

SCHOOLS FORUM - 19 JANUARY 2017

Title of paper:	EDUCATION SERVICES GRANT 2017/18
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Summary	
<p>This report is required to gain the approval of Schools Forum to transfer the former Retained Education Services Grant (ESG); now allocated within the Dedicated Schools Grant (DSG) schools block funding, to the Local Authority (LA). This totals £117m nationally and £0.640m for Nottingham</p> <p>This retained funding is to support the LA's statutory duties for all schools. This is in accordance with the Schools and Early Years financial regulations and the Department for Educations (DfE) consultation process relating to the National Funding Formula (NFF)</p> <p>Until 2017/18 this funding was paid directly to the LA.</p>	
Recommendation(s):	
1	To approve funding to support the statutory <u>retained duties</u> of the LA for all pupils as set out in Table 1 section 2.2 totalling £0.640m.
2	To note that no approvals are required for the transitional funding of general duties of £0.478m as set out in section 2.3. This funding is for the statutory requirements of the LA in relation to maintained schools only.
3	To note that the LA: <ul style="list-style-type: none"> a. Is not requested any further funding over and above the transitional funding for 2017/18. b. Will require funding of these services in 2018/19, which will form part of a separate report.
4	To comment on the recommendation to include on the Schools Forum (SF) sub group work programme for 2017/18: <ul style="list-style-type: none"> a. A questions and answers session in relation to the statutory duties of the LA for all pupils as per recommendation 1. b. 2018/19 funding of the statutory duties of the LA for maintained schools only as per recommendation 2.

1. REASONS FOR RECOMMENDATIONS

- 1.1 To ensure compliance with the guidance issued by the Education Funding Agency.
- 1.2 To provide SF with a summary of the services aligned to the retained ESG funding (as set out by the EFA).
- 1.3 To ensure SF understands the transitional ESG funding associated with general duties and the implication that has on services previously provided.

2. BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)

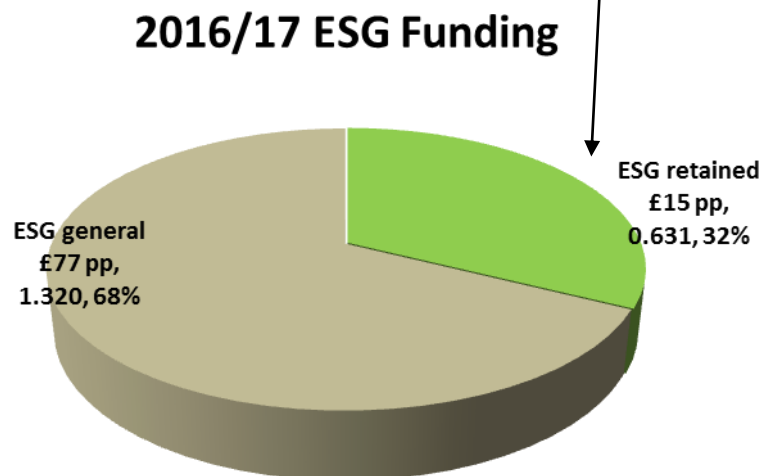
- 2.1 As part of the consultation process in creating a NFF the EFA have created a **central school services block** within the dedicated schools grant (DSG); this is to reflect the ongoing LA role in education.

This is made up of 2 different government funding streams;

- schools block funding that is currently held centrally by local authorities (central expenditure) and
- the retained duties element of the ESG nationally totalling £117m.

- 2.2 The approval for centrally retained services forms part of a separate report; this report however is covering the approval of the **retained funding** of £0.640m for the statutory duties held by the LA for all pupils.

The 2016/17 ESG indicative allocation was as follows:



- 2.3 The duties included covered are set out below in **Table 1**:

TABLE 1: ESG RETAINED ANALYSIS			
		Total Cost £m	Rate PP
1	Director of children's services and personal staff for director	0.097	2.46
2	Planning for the education service as a whole	In 1	
3	Revenue budget preparation, preparation of information on income and expenditure relating to education, and external audit relating to education	0.027	0.67
4	Administration of grants	In 6	
5	Authorisation and monitoring of expenditure not met from schools' budget shares	In 6	
6	Formulation and review of local authority schools funding formula	0.157	3.98
7	Internal audit and other tasks related to the authority's chief finance officer's responsibilities under Section 151 of LGA 1972 except duties specifically related to maintained schools.	0.011	0.28
8	Consultation costs relating to non-staffing issues	0.015	0.38
9	Plans involving collaboration with other LA services or public/voluntary bodies	In 1 & 6	
10	Standing Advisory Committees for Religious Education (SACREs)	0.004	0.09
11	Provision of information to or at the request of the Crown other than relating specifically to maintained schools.	In 6	
	<u>Education Welfare</u>		
12	Functions in relation to the exclusion of pupils from schools, excluding any provision of education to excluded pupils	0.135	3.44
13	School attendance	In 12	
14	Responsibilities regarding the employment of children	In 12	
	<u>Asset management</u>		
15	Management of the LA's capital programme including preparation and review of an asset management plan, and negotiation and management of private finance transactions.	0.071	1.81
16	General landlord duties for all buildings owned by the local authority, including those leased to academies.	0.056	1.42
17	Services set out in the table above will also include overheads relating to these services: <ul style="list-style-type: none"> • Ensuring payments are made in respect of taxation, national insurance and superannuation contributions. • Recruitment, training, continuing professional development, performance management and personnel management of staff. • Investigations of employees or potential employees, with or without remuneration. • Investigation and resolution of complaints. • Legal services related to education functions. 	0.069	1.74
TOTAL		0.640	16.27

These are indicative rates which will be confirmed during 2017/18; benchmarking will be undertaken with other authorities and the outcome feedback into Schools Forum Sub Group.

