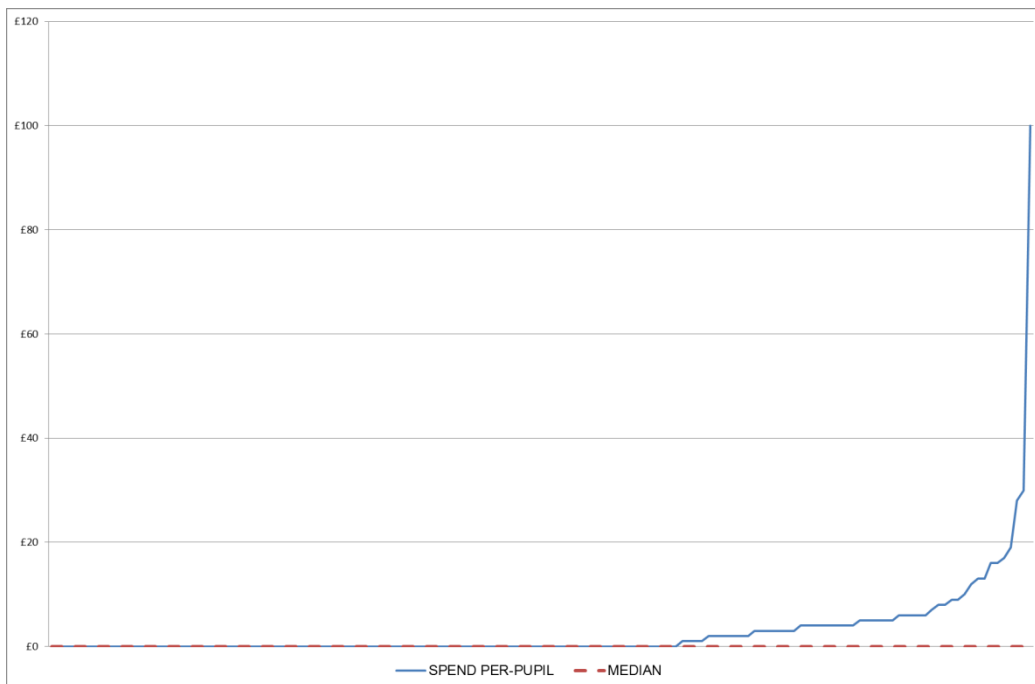
**Chart 6 – Distribution of local authority per pupil spend on maintained school pupils and the median (ESG budget line 2.0.7 – premature retirement costs / redundancy costs (new provisions))**

The statutory framework requires schools to pay for early retirement and for local authorities to fund redundancy costs in maintained schools by default unless there are good reasons not to. It is clear from consultation responses and fieldwork that local authorities are not covering the costs of early retirement, but practice varies on redundancy costs. Some local authorities have a local agreement that schools will meet the costs; others choose to bear all the costs themselves. The main barriers to passing costs to schools were cited as schools in financial difficulty and those facing falling rolls where it was not deemed appropriate for the school to pick up the cost. The median planned spend on this line was £0 and 78 local authorities did not plan to spend anything on premature retirement or redundancies in 2013-14.

We think that this is an area of spend where the current observed median planned spend of £0 may be difficult to achieve in some local authorities. This might be, for example, because they have schools in circumstances such that that they cannot afford to pay redundancy costs.

## Therapies and other health-related services

The range of planned spend in 2013-14 on therapies and other health-related services is illustrated in Chart 7 below. Again it shows the majority planned no spend in this area.



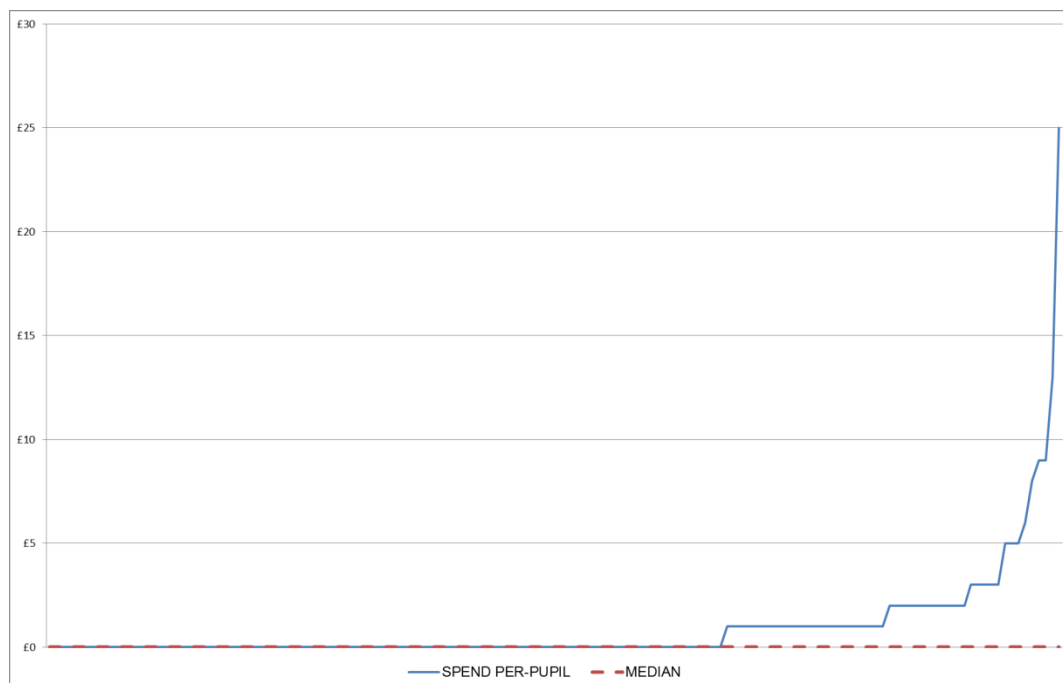
**Chart 7 – Distribution of local authority per pupil spend on maintained school pupils and the median (ESG budget line 2.0.1 – therapies and other health-related services)**

A number of respondents queried why therapies was listed as an ESG related function (or included in LACSEG) when it tended to be a service for pupils with high needs. Most local authority respondents said they use their high needs block funding to pay for these services, although some said that if their DSG was too low they would need to supplement it from ESG. The median planned spend on this line was £0 and 96 local authorities did not plan to spend anything on therapies and other health-related services in 2013-14.

Given variable high needs arrangements across the country we recognise some local authorities might find it more difficult to make savings in this area than others and that the current observed median planned spend of £0 may not be achievable for some.

## Monitoring national curriculum assessment

The range of planned spend in 2013-14 on monitoring national curriculum assessment is illustrated in Chart 8 below. Again it shows the majority planned no spend in this area. We think that this is probably explained by local authorities reporting spend in this area on a different section 251 budget line (often cited as school improvement 2.0.4). A number of local authorities highlighted this in their consultation responses.



**Chart 8 – Distribution of local authority per pupil spend on maintained school pupils and the median (ESG budget line 2.0.8 – monitoring national curriculum assessment)**

Local authorities have a statutory duty to monitor the administration of national curriculum assessments in maintained schools and to moderate teacher assessments at key stage 1. The department has provided clear guidance on [local authorities' responsibilities for monitoring and moderation](#) .

In addition, local authorities can contact the Standards and Testing Agency helpline on 0300 303 3013 for further advice.

A small number of respondents suggested that savings could be made on this function through greater use of school-based staff or through cross-school moderation.

There were mixed views reported on whether it was appropriate for local authorities to charge schools for something they are bound by statute to provide. We are able to provide some clarification on this question. Local authorities cannot charge maintained schools for national curriculum assessments, although academies may be charged.

We do not anticipate that monitoring or moderation of the new national curriculum end of key stage tests will result in significant cost pressures for local authorities, but will keep this under review.

## Chapter 2 – How a local authority might choose to spend ESG in 2015-16

As ESG is an un-ringfenced grant, it is entirely at the discretion of local authorities how the funding is spent. Different local authorities will have different needs and thus rightly make different choices about how to use their ESG funding. However, in order to demonstrate further why we are satisfied that a general funding rate of £87 is sufficient, we provide the following **illustrations** of how a local authority might choose to spend its ESG funding and how this compares with planned spending in other local authorities.

We want to be clear that these illustrations are not intended as a guide to how local authorities ought to spend ESG. We recognise the importance of local discretion and a degree of necessary variation in service provision across the country.

Our first illustration (Table 2) uses the median of local authority planned spending in 2013-14 as a starting point for possible spend on each line. It shows the number of local authorities that were planning to spend at or below this level.

In doing this we recognise that each local authority has different circumstances and that some authorities spend more than the median on some functions for good reasons, just as others spend less for equally good reasons. We know, however, that at present there is no correlation between high spend on one service and high spend on another service, meaning that it is reasonable to assume that in the vast majority of cases higher spend on one line could be offset by lower spend on another line. Our analysis also shows that about a third of local authorities with different characteristics (see Chapter 1 - general funding rate – and Annex B) planned spend in 2013-14 on maintained school pupils at a rate around or below £87 per pupil.

As we have highlighted in Charts 1-8 in Chapter 1, the median planned spend in 2013-14 for some functions was £0 (premature retirement, therapies and monitoring national curriculum assessment). Table 2 shows a local authority spending slightly above the median on these lines to reflect the fact that, in some circumstances, some spend may be necessary in these areas.

The only function in this illustration that shows spending below the current median is central support services (£1.30 – the 35<sup>th</sup> percentile – rather than the median of £6). There are no statutory duties for this line.

<b>Planned spend on ESG services for pupils in maintained schools only</b>		
<b>Section 251 budget line</b>	<b>Possible expenditure (per maintained school pupil)<sup>5</sup></b>	<b>Percentile of 2013-14 LA planned expenditure</b>
2.0.3 Education welfare services	£11.90	Median (82 LAs planned to spend at or below)
2.0.4 School improvement	£31.00	Median (75 LAs planned to spend at or below)
2.0.5 Asset management - education	£5.20	Median (76 LAs planned to spend at or below)
2.0.6 Statutory and regulatory duties - education	£35.60	Median (75 LAs planned to spend at or below)
2.0.7 Premature retirement costs / redundancy costs (new provisions)	£1.00	54th percentile (82 LAs planned to spend at or below)
2.0.8 Monitoring national curriculum assessment	£0.50	67th percentile (100 LAs planned to spend at or below)
2.0.1 Therapies and other health-related services	£0.50	64th percentile (96 LAs planned to spend at or below)
2.0.2 Central support services	£1.30	30th percentile (45 LAs planned to spend at or below)
<b>Total spend on ESG services for maintained school pupils only</b>	<b>£87.00</b>	<b>48 LAs planned to spend at or below this level</b>

Table 2 – potential spend based on median spending patterns (general funding rate)

This is absolutely not intended as an instruction of how local authorities ought to spend their ESG. It simply illustrates how a local authority might provide the services for which ESG is intended without spending less than the current median for any service, with the exception of central support services where there are no statutory duties.

Our second illustration (Table 3) shows a pattern of spending which, if followed by all local authorities, would mean that the total national spend on each spending line would fall by 23% from 2013-14 levels. We are absolutely not suggesting that any local authority ought to follow this pattern of spending. Again, this is simply an illustration.



