

SCHOOLS FORUM REPORT

Subject: Education Services Grant (ESG)

Summary

The cessation of the Education Services Grant (ESG) – General Duties – will greatly impact the Council's Education Service budget with a full year reduction in funding of £1.4m

This significant reduction is partially mitigated in 2017/18 with the Council set to receive 5/12^{ths} of what would have been its 2017/18 allocation.

The Retained Duties element of the ESG is to continue but has been rolled into the main Schools Block, as additional funding. This paper recommends the transfer of this retained element to the Council to part fund the statutory functions that the Council previously funded through the wider ESG (Retained and General).

In recognition of the top slice of funding that the Council is enacting to support the High Needs Block, there is no further request for contributions from Schools for the loss of General Duties ESG.

Background

Forum members will recall that there are two parts to the ESG:

- The general rate which is received by both academies and similarly LAs for their maintained schools. This is to cease for LAs from September 2017 and for academies transitional protection will have unwound by 2020.
- The retained duties rate (circa £15 per pupil) – covering LA duties for both maintained schools and academies. This will continue but as an addition to the Schools Block.

In 2016/17 the ESG contributed £2.1m towards the Council's budget to deliver statutory and regulatory support to schools. It will receive £1.1m in 2017/18.

Over the last two years the Council has invested £20m into Children Services compared to the base budget in 2014/15. In 2017/18 it will invest a further £8.5m as the service continues its improvement journey.

Key Issues

The retained duties funding previously administered through the ESG has been added to the Schools Block. The Council will require these funds – a sum of £646k – is transferred to the Council in 2017/18.

The Council will see a reduction in funding of £800k in 2017/18 due to the removal of the general duties rate from 31st August. This is one third of the Council's mainstream funded Education budget; i.e. the element that is not met from existing retention of DSG or funded from the trading of services.

The Council will need to address the loss of resource through a functionality analysis of how it delivers Education support. Of the £800k shortfall £200k has been identified in 2017/18 to bridge the gap with further budget proposals currently under review but more likely to materialise from 2018/19.

The guidance from the Department for Education is clear that local authorities can agree with School Forum a greater share of the central schools block to help mitigate its budget position. However given the significant transfer of funding from the schools block to the high needs block in 2017/18 the Council will manage the reduction of ESG in its entirety.

Recommendations

That Schools Forum:

- Note the changes to the ESG and recognise the impact it will have on Council resources.
- Agree the transfer of £646k to the Local Authority from the Schools Block in 2017/18.