2.3 Transitional ESG funding for general duties is being allocated directly to LA in 2017/18 and covers April to August. The reduced rates are set out in **Table 2** below and the indicative allocation is £0.478m.

TABLE 2: ESG GENERAL RATES PER PUPIL		
	Full Year Rate	2017/18 5/12ths Allocation Rate
ESG General Funding Rate for mainstream schools	£66.00	£27.50
ESG General Funding Rate for special schools	£280.50	£116.88
ESG General Funding Rate for PRUs	£247.50	£103.13

The duties covered by this grant are set out in **Table 3**. This funding has **no impact** on the budget allocated to Schools in 2017/18 and the LA is not asking Schools Forum for any additional funding for August to March as recommended in the guidance.

TABLE 3: ESG GENERAL	
1	Functions of LA related to best value and provision of advice to governing bodies in procuring goods and services.
2	Budgeting and accounting functions relating to maintained schools.
3	Functions relating to the financing of maintained schools.
4	Authorisation and monitoring of expenditure in respect of schools which do not have delegated budgets, and related financial administration.
5	Monitoring of compliance with requirements in relation to the scheme for financing schools and the provision of community facilities by governing bodies.
6	Internal audit and other tasks related to the authority's chief finance officer's responsibilities under Section 151 of LGA 1972 for maintained schools.
7	Functions made under Section 44 of the 2002 Act.
8	Investigations of employees or potential employees, with or without remuneration to work at or for schools under the direct management of the Headteacher or governing body.
9	Functions related to local government pensions and administration of teachers' pensions in relation to staff working at maintained schools under the direct management of the Headteacher or governing body.
10	Retrospective membership of pension schemes where it would not be appropriate to expect a school to meet the cost.
11	HR duties, including: advice to schools on the management of staff, pay alterations, conditions of service and composition/organisation of staff; determination of conditions of service for non-teaching staff; appointment or dismissal of employee functions.
12	Consultation costs relating to staffing.
13	Compliance with duties under Health and Safety at Work Act.
14	Investigation and resolution of complaints relating to maintained schools.
15	Provision of information to or at the request of the Crown relating to schools.
16	School companies.
17	Functions under the Equality Act 2010.

18	Establish and maintaining computer systems, including data storage.
19	Appointment of governors and payment of governor expenses.
20	<u>Education Welfare</u> Inspection of attendance registers.
21	<u>Asset management</u> General landlord duties for all maintained schools (Sch 1, 10a (section 542(2) Education Act 1996; School Premises Regulations 2012) to ensure that school buildings have: <ul style="list-style-type: none"> • appropriate facilities for pupils and staff (including medical and accommodation) • the ability to sustain appropriate loads • reasonable weather resistance • safe escape routes • appropriate acoustic levels • lighting, heating and ventilation which meets the required standards • adequate water supplies and drainage • playing fields of the appropriate standards
22	General health and safety duty as an employer for employees and others who may be affected.
23	Management of the risk from asbestos in community school buildings.
24	<u>Central Support Services</u> Clothing grants.
25	Provision of tuition in music, or on other music-related activities.
26	Visual, creative and performing arts.
27	Outdoor education centres (but not centres mainly for the provision of organised games, swimming or athletics).
28	Dismissal or premature retirement when costs cannot be charged to maintained schools.
29	Monitoring of National Curriculum assessments.
30	Services set out in the table above will also include overheads relating to these services: <ul style="list-style-type: none"> • Ensuring payments are made in respect of taxation, national insurance and superannuation contributions. • Recruitment, training, continuing professional development, performance management and personnel management of staff. • Investigations of employees or potential employees, with or without remuneration. • Investigation and resolution of complaints. • Legal services related to education functions.

2.4 For 2018/19 the DfE guidance for general duties refers to the need for LA's to still carry out these services for maintained schools. The options stated to fund delivery are:

- Regulations will be amended to allow LA's to retain some of the schools block fudging to cover the statutory duties; this will need to be agreed by the maintained members of SF.
- Review other funding options.

The review of those services being delivered and the associated costs will need to be discussed as part of the SF sub group during 2017/18 before the need to approve the budget.

3. OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS

3.1 No other options are available as the recommendations align to the financial regulations issued by the DfE in relation to the allocation of DSG and pupil premium.

4. OUTCOMES/DELIVERABLES

4.1 To allocate budgets to schools on a fair and transparent basis before 31 March 2017 in accordance with the Schools and Early Years Financial Regulations 2015.

5. FINANCIAL IMPLICATIONS (INCLUDING VALUE FOR MONEY/VAT)

5.1 Financial implications are contained within this report and are reflected within the LA's Medium Term Financial Plan.

6. RISK MANAGEMENT ISSUES (INCLUDING LEGAL IMPLICATIONS AND CRIME AND DISORDER ACT IMPLICATIONS)

6.1 The School and Early Years Finance (England) Regulations 2015 apply in relation to the financial year beginning on 1 April 2017 and set out the requirements in relation to the determination of a local authority's schools budget. This report seeks to address those requirements.

7. HR ISSUES

7.1 None

8. EQUALITY IMPACT ASSESSMENT

Has the equality impact been assessed?

Not needed (report does not contain proposals or financial decisions)

No

Yes – Equality Impact Assessment attached

Due regard should be given to the equality implications identified in the EIA.

9. LIST OF BACKGROUND PAPERS OTHER THAN PUBLISHED WORKS OR THOSE DISCLOSING CONFIDENTIAL OR EXEMPT INFORMATION

9.1 None

10. PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT

10.1 Schools Forum – Central Expenditure Budget 2016/17 – 21 January 2016

10.2 DfE - Schools and Early Years Financial Regulations 2015.