<b>Planned spend on ESG services for pupils in maintained schools only</b>		
<b>Section 251 budget line</b>	<b>Possible expenditure (per maintained school pupil)<sup>5</sup></b>	<b>Percentile of 2013-14 LA Spending</b>
2.0.3 Education welfare services	£8.65	29th percentile (44 LAs planned to spend at or below)
2.0.4 School improvement	£27.01	45th percentile (68 LAs planned to spend at or below)
2.0.5 Asset management - education	£7.41	58th percentile (88 LAs planned to spend at or below)
2.0.6 Statutory and regulatory duties - education	£28.14	37th percentile (56 LAs planned to spend at or below)
2.0.7 Premature retirement costs / redundancy costs (new provisions)	£5.82	72nd percentile (108 LAs planned to spend at or below)
2.0.8 Monitoring national curriculum assessment	£0.54	67th percentile (100 LAs planned to spend at or below)
2.0.1 Therapies and other health-related services	£1.67	67th percentile (100 LAs planned to spend at or below)
2.0.2 Central support services	£7.76	58th percentile (87 LAs planned to spend at or below)
<b>Total spend on ESG services for maintained school pupils only</b>	<b>£87.00</b>	<b>48 LAs planned to spend at or below this level</b>

**Table 3 - potential spend based on 23% reduction to planned spend on each line (general funding rate)**

## Chapter 3 – Impact on academies

At present, academies receive higher levels of ESG than local authorities. In academic year 2014/15, all academies will receive an ESG top-up of £27 per pupil and a protection that ensures that the loss incurred by any academy as a result of the changes in ESG and SEN LACSEG<sup>7</sup> in that year cannot exceed 1% of its total budget (including its post-16 funding) in academic year 2013/14.

We have been clear since the introduction of ESG in 2013 that, over time, the ESG rates for academies will converge with those for local authorities. In 2015/16, we are changing ESG protections for academies to help us continue to achieve that aim.

In academic year 2015/16, there will be **no top-up for academies**, but in order to protect academies against large budget reductions, they will continue to receive protection against reductions to ESG and the removal of SEN LACSEG.

The **new protection for academies will be set in tapered bands**, so that academies that are currently receiving low ESG payments will still not be allowed to see a fall of more than 1% of their total funding, while academies that are currently receiving relatively high ESG payments (because they used to have high levels of LACSEG) will be allowed to see a fall of more than 1% in their total funding (up to a maximum of 3%). This new protection will therefore drive convergence between the academy and local authority ESG rates and move towards a fairer distribution of funding between academies.

Each academy will have its own level of protection defined by its level of ESG<sup>8</sup> per pupil in academic year 2014/15. An individual academy's protection rate – which sets the maximum total percentage budget loss permitted due to changes in ESG and SEN LACSEG – in 2015/16 will be calculated as follows:

- £140; plus
- twice the amount of ESG<sup>8</sup> per pupil that the academy receives between £140 per pupil and £160 per pupil; plus
- three times the amount of ESG<sup>8</sup> that the academy receives over £160 per pupil; and then
- that total is divided by the total amount of ESG<sup>8</sup> that the academy receives per pupil, to give a percentage protection rate.

This is illustrated in the worked example and the table of protection rates, shown below.

This arrangement means that a small number of academies that currently receive exceptionally high rates of ESG will see reductions approaching 3% of their budgets –

<sup>7</sup> See Footnote 3.

<sup>8</sup> Including SEN LACSEG and after the current protection has been applied

but the vast majority of academies will enjoy a tighter protection. **The vast majority of academies will have a protection such that their ESG<sup>8</sup> cannot fall by more than 1.5% of their total budget.** It is furthermore important to note that **not all of these academies will lose as much as 1.5% of their total budget** as a result of changes to ESG; many – especially those already on low rates of ESG – will see a much smaller percentage reduction.

The following worked example shows how we would calculate the protection for an illustrative academy.

## Academy A

### In 2014/15:

Its total per-pupil funding – including the dedicated schools grant (DSG), post-16 funding, ESG and previous ESG protection funding in 2014/15 – is £5,500. This £5,500 includes £465 per pupil (pp) comprised of:

- ESG of £140pp;
- Previous ESG protection funding of £300 pp; and
- SEN LACSEG of £25 pp.

### In 2015/16:

Without protection the academy would lose:

- £53pp from the ESG reduction from £140 to £87;
- £300pp from the removal of the ESG protection; and
- £25pp from the removal of SEN LACSEG.
- Making a total loss of £378.

But there is protection in 2015/16. The protection rate for the academy is calculated as follows:

- £140 \* 1 +
- £20 \* 2 +
- £305 \* 3
- Giving a total of £1,095 which is then divided by £465 to give a protection rate of 2.36%

The protection rate of 2.36% is applied to the total budget of £5,500 to give a maximum loss of £130pp. Against a starting gross loss of £378pp the academy has therefore received £248pp of protection.

Table 4 below shows the rate of protection that academies will receive in 2015/16, based on a series of 2014/15 per pupil funding rates for ESG and SEN LACSEG after protection is applied. This is not an exhaustive list: some academies will have significantly higher per pupil rates than £240 in 2014/15.

<b>£pp ESG8 Funding Rate (14/15)</b>	<b>% Protection in 2015/16</b>	<b>£pp ESG8 Funding Rate (14/15)</b>	<b>% Protection in 2015/16</b>	<b>£pp ESG8 Funding Rate (14/15)</b>	<b>% Protection in 2015/16</b>
140	-1.00%	175	-1.29%	210	-1.57%
145	-1.03%	180	-1.33%	215	-1.60%
150	-1.07%	185	-1.38%	220	-1.64%
155	-1.10%	190	-1.42%	225	-1.67%
160	-1.13%	195	-1.46%	230	-1.70%
165	-1.18%	200	-1.50%	235	-1.72%
170	-1.24%	205	-1.54%	240	-1.75%

**Table 4 – Summary of protection rates**

## **Rates for alternative provision academies and special academies**

Many of the functions that ESG was intended to fund relate to staff and premises. These include asset management, administering pension contributions, advising on terms and conditions of non-teaching staff and appointment checks and dismissals. Special schools / special academies and pupil referral units (PRUs) / alternative provision (AP) academies have much higher staffing ratios per pupil, and need more space per pupil, as a result of smaller group sizes and the intensive support they offer. The teacher to pupil ratio in these schools is around four to five times higher than in mainstream settings. These factors all result in increased overheads and higher staff-related costs.

In summer 2012, we consulted on applying a multiplier to the ESG general funding rate for these institutions of 4.25 and 3.75 respectively for special schools and PRUs / AP. We see no compelling reason why these multipliers need to change and they will remain constant in 2015-16.

For special and AP academies, these multipliers will also be applied to the £140 per pupil and £160 per pupil thresholds of the academies protection described above, to ensure that special and AP academies are not disproportionately affected by the new tapered protection.

Full technical guidance on the revised academy protection arrangements and the rates for alternative provision academies and special academies will be issued in due course.

## **Chapter 4 – Clarification of duties in relation to education services**

Analysis of consultation responses demonstrates that clarification of local authorities' duties to provide education services to academies and maintained schools would be welcomed and could also help with achieving savings.

The table in Annex A lists the main duties that local authorities have in education services in relation to both maintained schools and academies. Local authorities may wish to use this information when considering their provision of services for schools, and we hope that it will be helpful for academies to have clarity about the duties that local authorities retain for them.

## Chapter 5 – Additional funding for music services

We believe that every child is entitled to a high-quality music education. We have confirmed music as a compulsory subject for all children from key stage 1 to key stage 3 in the new national curriculum. The new programmes of study for music include an increased focus on the need for activities to be undertaken ‘musically’ with reference to learning to play a musical instrument and an increased focus on singing.

In November 2011 we announced that we would set up new music education hubs to improve the quality and consistency of music education. Music hubs are responsible for ensuring that every child has access to free whole class ensemble tuition for at least one term, providing affordable progression routes to all young people who wish to develop their skills even further, providing opportunities for young people to play in ensembles, and developing a singing strategy to ensure that every young person sings regularly. We are providing £171 million for hubs across 2012-15, and in 2015-16 at least £75 million, compared with £58 million in 2014-15.

Government funds music education hubs centrally, according to a formula which reflects total pupil numbers and the number of pupils in each area who are eligible for free school meals, and music education hubs are also encouraged to seek other sources of funding. If they wish, local authorities can choose to supplement this central funding from their non-ringfenced budget, including ESG.

There are additional programmes funded by The department which support children from deprived areas and low-income families to access an excellent music education. We are providing over £84 million across 2012-15 for the Music and Dance Scheme (MDS), which provides means-tested financial assistance for children with exceptional potential so that they can benefit from world-class specialist training, and we are also providing £1.5 million for ‘In Harmony’ across the 2012-15 period.

The department received a large volume of responses to the consultation on ESG relating to the provision of music services. Concern was triggered by our statement in the consultation document that our expectation was that music services should now be funded through music education hubs (which can cover one or more local authority areas) and from school budgets, not from the ESG. Many respondents were concerned that reduced local authority support for music services would impact on the overall quality of music provision and in particular on the opportunities for disadvantaged children.

In 2014-15 The department for Education gave central funding of £58 million to music hubs. At present, we do not have reliable data on the amount of extra funding that local authorities gave to music hubs in 2014-15. Data collected by Arts Council England suggests that, in 2012-13, local authorities contributed just over £14 million to music hubs.

In recognition of the importance of high quality music education, we have announced in parallel that in 2015-16 we will increase central funding to music education by £18 million. The total funding for music education hubs will be around £75 million 2015-16 – up from £58 million in 2014-15.

As ESG is an un-ringfenced grant, local authorities will continue to have total discretion about whether to spend any of the ESG budget they receive on providing music services.



Department  
for Education

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Department  
for Education

# **The Education Services Grant**

**Statement of final arrangements for 2015 to  
2016**

**July 2014**

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## Introduction

The Education Services Grant (ESG) was introduced in 2013 to replace the Local Authority Central Spend Equivalent Grant (LACSEG), which was paid to academies to cover the cost of the services that local authorities provide centrally to maintained schools but that academies must secure independently. As LACSEG allocations were based on the spending decisions of local authorities the system created a large variation in allocations to academies across the country and uncertainty about allocations from one year to the next.

The LACSEG arrangements were designed when there were fewer academies and the rationale for the introduction of ESG was to make funding of education services more appropriate to the increasing number of academies and the increasingly autonomous school system. The introduction of a national per pupil rate for ESG has made the system for funding education services simpler, fairer and more transparent.

ESG is paid to local authorities and academies on a per pupil basis as an un-ringfenced grant. Local authorities receive additional funding for the obligations that they have to fulfil to both academies and maintained schools (known as “retained duties”). Table 1 below sets out the ESG rates for 2013-14 and 2014-15.

	2013-14	2014-15
Total ESG	£1.03 billion	£1.02 billion
<b>Retained duties rate</b> (paid to local authorities for every pupil, both at maintained schools and academies)	£15	£15
<b>General funding rate</b> ( paid to LAs for pupils in maintained schools and to academies <sup>1</sup> for their pupils)	£116	£113
Academy top-up (paid to academies for their pupils)	£34	£27

**Table 1 – summary of ESG per pupil rates since 2013-14<sup>2</sup>**

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<sup>1</sup> Academies receive their funding on an academic year basis, whereas local authorities receive it on a financial year basis.

<sup>2</sup> For pupils in alternative provision and special schools multipliers of 3.75 and 4.25 respectively are applied on a per place basis to the rates and top-up shown.

In order to provide stability to academies that could see big reductions in funding as a result of the introduction of a national ESG rate, we decided that academies should receive transitional protections. In the academic year 2014/15, academies receive the same general funding rate per pupil as local authorities but also receive a top-up of £27 per pupil, bringing their rate up to £140 per pupil. There is also a protection that ensures that the loss incurred by any academy as a result of the changes in ESG and SEN LACSEG<sup>3</sup> in academic year 2014/15 cannot exceed 1% of its total budget (including its post-16 funding) from academic year 2013/14.

As we have always made clear, this transitional protection is funded from a part of the Department's budget outside the ESG, not from the ESG itself. We have also always been clear that this transitional protection will be removed over a limited period of time so that the overall rates for local authorities and academies converge.

Last summer, the government's spending round announced that, in the context of difficult decisions about public spending across government, and in line with the changing nature of the schools system, we would make savings of around £200 million to ESG in 2015-16. These savings help the government to protect front-line budgets, including the dedicated schools grant and the pupil premium.

We recognised that this reduction to the ESG might require some local authorities and academies to deliver their services differently. We therefore launched a consultation in March 2014 to gather views about how the grant was being used, how much money could be saved and the impact of making those savings. We were also interested in whether there was any further clarification or guidance we could provide in order to help local authorities and academies deliver these savings, as well as whether there were any functions that local authorities or academies should stop doing completely.

Our consultation generated a large number of responses (1,429) from a range of respondents, of which the great majority was linked to a campaign about funding for music education, to which we respond in Chapter 5.

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<sup>3</sup> Academies used to receive money from DfE for SEN services as part of the schools block Local Authority Central Spend Equivalent Grant (LACSEG). From 2011-12 local authorities were given responsibility for providing such services to academies free of charge, so academies were being double funded. This element of LACSEG continued to be paid directly to academies until academic year 2012/13. It ceased to be paid in academic year 2013/14 but was included in academies' baselines for calculation of the minimum funding guarantee. We announced in February 2014 that the Education Funding Agency would recover the overpayment made in academic year 2012/13. The adjustment is being made over two academic year allocations: 50% in 2014/15 and 50% in 2015/16. Academies are protected from excessive year-on-year turbulence as a result of this change, through the transitional protection as set out in Chapter 3.

This document sets out:

- how ESG rates for local authorities and academies will change;
- why we have made these decisions; and
- clarification for local authorities of their core obligations for both maintained schools and for academies.

It should be read in conjunction with the full [government response](#) to the consultation

## Chapter 1 – Education Services Grant funding for 2015-16

We announced in the 2013 Spending Round that we intended to reduce the ESG by around £200 million in 2015-16.

- The **retained duties rate** will remain at £15 per pupil in 2015-16.
- The **general funding rate** will be £87 per pupil in 2015-16.
- There will be **no top-up** for academies in academic year 2015/16 but, in order to provide **continuing protection** against large budget reductions, revised protection arrangements will be applied for academies against reductions to the ESG and the removal of SEN LACSEG<sup>4</sup>.
- The protection will be set in tapered bands, so that academies that are currently receiving relatively low ESG payments will still not be allowed to see a fall of more than 1% of their total funding, while academies that are currently receiving relatively high ESG payments (because they used to have high levels of LACSEG) will be allowed to see a fall of more than 1% in their total funding (up to a maximum of 3%). More detail on this revised protection is set out in Chapter 3.
- The multipliers for alternative provision and special schools will remain at **3.75 and 4.25** respectively (see Chapter 3).

### Our rationale

This section explains the rationale for our decision on each element of ESG.

It is important to note that ESG is an un-ringfenced grant and that how it is spent is for local authorities and academies to decide based on their individual circumstances. Different local authorities and academies will have different needs and will rightly make different choices about how to use their funding.

We have drawn on a range of evidence in order to decide how to set final ESG funding rates for 2015-16. At all times we have been mindful of limitations in the data available and cautious of making unjustified generalisations.

### Retained duties rate

When ESG was introduced in 2013-14, we wanted to ensure that local authorities would continue to receive appropriate levels of funding for responsibilities that had not

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<sup>4</sup> As in previous years, protection funding for academies will continue to be funded from a part of the Department's budget outside the ESG, not from the ESG itself.

transferred to academies. We introduced the **retained duties rate**, paid to local authorities on a per pupil basis for all pupils, regardless of whether they attend a maintained school or academy. We consulted on the rate for these retained duties in 2012 and, based on evidence submitted by local authorities about expenditure, decided on a per pupil rate of £15.

Responses to our consultation indicated that there is little scope to reduce the retained duties rate below £15 per pupil. We will therefore maintain the retained duties rate at £15 per pupil for 2015-16.

### General funding rate

The general funding rate is paid to local authorities for every pupil in a maintained school and to academies for every pupil on roll. It is from the general funding rate that the £200 million will be saved. The general funding rate for 2015-16 will be £87.

We have used a variety of sources of evidence including: consultation responses; fieldwork; case studies; stakeholder meetings; and benchmarking data to help us assess the scope of local authorities to make savings. We are aware of the limitations of some of the evidence available. In particular, we are conscious of the weaknesses in section 251 budget data which record how much local authorities plan to spend on ESG relevant functions. Limitations arise from a number of factors:

- different interpretations of the section 251 guidance;
- the time lag on the data available (the latest data available is planned spend for 2013-14);
- reporting lines do not separate spending on retained duties from spending exclusively for maintained school pupils;
- the data may contain reporting errors; and
- the data indicate only how much a local authority plans to spend, not the level nor quality of service that the local authority is providing – and therefore give no indication of how efficiently the local authority is providing the service.

That is why we have considered section 251 data in conjunction with case studies of particular local authorities and academies that have been collected over the past year. In using case studies we have been mindful that we cannot generalise crudely from any single case study because different local authorities and academies have different needs and face different challenges.

As we anticipated, the scope for local authorities to make savings appears to vary between different functions and different types of local authority. Some local authorities report that they have already made savings and that it is difficult to achieve more; others report that there is scope for efficiency and savings through, for example: the joining up of services; refocusing work on essential duties; collaboration with other local authorities;

encouraging schools to take more responsibility for services and encouraging collaboration between schools; outsourcing to external providers; and restructuring and flexible deployment of staff.

We are satisfied that a general funding rate of £87 is sufficient for local authorities to deliver the services that ESG is intended to fund. The rest of this section sets out a number of key observations we have made.

One key observation is that we estimate around a third of local authorities (48) planned to spend around £87<sup>5</sup> or less per pupil in 2013-14 on ESG relevant functions for maintained schools. These local authorities are listed in Annex B and are highly diverse in nature. They include authorities with the following characteristics:

- both large and small proportions of academies;
- a large and small number of schools in special measures;
- inner, outer and non London locations;
- both large and small proportions of special schools and alternative provision;
- rural and urban; and
- high and low levels of deprivation.

The following sets out key observations we have made about each of the ESG relevant functions in turn.

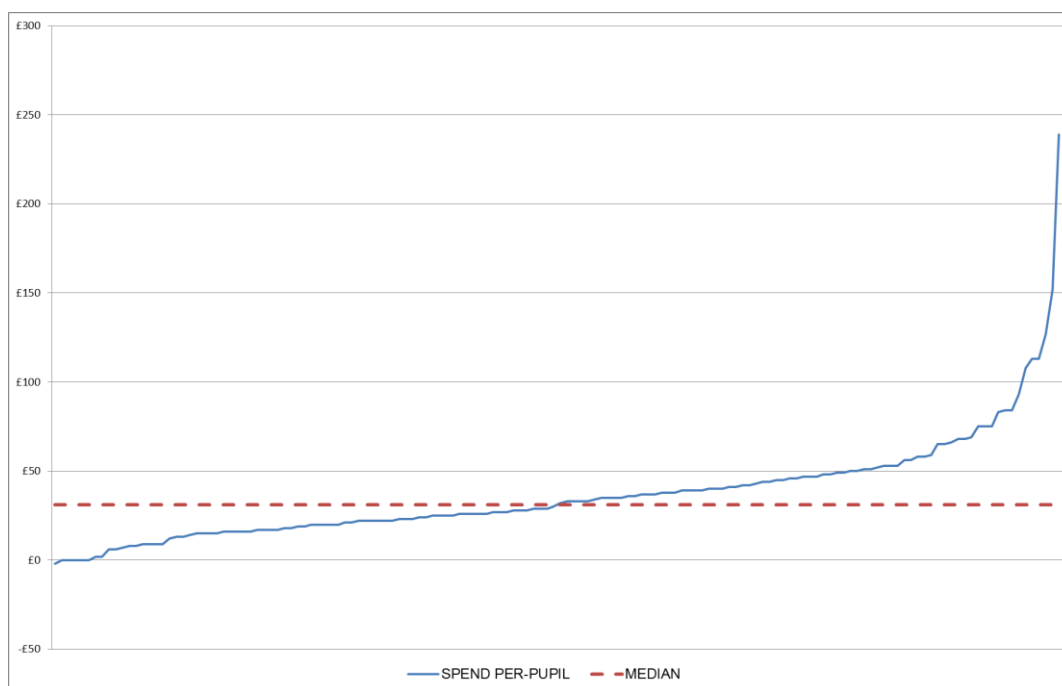
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<sup>5</sup> This is after spend on retained duties has been accounted for. For the three ESG relevant functions where local authorities retain some duties on behalf of academies we have applied an adjustment for retained duties. We have assumed that the percentage of total spend on each line for retained duties is as follows: education welfare services, 15%; statutory and regulatory duties, 25%; and asset management, 26%. These splits are the same as those applied to former LACSEG rates.



## School improvement

The range of planned spend on school improvement in 2013-14 is illustrated in Chart 1 below.



**Chart 1 – Distribution of local authority per pupil spend on maintained school pupils and the median (ESG budget line 2.0.4 – school improvement)**

A large majority of respondents to this question (74%) felt that further clarification or guidance from the department on the role of local authorities in school improvement would be needed in order to have a clear set of expectations. We anticipate that the [revised statutory guidance](#) on schools causing concern (May 2014) will serve that purpose. We are working with Ofsted so that its inspection guidelines reflect the role of the local authority as described in the guidance.

Other opportunities for savings identified through the consultation include: collaboration between local authorities in order to share expertise; school-to-school support, particularly from teaching schools; using an external provider; greater flexibility in the deployment of key staff; and using daily rates for specific projects rather than permanent arrangements.

On this basis, we think it is reasonable to assume that some local authorities could reduce spending considerably in this area, with many higher spenders moving closer to – or below – the observed median planned spend in 2013-14. Furthermore, given that we have not yet found evidence of a relationship between spend on school improvement and

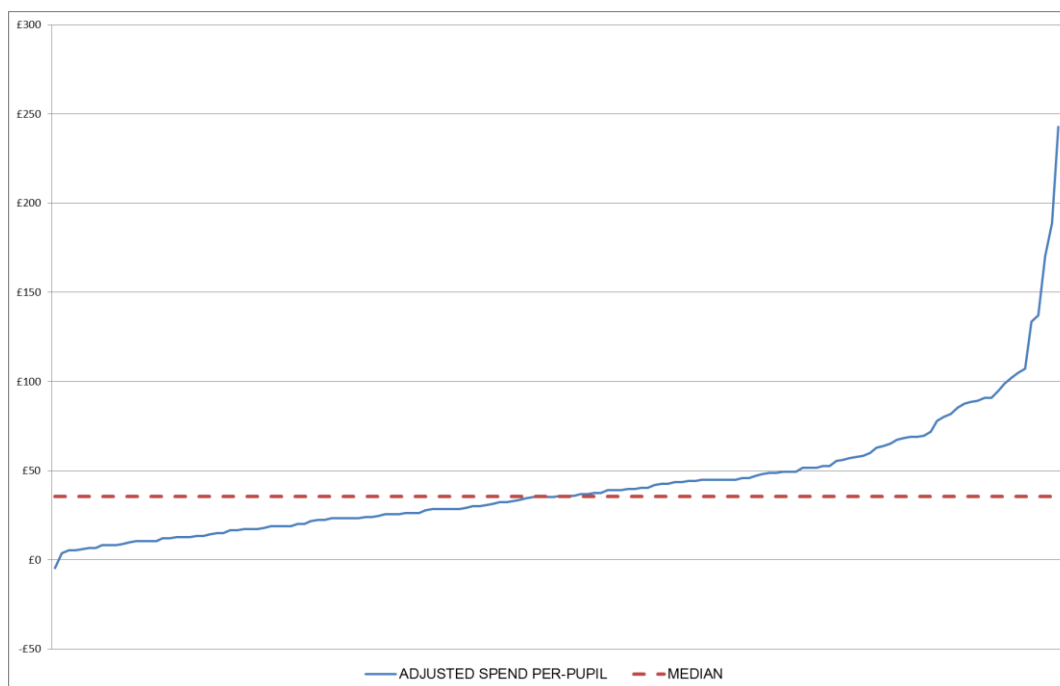
improvement in the performance of schools<sup>6</sup> we think that many local authorities could make savings without risk to delivery.

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<sup>6</sup>Figures 4 and 5 in Annex B of our consultation document illustrated the relationship between spend on school improvement and % change in key stage 2 and 4 attainment rates. It can be found here: [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/321286/Consultation\\_Document.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/321286/Consultation_Document.pdf)

## Statutory and regulatory duties

The range of planned spend in 2013-14 on statutory and regulatory duties for maintained schools is illustrated in Chart 2 below. We have adjusted planned spend by removing the funding for retained duties<sup>5</sup>.



**Chart 2 – Distribution of local authority per pupil spend on maintained school pupils and the median (ESG budget line 2.0.6 – statutory and regulatory duties)**

The main opportunities for reducing costs and making savings identified through the consultation were:

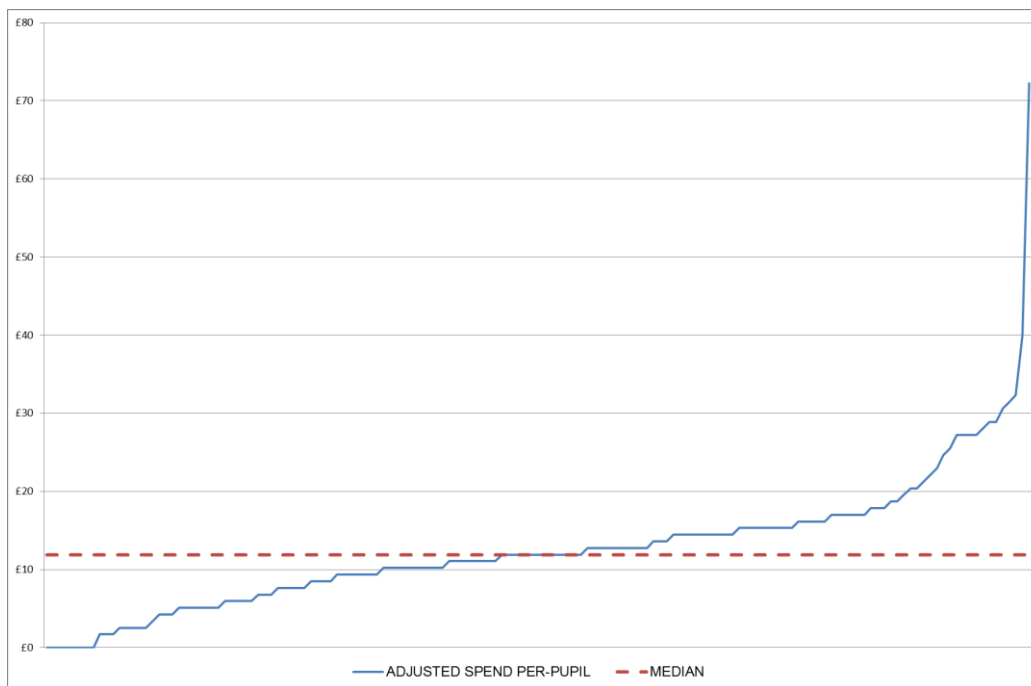
- collaboration, for example sharing procurement or audit services across the whole local authority, or with other local authorities;
- reducing spend on back-office functions, for example by establishing an independent provider to provide these at lower cost; and
- transferring costs of some functions to schools, for example audit and health and safety.

A key feature of this budget line is that local authorities retain some duties for both academies and maintained schools. As we have discussed in the section above, we have decided to maintain the retained duties rate at £15 per pupil.

A high proportion of respondents asked for further clarification of these duties. We have provided this clarification in Annex A. On the basis of this clarification, the current wide range of reported spend, and the opportunities for savings identified above, we are confident that a significant number of local authorities should be able to reduce their spending on this function.

## Education welfare services

The range of planned spend in 2013-14 on education welfare services for maintained schools is illustrated in Chart 3 below. We have adjusted planned spend by removing the funding for retained duties<sup>5</sup>.



**Chart 3 – Distribution of local authority per pupil spend on maintained school pupils and the median (ESG budget line 2.0.3 – education welfare services)**

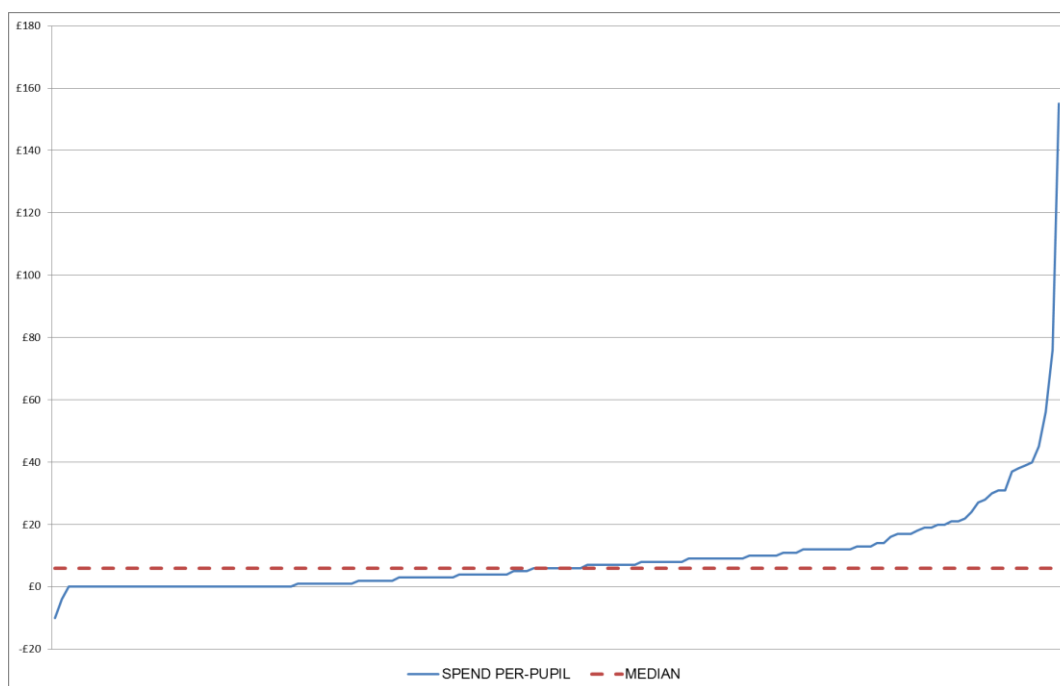
We know that education welfare is an area where many local authorities have already made savings and reduced services to the statutory minimum. We did, however, receive responses suggesting that clarification of duties might allow some local authorities to deliver these services at lower cost. Examples cited included schools taking more responsibility for their statutory obligations according to the England (Pupil Registration) Regulations 2006 and subsequent amendments, and joint working between services across the authority.

A key feature of this budget line is that local authorities retain some duties for both academies and maintained schools. As we have discussed in the section above, we have decided to maintain the retained duties rate at £15 per pupil.

We have provided clarification in Annex A of the relevant statutory duties. On the basis of this clarification, the current wide range of reported spend, and the opportunities for savings identified above, we are confident that a significant number of local authorities should be able to reduce their spending on this function.

## Central support services

The range of planned spend in 2013-14 on central support services is illustrated in Chart 4 below.



**Chart 4 – Distribution of local authority per pupil spend on maintained school pupils and the median (ESG budget line 2.0.2 – central support services)**

The consultation document stated that we believe the role for local authorities in providing central support services is limited and that local authorities could commission services on behalf of schools or charge where appropriate. This section of the consultation attracted the vast majority of responses because we said that our expectation was that music services should now be funded through music education hubs (which can cover one or more local authority areas) and from school budgets, not from the ESG.

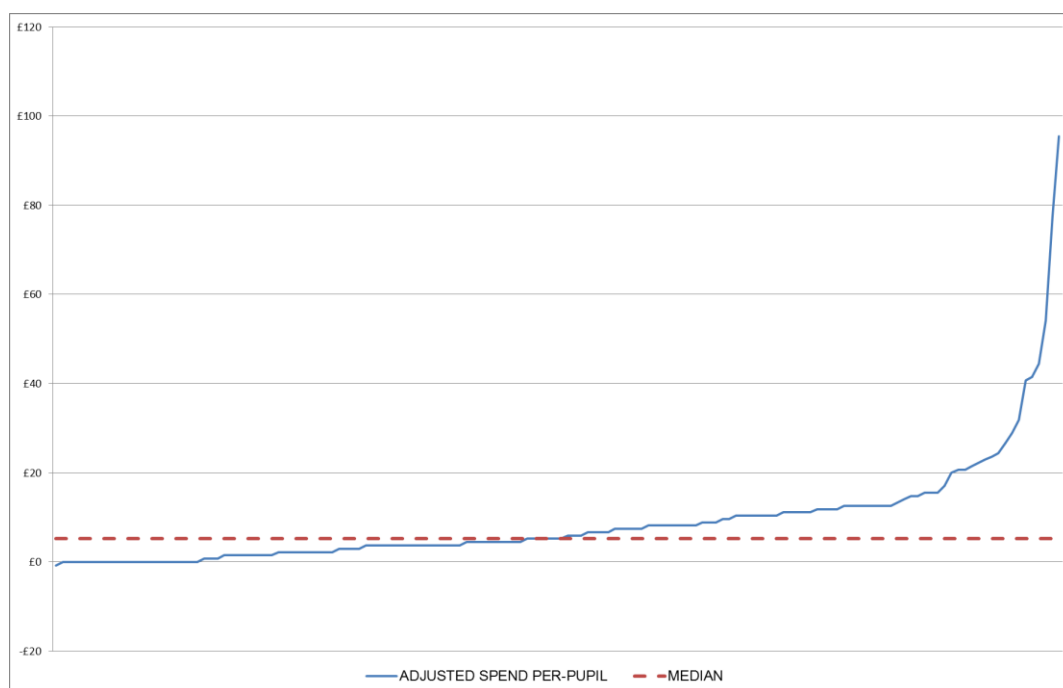
Respondents expressed concerns about local authorities reducing spend on music and the impact this would have on disadvantaged families and on local culture. Almost everyone reported that they would like to see further clarification or guidance from the department on the expectations relating to this function. A number of local authority respondents reported that because there were no specific obligations for them to provide central support services, they were not incurring any expenditure, either because they have no activity or because they are charging for services. The median spend on this line is £6 per pupil, but more than 30 authorities planned to spend £0, and some authorities made clear they had not incurred spend on these services for some years.

Because of the strong interest and concern around music services (with few concerns expressed about any other aspect of central services), we have addressed the question

of music services and music hubs separately in Chapter 5. Here we set out our position on the funding of music education and the additional £18 million announced in parallel.

## Asset management

The range of planned spend in 2013-14 on asset management for maintained schools is illustrated in Chart 5 below. We have adjusted planned spend by removing the funding for retained duties<sup>5</sup>.



**Chart 5 – Distribution of local authority per pupil spend on maintained school pupils and the median (ESG budget line 2.0.5 – asset management)**

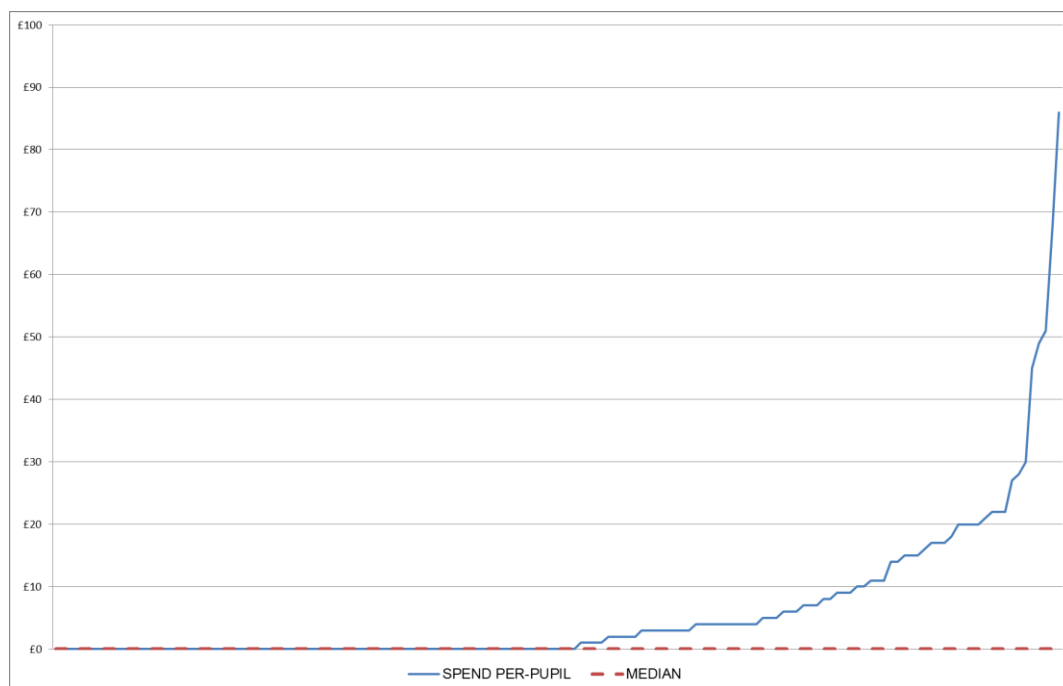
Consultation respondents highlighted a number of services that were classified as asset management. These related to capital programme planning, management of private finance initiatives and administration of academy leases. Few respondents reported scope for savings given the statutory nature of the function. As a result, we have not yet found a satisfactory explanation for the wide range of reported spend. Many local authorities are already joining up asset management functions across services to realise savings; where local authorities are not, they could perhaps consider doing so. We will consider further whether there is merit in providing new, clearer, information on the roles and responsibilities for school asset management for local authorities and other bodies within the system.

Again, a key consideration of this function is that local authorities retain some duties for both academies and maintained schools. As we have discussed in the section above, we have decided to maintain the retained duties rate at £15 per pupil.

On the basis of the current wide range of reported spend, we are confident that some local authorities currently spending well above the median should be able to reduce their spending towards – or below – the median.

## Premature retirement and redundancy costs

The range of planned spend in 2013-14 on premature retirement and redundancy costs is illustrated in Chart 6 below. It shows the majority of local authorities planned no spend in this area.



**Chart 6 – Distribution of local authority per pupil spend on maintained school pupils and the median (ESG budget line 2.0.7 – premature retirement costs / redundancy costs (new provisions))**

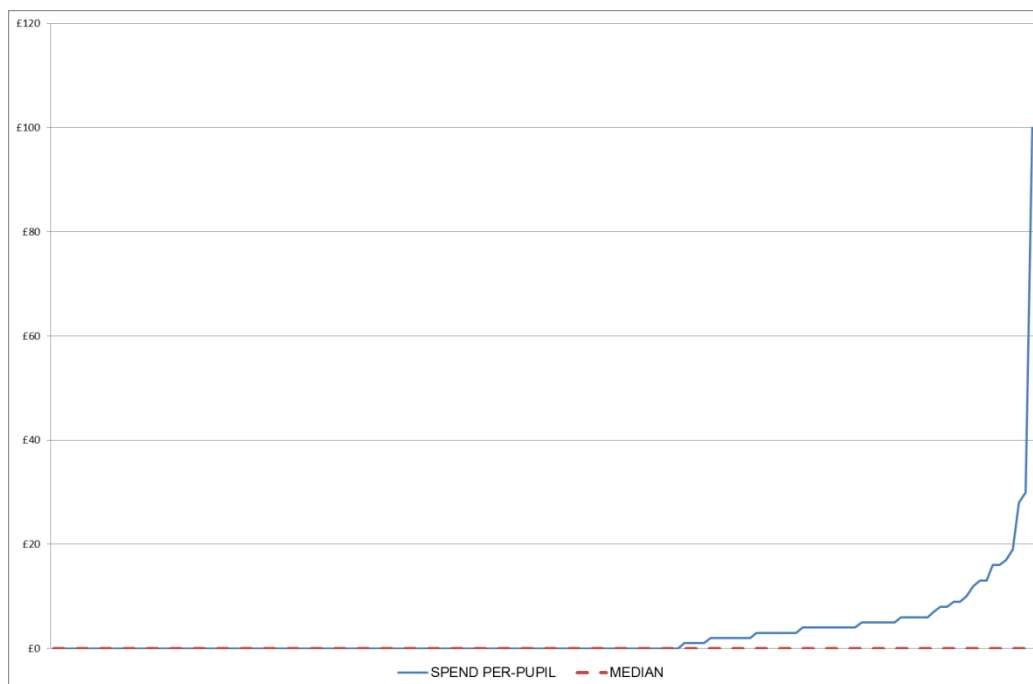
The statutory framework requires schools to pay for early retirement and for local authorities to fund redundancy costs in maintained schools by default unless there are good reasons not to. It is clear from consultation responses and fieldwork that local authorities are not covering the costs of early retirement, but practice varies on redundancy costs. Some local authorities have a local agreement that schools will meet the costs; others choose to bear all the costs themselves. The main barriers to passing costs to schools were cited as schools in financial difficulty and those facing falling rolls where it was not deemed appropriate for the school to pick up the cost. The median planned spend on this line was £0 and 78 local authorities did not plan to spend anything on premature retirement or redundancies in 2013-14.

We think that this is an area of spend where the current observed median planned spend of £0 may be difficult to achieve in some local authorities. This might be, for example, because they have schools in circumstances such that that they cannot afford to pay redundancy costs.



## Therapies and other health-related services

The range of planned spend in 2013-14 on therapies and other health-related services is illustrated in Chart 7 below. Again it shows the majority planned no spend in this area.



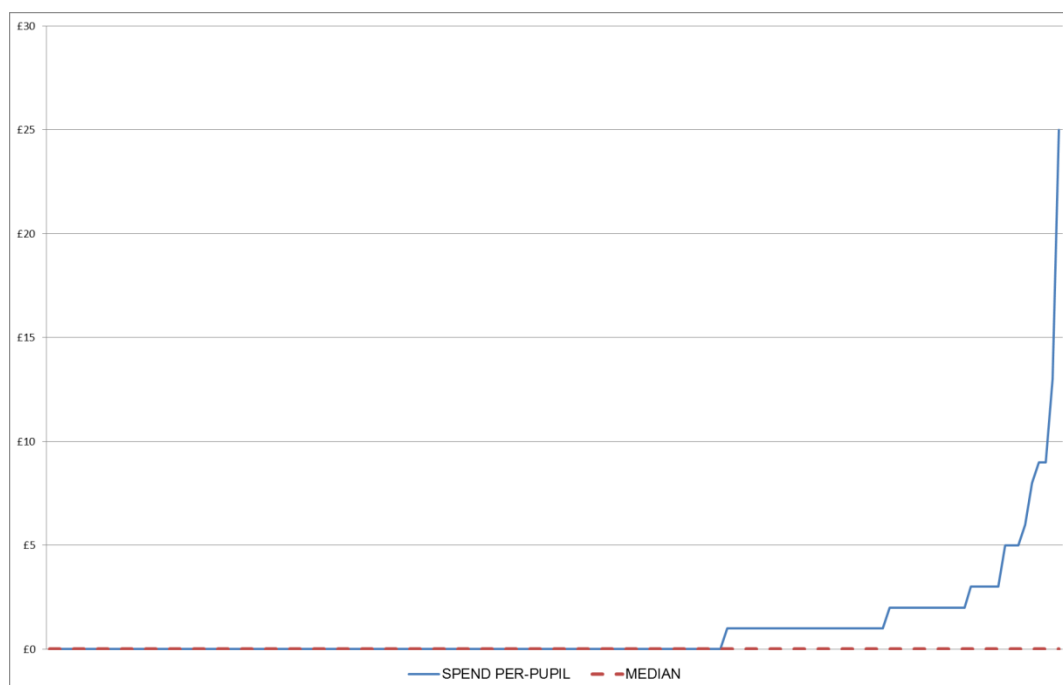
**Chart 7 – Distribution of local authority per pupil spend on maintained school pupils and the median (ESG budget line 2.0.1 – therapies and other health-related services)**

A number of respondents queried why therapies was listed as an ESG related function (or included in LACSEG) when it tended to be a service for pupils with high needs. Most local authority respondents said they use their high needs block funding to pay for these services, although some said that if their DSG was too low they would need to supplement it from ESG. The median planned spend on this line was £0 and 96 local authorities did not plan to spend anything on therapies and other health-related services in 2013-14.

Given variable high needs arrangements across the country we recognise some local authorities might find it more difficult to make savings in this area than others and that the current observed median planned spend of £0 may not be achievable for some.

## Monitoring national curriculum assessment

The range of planned spend in 2013-14 on monitoring national curriculum assessment is illustrated in Chart 8 below. Again it shows the majority planned no spend in this area. We think that this is probably explained by local authorities reporting spend in this area on a different section 251 budget line (often cited as school improvement 2.0.4). A number of local authorities highlighted this in their consultation responses.



**Chart 8 – Distribution of local authority per pupil spend on maintained school pupils and the median (ESG budget line 2.0.8 – monitoring national curriculum assessment)**

Local authorities have a statutory duty to monitor the administration of national curriculum assessments in maintained schools and to moderate teacher assessments at key stage 1. The department has provided clear guidance on [local authorities' responsibilities for monitoring and moderation](#).

In addition, local authorities can contact the Standards and Testing Agency helpline on 0300 303 3013 for further advice.

A small number of respondents suggested that savings could be made on this function through greater use of school-based staff or through cross-school moderation.

There were mixed views reported on whether it was appropriate for local authorities to charge schools for something they are bound by statute to provide. We are able to provide some clarification on this question. Local authorities cannot charge maintained schools for national curriculum assessments, although academies may be charged.

We do not anticipate that monitoring or moderation of the new national curriculum end of key stage tests will result in significant cost pressures for local authorities, but will keep this under review.

## Chapter 2 – How a local authority might choose to spend ESG in 2015-16

As ESG is an un-ringfenced grant, it is entirely at the discretion of local authorities how the funding is spent. Different local authorities will have different needs and thus rightly make different choices about how to use their ESG funding. However, in order to demonstrate further why we are satisfied that a general funding rate of £87 is sufficient, we provide the following **illustrations** of how a local authority might choose to spend its ESG funding and how this compares with planned spending in other local authorities.

We want to be clear that these illustrations are not intended as a guide to how local authorities ought to spend ESG. We recognise the importance of local discretion and a degree of necessary variation in service provision across the country.

Our first illustration (Table 2) uses the median of local authority planned spending in 2013-14 as a starting point for possible spend on each line. It shows the number of local authorities that were planning to spend at or below this level.

In doing this we recognise that each local authority has different circumstances and that some authorities spend more than the median on some functions for good reasons, just as others spend less for equally good reasons. We know, however, that at present there is no correlation between high spend on one service and high spend on another service, meaning that it is reasonable to assume that in the vast majority of cases higher spend on one line could be offset by lower spend on another line. Our analysis also shows that about a third of local authorities with different characteristics (see Chapter 1 - general funding rate – and Annex B) planned spend in 2013-14 on maintained school pupils at a rate around or below £87 per pupil.

As we have highlighted in Charts 1-8 in Chapter 1, the median planned spend in 2013-14 for some functions was £0 (premature retirement, therapies and monitoring national curriculum assessment). Table 2 shows a local authority spending slightly above the median on these lines to reflect the fact that, in some circumstances, some spend may be necessary in these areas.

The only function in this illustration that shows spending below the current median is central support services (£1.30 – the 35<sup>th</sup> percentile – rather than the median of £6). There are no statutory duties for this line.

<b>Planned spend on ESG services for pupils in maintained schools only</b>		
<b>Section 251 budget line</b>	<b>Possible expenditure (per maintained school pupil)<sup>5</sup></b>	<b>Percentile of 2013-14 LA planned expenditure</b>
2.0.3 Education welfare services	£11.90	Median (82 LAs planned to spend at or below)
2.0.4 School improvement	£31.00	Median (75 LAs planned to spend at or below)
2.0.5 Asset management - education	£5.20	Median (76 LAs planned to spend at or below)
2.0.6 Statutory and regulatory duties - education	£35.60	Median (75 LAs planned to spend at or below)
2.0.7 Premature retirement costs / redundancy costs (new provisions)	£1.00	54th percentile (82 LAs planned to spend at or below)
2.0.8 Monitoring national curriculum assessment	£0.50	67th percentile (100 LAs planned to spend at or below)
2.0.1 Therapies and other health-related services	£0.50	64th percentile (96 LAs planned to spend at or below)
2.0.2 Central support services	£1.30	30th percentile (45 LAs planned to spend at or below)
<b>Total spend on ESG services for maintained school pupils only</b>	<b>£87.00</b>	<b>48 LAs planned to spend at or below this level</b>

Table 2 – potential spend based on median spending patterns (general funding rate)

This is absolutely not intended as an instruction of how local authorities ought to spend their ESG. It simply illustrates how a local authority might provide the services for which ESG is intended without spending less than the current median for any service, with the exception of central support services where there are no statutory duties.

Our second illustration (Table 3) shows a pattern of spending which, if followed by all local authorities, would mean that the total national spend on each spending line would fall by 23% from 2013-14 levels. We are absolutely not suggesting that any local authority ought to follow this pattern of spending. Again, this is simply an illustration.

<b>Planned spend on ESG services for pupils in maintained schools only</b>		
<b>Section 251 budget line</b>	<b>Possible expenditure (per maintained school pupil)<sup>5</sup></b>	<b>Percentile of 2013-14 LA Spending</b>
2.0.3 Education welfare services	£8.65	29th percentile (44 LAs planned to spend at or below)
2.0.4 School improvement	£27.01	45th percentile (68 LAs planned to spend at or below)
2.0.5 Asset management - education	£7.41	58th percentile (88 LAs planned to spend at or below)
2.0.6 Statutory and regulatory duties - education	£28.14	37th percentile (56 LAs planned to spend at or below)
2.0.7 Premature retirement costs / redundancy costs (new provisions)	£5.82	72nd percentile (108 LAs planned to spend at or below)
2.0.8 Monitoring national curriculum assessment	£0.54	67th percentile (100 LAs planned to spend at or below)
2.0.1 Therapies and other health-related services	£1.67	67th percentile (100 LAs planned to spend at or below)
2.0.2 Central support services	£7.76	58th percentile (87 LAs planned to spend at or below)
<b>Total spend on ESG services for maintained school pupils only</b>	<b>£87.00</b>	<b>48 LAs planned to spend at or below this level</b>

**Table 3 - potential spend based on 23% reduction to planned spend on each line (general funding rate)**

## Chapter 3 – Impact on academies

At present, academies receive higher levels of ESG than local authorities. In academic year 2014/15, all academies will receive an ESG top-up of £27 per pupil and a protection that ensures that the loss incurred by any academy as a result of the changes in ESG and SEN LACSEG<sup>7</sup> in that year cannot exceed 1% of its total budget (including its post-16 funding) in academic year 2013/14.

We have been clear since the introduction of ESG in 2013 that, over time, the ESG rates for academies will converge with those for local authorities. In 2015/16, we are changing ESG protections for academies to help us continue to achieve that aim.

In academic year 2015/16, there will be **no top-up for academies**, but in order to protect academies against large budget reductions, they will continue to receive protection against reductions to ESG and the removal of SEN LACSEG.

The **new protection for academies will be set in tapered bands**, so that academies that are currently receiving low ESG payments will still not be allowed to see a fall of more than 1% of their total funding, while academies that are currently receiving relatively high ESG payments (because they used to have high levels of LACSEG) will be allowed to see a fall of more than 1% in their total funding (up to a maximum of 3%). This new protection will therefore drive convergence between the academy and local authority ESG rates and move towards a fairer distribution of funding between academies.

Each academy will have its own level of protection defined by its level of ESG<sup>8</sup> per pupil in academic year 2014/15. An individual academy's protection rate – which sets the maximum total percentage budget loss permitted due to changes in ESG and SEN LACSEG – in 2015/16 will be calculated as follows:

- £140; plus
- twice the amount of ESG<sup>8</sup> per pupil that the academy receives between £140 per pupil and £160 per pupil; plus
- three times the amount of ESG<sup>8</sup> that the academy receives over £160 per pupil; and then
- that total is divided by the total amount of ESG<sup>8</sup> that the academy receives per pupil, to give a percentage protection rate.

This is illustrated in the worked example and the table of protection rates, shown below.

This arrangement means that a small number of academies that currently receive exceptionally high rates of ESG will see reductions approaching 3% of their budgets –

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<sup>7</sup> See Footnote 3.

<sup>8</sup> Including SEN LACSEG and after the current protection has been applied

but the vast majority of academies will enjoy a tighter protection. **The vast majority of academies will have a protection such that their ESG<sup>8</sup> cannot fall by more than 1.5% of their total budget.** It is furthermore important to note that **not all of these academies will lose as much as 1.5% of their total budget** as a result of changes to ESG; many – especially those already on low rates of ESG – will see a much smaller percentage reduction.

The following worked example shows how we would calculate the protection for an illustrative academy.

## Academy A

### In 2014/15:

Its total per-pupil funding – including the dedicated schools grant (DSG), post-16 funding, ESG and previous ESG protection funding in 2014/15 – is £5,500. This £5,500 includes £465 per pupil (pp) comprised of:

- ESG of £140pp;
- Previous ESG protection funding of £300 pp; and
- SEN LACSEG of £25 pp.

### In 2015/16:

Without protection the academy would lose:

- £53pp from the ESG reduction from £140 to £87;
- £300pp from the removal of the ESG protection; and
- £25pp from the removal of SEN LACSEG.
- Making a total loss of £378.

But there is protection in 2015/16. The protection rate for the academy is calculated as follows:

- £140 \* 1 +
- £20 \* 2 +
- £305 \* 3
- Giving a total of £1,095 which is then divided by £465 to give a protection rate of 2.36%

The protection rate of 2.36% is applied to the total budget of £5,500 to give a maximum loss of £130pp. Against a starting gross loss of £378pp the academy has therefore received £248pp of protection.



Table 4 below shows the rate of protection that academies will receive in 2015/16, based on a series of 2014/15 per pupil funding rates for ESG and SEN LACSEG after protection is applied. This is not an exhaustive list: some academies will have significantly higher per pupil rates than £240 in 2014/15.

<b>£pp ESG8 Funding Rate (14/15)</b>	<b>% Protection in 2015/16</b>	<b>£pp ESG8 Funding Rate (14/15)</b>	<b>% Protection in 2015/16</b>	<b>£pp ESG8 Funding Rate (14/15)</b>	<b>% Protection in 2015/16</b>
140	-1.00%	175	-1.29%	210	-1.57%
145	-1.03%	180	-1.33%	215	-1.60%
150	-1.07%	185	-1.38%	220	-1.64%
155	-1.10%	190	-1.42%	225	-1.67%
160	-1.13%	195	-1.46%	230	-1.70%
165	-1.18%	200	-1.50%	235	-1.72%
170	-1.24%	205	-1.54%	240	-1.75%

**Table 4 – Summary of protection rates**

## **Rates for alternative provision academies and special academies**

Many of the functions that ESG was intended to fund relate to staff and premises. These include asset management, administering pension contributions, advising on terms and conditions of non-teaching staff and appointment checks and dismissals. Special schools / special academies and pupil referral units (PRUs) / alternative provision (AP) academies have much higher staffing ratios per pupil, and need more space per pupil, as a result of smaller group sizes and the intensive support they offer. The teacher to pupil ratio in these schools is around four to five times higher than in mainstream settings. These factors all result in increased overheads and higher staff-related costs.

In summer 2012, we consulted on applying a multiplier to the ESG general funding rate for these institutions of 4.25 and 3.75 respectively for special schools and PRUs / AP. We see no compelling reason why these multipliers need to change and they will remain constant in 2015-16.

For special and AP academies, these multipliers will also be applied to the £140 per pupil and £160 per pupil thresholds of the academies protection described above, to ensure that special and AP academies are not disproportionately affected by the new tapered protection.

Full technical guidance on the revised academy protection arrangements and the rates for alternative provision academies and special academies will be issued in due course.

## **Chapter 4 – Clarification of duties in relation to education services**

Analysis of consultation responses demonstrates that clarification of local authorities' duties to provide education services to academies and maintained schools would be welcomed and could also help with achieving savings.

The table in Annex A lists the main duties that local authorities have in education services in relation to both maintained schools and academies. Local authorities may wish to use this information when considering their provision of services for schools, and we hope that it will be helpful for academies to have clarity about the duties that local authorities retain for them.

## Chapter 5 – Additional funding for music services

We believe that every child is entitled to a high-quality music education. We have confirmed music as a compulsory subject for all children from key stage 1 to key stage 3 in the new national curriculum. The new programmes of study for music include an increased focus on the need for activities to be undertaken ‘musically’ with reference to learning to play a musical instrument and an increased focus on singing.

In November 2011 we announced that we would set up new music education hubs to improve the quality and consistency of music education. Music hubs are responsible for ensuring that every child has access to free whole class ensemble tuition for at least one term, providing affordable progression routes to all young people who wish to develop their skills even further, providing opportunities for young people to play in ensembles, and developing a singing strategy to ensure that every young person sings regularly. We are providing £171 million for hubs across 2012-15, and in 2015-16 at least £75 million, compared with £58 million in 2014-15.

Government funds music education hubs centrally, according to a formula which reflects total pupil numbers and the number of pupils in each area who are eligible for free school meals, and music education hubs are also encouraged to seek other sources of funding. If they wish, local authorities can choose to supplement this central funding from their non-ringfenced budget, including ESG.

There are additional programmes funded by The department which support children from deprived areas and low-income families to access an excellent music education. We are providing over £84 million across 2012-15 for the Music and Dance Scheme (MDS), which provides means-tested financial assistance for children with exceptional potential so that they can benefit from world-class specialist training, and we are also providing £1.5 million for ‘In Harmony’ across the 2012-15 period.

The department received a large volume of responses to the consultation on ESG relating to the provision of music services. Concern was triggered by our statement in the consultation document that our expectation was that music services should now be funded through music education hubs (which can cover one or more local authority areas) and from school budgets, not from the ESG. Many respondents were concerned that reduced local authority support for music services would impact on the overall quality of music provision and in particular on the opportunities for disadvantaged children.

In 2014-15 The department for Education gave central funding of £58 million to music hubs. At present, we do not have reliable data on the amount of extra funding that local authorities gave to music hubs in 2014-15. Data collected by Arts Council England suggests that, in 2012-13, local authorities contributed just over £14 million to music hubs.

In recognition of the importance of high quality music education, we have announced in parallel that in 2015-16 we will increase central funding to music education by £18 million. The total funding for music education hubs will be around £75 million 2015-16 – up from £58 million in 2014-15.

As ESG is an un-ringfenced grant, local authorities will continue to have total discretion about whether to spend any of the ESG budget they receive on providing music services.



Department  
for Education

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## Appendix B

### Extract from DfE Section 251 Guidance 2014/15

#### 2.0.2 Central support services: Includes expenditure on:

- pupil support:** provision and administration of clothing grants and board and lodging grants, where such expenditure is not supported by grant.
- music services:** expenditure on the provision of music tuition or other activities which provide opportunities for pupils to enhance their experience of music.
- Visual and performing arts (other than music):** expenditure which enables pupils to enhance their experience of the visual, creative and performing arts other than music.
- Outdoor education including environmental and field studies (not sports):** expenditure on outdoor education centres – field study and environmental studies etc. – but not including centres wholly or mainly for the provision of organised games, swimming or athletics.

**2.0.3 Education welfare service:** Education welfare service and other expenditure arising from the LA school attendance functions. Where Education Welfare Officers are directly involved in issues related to The Children Act 1989, the relevant expenditure could be charged to line 3.3.2.

- Expenditure in connection with powers and duties performed under Part 2 of the Children and Young Persons Act 1933 (Enforcement of, and power to make bylaws in relation to, restrictions on the employment of children).

**2.0.4 School Improvement:** Expenditure incurred by a LA in respect of action to support the improvement of standards in the authority's schools, in particular expenditure incurred in connection with functions under the following sections of the 2006 Act:  section 60 (performance standards and safety warning notice);  section 60A (teachers' pay and conditions warning notice);  section 63 (power of LA to require governing bodies of schools eligible for intervention to enter into arrangements);  section 64 (power of LA to appoint additional governors);  section 65 (power of LA to provide for governing bodies to consist of interim executive members) and Schedule 6; and  section 66 (power of LA to suspend right to delegated budget).

**2.0.5 Asset management – education:** Include expenditure in relation to the management of the authority's capital programme, preparation and review of an asset management plan, negotiation and management of private finance transactions and contracts (including academies which have converted since the contracts were signed), landlord premises functions for relevant academy leases, health and safety and other landlord premises functions for community schools. This line does not include payments made by the LA to a PFI provider and any capital expenditure or income; such expenditure should not appear anywhere on the form.

**2.0.6 Statutory/ regulatory duties:** This line should not include any expenditure or income relating to sold services to schools. Expenditure on education functions related to:

- the Director of Children's Services and the personal staff of the Director;
- planning for the education service as a whole;
- functions of the authority under Part 1 of the Local Government Act 1999 (Best Value) and also the provision of advice to assist governing bodies in procuring goods and services with a view to securing continuous improvement in the way the functions of those governing bodies are exercised, having regard to a combination of economy, efficiency and effectiveness;

- revenue budget preparation - the preparation of information on income and expenditure relating to education, for incorporation into the authority's annual statement of accounts, and the external audit of grant claims and returns relating to education;
- administration of grants to the authority (including preparation of applications), functions imposed by or under Chapter 4 of Part 2 of the 1998 Act and, where it is the authority's duty to do so, ensuring payments are made in respect of taxation, national insurance and superannuation contributions; authorisation and monitoring of expenditure: which is not met from schools' budget shares; o in respect of schools which do not have delegated budgets, and o on all financial administration relating thereto;
- the formulation and review of the methods of allocation of resources to schools and other bodies;
- the authority's monitoring of compliance with the requirements of their financial scheme prepared under section 48 of the 1998 Act, and any other requirements in relation to the provision of community facilities by governing bodies under section 27 of the 2002 Act;
- internal audit and other tasks necessary for the discharge of the authority's chief finance officer's responsibilities under section 151 of the Local Government Act 1972;
- the authority's functions under regulations made under section 44 of the 2002 Act; recruitment, training, continuing professional development, performance management and personnel management of staff who are funded by expenditure not met from schools' budget shares and who are paid for services carried out in relation to those of the authority's functions and services which are referred to in other paragraphs of Schedule 1 to the School and Early Years Finance (England) Regulations 2014. This relates to staff centrally funded and whose work falls within the scope of the non-schools education budget;
- investigations which the authority carry out of employees or potential employees of the authority or of governing bodies of schools, or of persons otherwise engaged or to be engaged with or without remuneration to work at or for schools;
- functions of the authority in relation to local government superannuation which it is not reasonably practicable for another person to carry out and functions of the authority in relation to the administration of teachers' pensions;
- retrospective membership of pension schemes and retrospective elections made in respect of pensions where it would not be appropriate to expect the governing body of a school to meet the cost from the school's budget share;
- advice, in accordance with the authority's statutory functions, to governing bodies in relation to staff paid, or to be paid, to work at a school, and advice in relation to the management of all such staff collectively at any individual school ("the school workforce"), including in particular, advice with reference to alterations in remuneration, conditions of service and the collective composition and organisation of such school workforce;
- determination of conditions of service for non-teaching staff and advice to schools on the grading of such staff;
- the authority's functions regarding the appointment or dismissal of employees;
- consultation and functions preparatory to consultation with or by governing bodies, pupils and persons employed at schools or their representatives, or with other interested bodies;
- compliance with the authority's duties under the Health and Safety at Work etc. Act 1974 and the relevant statutory provisions as defined in section 53(1) of that Act in so far as compliance cannot reasonably be achieved through tasks delegated to the governing bodies of schools; but including expenditure incurred by the authority in monitoring the performance of such tasks by governing bodies and where necessary the giving of advice to them;

- the investigation and resolution of complaints;
- legal services relating to the statutory functions of the authority;
- the preparation and review of plans involving collaboration with other LA services or with public or voluntary bodies;
- provision of information to or at the request of the Crown and the provision of other information which the authority are under a duty to make available;
- expenditure incurred in connection with the authority's functions pursuant to regulations made under section 12 of the 2002 Act (supervising authorities of companies formed by governing bodies);
- expenditure incurred in connection with the authority's functions under the discrimination provisions of the Equality Act 2010 in so far as compliance cannot reasonably be achieved through tasks delegated to the governing bodies of schools - but including expenditure incurred by the authority in monitoring the performance of such tasks by governing bodies and where necessary the giving of advice to them;
- expenditure on establishing, and maintaining electronic computer systems, including data storage, in so far as they link, or facilitate the linkage of, the authority to schools which they maintain, such schools to each other or such schools to other persons or institutions;
- expenditure in connection with the authority's functions in relation to the standing advisory council on religious education constituted by the authority under section 390 of the 1996 Act or in the reconsideration and preparation of an agreed syllabus of religious education in accordance with schedule 31 to the 1996 Act;
- expenditure on the appointment of governors, the making of instruments of government, the payment of expenses to which governors are entitled and which are not payable from a school's budget share and the provision of information to governors;
- expenditure on making pension payments other than in respect of schools;
- expenditure in relation to the exclusion of pupils from schools or pupil referral units, excluding the making of any provision of education to such pupils, but including advice to the parents of an excluded pupil.



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**Children &  
Young People's Services**

Reference: DS/KB/rmc/162

Contact: Dorothy Smith  
Date: 24th October 2014

Paul Blackwell  
Chair of Rotherham School Forum  
Dinnington Comprehensive School  
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Sheffield  
S25 2NZ

Dear Paul

Thank you for your letter dated 8<sup>th</sup> October 2014. I have asked various colleagues from across the authority to answer the questions and issues outlined in your letter.

1. Move to a National Funding Formula (possibly 2016-17)
  - a) *What will the amount distributed to schools be based on:*
    - (i) *Total amount in the schools block or*
    - (ii) *Total amount in the school block minus that held back for central services or*
    - (iii) *Something else.*
  - b) *What risks are posed to future schools funding by not delegating money to schools?*

In relation to question 1a and 1b there are currently no details available from the DfE, therefore we are unable to identify the total amount for 2016/17 at this stage or any risks that may arise from changes that may occur. Discussions will obviously continue with Schools Forum over the coming months, especially once we receive details of the autumn statement on December 3<sup>rd</sup>.

*What would your estimate be of the funding available to the 3 blocks following a reduction in Rotherham's budget to the national average?*

The Schools Block is generated by an amount of £4,844 per pupil, total amount of £183.8 million – the national average in 15/16 will be £4,732 per pupil (ranging from £8,595 to £4,158) - we would receive £179.5 million.

The Early Years Block is generated by £3,870 per pupil total amount of £9.242 million – the national average is £4,314 per pupil (from £8,713 to £3,080) - we would receive £11.3 million.

The High Needs block (in 13/14) was £19.263 million – the local authority average was £32.893 million (ranging from £0.331 to £140 million).



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2. Education Services Grant

DFE analysis of LA planned spend on ESG (8 services) in 2013-14 indicates:

- LA received £131 per pupil (2013-14) but spent £59 (- £72).
  - This puts Rotherham at the 10<sup>th</sup> lowest in the country with the LA spending £2.6m less on the 8 services than it receives funding for.
  - The median planned national spend on school improvement (from ESG) for 2013-14 per pupil is £31 Rotherham spent £19.
- a) Why is this? Why isn't all the ESG spent on the 8 education services? What is the actual spend on each area(2013-14)?

The actual spend on each area in 2013/14 was as below:

Section 251 Heading	Net Expenditure in 2013/14 £k	Net Expenditure per pupil 3-19 (36,961 pupils) in maintained schools £
Central Support Services	557	15
Education Welfare Service	550	15
School Improvement	666	18
Asset Management-Education	60	2
Statutory Regulatory Duties - Education	487	13
<b>Total</b>	<b>2,320</b>	<b>63</b>

We currently have no expenditure on therapies and other health related services, premature retirement costs/redundancy costs (new provisions) and monitoring national curriculum assessment

- b) Where does the other £2.6m go?  
 c) Does the DSG support services that should/could be funded from the ESG?

In response to Question 2b and 2c:

The Education Services Grant is a non- ring fenced grant which can be used in support of central education functions. As it is not ring fenced there is no requirement for all of the grant allocated to the Local Authority to be spent on central education services, rather it is for Local Authorities to determine how the funding is allocated to support local priorities. The Grant replaces an equal amount of Revenue Support Grant (the general grant used to support all Council revenue funded services) and this reduces each year as more academies open. Funding not used to support central education services is used to support Children and Young People's Services.

The spend value ( £59) is based on the Rotherham 2013/14 Benchmarking tables of planned expenditure per pupil and relates to planned Net Revenue expenditure per pupil aged 3-19 in maintained schools only. It includes the headings within the tables which relate to those determined by the DfE as being those areas which the Education Support Grant can be used to support.

The tables require that ESG is recorded in the same way as Revenue Support Grant (RSG) i.e. it is not shown separately. The areas which DSG support in addition to ESG (and RSG) are Education Welfare Services and School Improvement as these were agreed by Schools Forum.

It should be noted that this is the value of planned (budgeted expenditure) and the actual total revenue expenditure on those areas in 2013/14 was £63 per pupil.

As more academies open the amount of ESG reducing increases the shortfall in the whole budget of the Council (N.B it is for individual authorities to determine how this is managed). In setting its budget for each

year, councilors will, in light of these reductions, take into account which services to continue to provide and how much income they are expected to make.

d) *What is the budget spend on the 8 areas for 2014-15 and estimated spend 2015-16?*

The forecast 2014/15 expenditure on each area as at the end of September is given below:

<b>Section 251 Heading</b>	<b>Net Expenditure in 2014/15 £k</b>	<b>Net Expenditure per pupil 3-19 (30,494 pupils) in maintained schools £</b>
Central Support Services	1,263	41
Education Welfare Service	614	20
School Improvement	737	24
Asset Management-Education	61	2
Statutory Regulatory Duties - Education	154	5
<b>Total</b>	<b>2,829</b>	<b>93</b>

Currently unable to forecast estimated spend 2015/16 as this will depend upon the national settlement and budget setting process within the local authority.

e) *Did Rotherham spend £19 per pupil (ESG) on school improvement? Does this also include expenditure on academies services as well as maintained schools?*

The School Effectiveness Service receives £16 per pupil from the Revenue budget. This is spent on the delivery of statutory education improvement functions for early years, academies and maintained schools.

f) *What other information/comment would you like to provide on ESG, e.g. pressures as the funding rate is reduced?*

Please see the information above.

### 3. High Needs Block

*The planned overspend for the High Needs block is £1.85 million (2014-2015).*

a) *Please provide the exact reasons for this overspend?*

b) *Please state clearly the plans to reduce this overspend? Or will it increase year on year?*

c) *Please state clearly where the money for this overspend will come from and the financial implications for this area.*

Undertaking a detailed analysis of high needs expenditure is the reason behind setting up a High Needs Sub Group of the Schools Forum. Donald Rae will be contacting you separately about this group which, on behalf of the Forum, will seek to better understand how the High Needs Block covers early years, schools and post 16 special.

The Government published revised School and Early Years Finance Regulations in the summer and finance staff are ensuring that Rotherham's school funding is used in line with these new regulations. Item 13 at the last Forum provided the details of the reasons for the projected overspend on the High Needs Block, summarised below:

	<b>Issue</b>	<b>Overspend</b>	<b>Underspend</b>
	Educational Equipment	£128,000	
	Support Packages	£ 16,000	
Non Maintained Special School Placements		£923,000	
	Speech and Language Therapy	£ 33,000	
	Exceptional Needs Payments		£ 88,000
	Excluded Pupils		£ 30,000
	Post 16 High Needs Top Up	£ 379,000	
Residential Costs Non Maintained Special Schools		£ 491,000	
	Other LA Placements		£ 89,000
	Recoupment other LAs		£ 21,000
	Hearing Impaired service	£ 75,000	
	Visually Impaired Service	£ 13,000	
LSS and Autism Communication Team			£ 9,000
	Portage Service	£ 19,000	
	Home Tuition Service	£ 15,000	
		£ 2,092,000	£ 237,000
	Balance		£ 1,855,000

In addition to extra costs relating to the national changes to special educational needs – especially post 16 - there is an underlying special needs demographic pressure which is reflected in this extra expenditure. For example, the number of SEN statements issued for new learners rose from 48 in 2010/11 to 110 in 13/14. Many of these have more complex needs.

The authority is committed to transforming how, with partners, the needs of children and young people with special needs are met. If radical change does not occur then the costs will continue to rise. The High Needs sub group is part of the discussion around this transformation and it is important that its work both understands the current position and how our transformation of SEND activity will impact on early years, school and college budgets.

#### 4. Learners First

*Given that the legality of the money from DSG going to LF has been raised:*

- a) *Will the money proposed by the Forum several years ago be devolved to schools for each school  
If yes, when will this occur?*

The funding will be devolved in line with the proposal from Schools Forum. The time line for this is currently being established.

5. City Learner Centres

In addition to the paper provided for the last meeting:

a) What are the carry forward balances from the previous 3 years?

**Winterhill CLC**

2013-14	Surplus at 31st March 2014	-111,837.85
2012-13	Surplus at 31st March 2013	-247,607.18
2011-12	Surplus at 31st March 2012	-239,125.57

**Rawmarsh CLC**

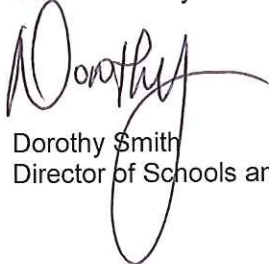
2013-14	Surplus at 31st March 2014	-460573.82
2012-13	Surplus at 31st March 2013	-182790.78
2011-12	Surplus at 31st March 2012	-237571.58

b) How/does the CLC Management Board see the CLC's as being self-sustaining in future years?

The Management Board is committed to sustaining the provision and are looking at various options: traded service of both CLCs; traded service of 1 CLC with outreach work in schools; traded service of 1 CLC; traded service of outreach work only.

I hope the above information provides enough information for the Schools Forum. If you require any further details please do not hesitate to contact me.

Yours sincerely



Dorothy Smith  
Director of Schools and Lifelong Learning



<b>ROTHERHAM BOROUGH COUNCIL – REPORT TO SCHOOLS FORUM</b>
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<b>1.</b>	<b>Meeting:</b>	<b>Schools Forum</b>
<b>2.</b>	<b>Date:</b>	<b>24<sup>th</sup> April 2015</b>
<b>3.</b>	<b>Title:</b>	<b>Schools in Financial Difficulty Funding</b>
<b>4.</b>	<b>Directorate:</b>	<b>CYPS</b>

### **5. Summary**

Schools facing financial difficulty are eligible to apply for support from the contingency fund. The fund is held by the Local Authority on schools behalf.

A process involving colleagues from the school, Finance, Human Resources and School Effectiveness Service is followed.

From an initial 2014/15 budget of £100,000, subsequently reduced by £4,391 to £95,609 following academy conversions, only one school, Greasbrough Primary has been allocated funding.

There is a surplus balance of £45,609.

### **6. Recommendations**

That the balance of £45,609 is carried forward to the financial year 2015/16

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## **7. Proposals and Details**

The balance of £45,609 is carried forward to allow for an increased budget to be available for maintained Primary Schools in 2015/16. The increase in pension costs for teachers may significantly impact on primary budgets and there are a small number of schools on the radar for slipping into financial difficulties.

## **8. Finance**

The maintained primary sector members of Schools Forum have voted to de-delegate a total of £75,000 from the 2015/16 primary maintained individual school budgets . Therefore in 2015/16 the Schools in Financial Difficulty initial budget will be set at £75,000.

## **9. Risks and Uncertainties**

The increasing number of academy schools reduces the DSG available for maintained schools and with expected pension costs rising this could impact on school budgets.

## **10. Policy and Performance Agenda Implications**

n/a

## **11. Background Papers and Consultation**

Schools Forum minutes

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