

Report to Schools Forum 12th January 2017
From Mark Patton (Assistant Director – Education, Learning & Skills (0-19))

Agenda Item 8: Services previously funded by the general rate of the Education Services Grant (ESG)

1. Introduction

This report is to provide a further update on the Schools Funding Formula for 2017/18.

2. Background

2.1 The Forum report of the 9th December highlighted changes in funding for statutory duties carried out by the local authority (LA) on behalf of maintained schools. At this time the changes had not been finalised by the Education Funding Agency (EFA).

2.2 An update was received on the 19th December 2016. This confirmed the ESG transitional grant funding rate for 2017 to 2018.

3. Services previously funded by the general rate of the Education Services Grant (ESG)

3.1 The table below is an extract from the LA's statutory annual Section 251 budget return. This shows the budgets for 2016/17, (this exercise has not been completed for 2017/18) in respect of the services provided by the LA, which the EFA have identified as permissible statutory expenditure, which for 2016/17 were funded from ESG.

Section 251 - 2016/17 Budget	Exp	Inc	Net Exp	ESG Retained	ESG General
	£	£	£		
2.0.1 Therapies and other health related services – Speech, physio & occupational therapies. Special medical support not met by the PCT, NHS or Health	89,079	83,699	5,380	No	Yes
2.0.2 Central support services – Outdoor education centres	456,368	455,230	1,138	No	Yes
2.0.3 Education welfare service – Attendance functions, Child Licensing, Exclusions	140,775	42,430	98,345	Yes	Yes
2.0.5 Asset management – education – Management of capital programme, condition, sufficiency & suitability, feasibility studies	122,817	-	122,817	Yes	Yes
2.0.6 Statutory/ Regulatory duties – education – All other statutory functions, not included in individual lines, including Director of Education functions, Finance, Audit, Legal, Human Resources, Health & Safety	1,171,227	205,398	965,829	Yes	Yes
2.0.7 Premature retirement cost/ Redundancy costs (new provisions)	-	-	-	No	Yes

2.0.8 Monitoring national curriculum assessment	-	-	-	No	Yes
Total	1,980,266	786,757	<u>1,193,509</u>		

This table shows that the local authority requires £1,193,509 in 2017/18 to fulfil its statutory duties.

- 3.2 Details of the type of duties for each area being referred to above are provided in **Appendix 1** (Column 1 Retained & Column 2 General).
- 3.3 Those statutory duties carried out on behalf of all schools are funded from the retained element of ESG. This has been confirmed at £0.216m. This amount has been added to the Schools Block. Schools Forum at the meeting on the 9th December 2016 agreed to passport this amount back to the LA for 2017/18.
- 3.4 The EFA have advised local authorities (LAs) that regulations will be amended to allow LAs to retain some of their School Block funding to cover the statutory duties that are carried out for maintained schools which were previously funded from the general element of ESG.
- 3.5 The EFA has set 'per pupil' rates for different categories of schools to reflect the EFA national assessment of the cost of statutory duties. The LA is proposing to use these amounts as set out in the table below. The table also shows the comparative rates for 2016/17, which shows a 14% reduction in the rates, which the LA will need to absorb.

Setting	Per Pupil Funding Rates		
	2016/17	2017/18	Reduction
Maintained Mainstream Schools	77.00	66.00	-14%
Maintained Special Schools	327.25	280.50	-14%
Maintained PRU	288.75	247.50	-14%

Table 1 below summarises the estimated funding in 2017/18:

<u>Table 1</u>	Per Pupil (£)	No. of pupils	Est. Funding (£)
Centrally Retained Duties	15	14,433	216,495
Transitional Arrangements - General Rate – April 2017 to August 2017			
Maintained Mainstream Schools (annual rate £66.00)	27.50	8,038	221,045
Maintained Special Schools (annual rate £280.50)	116.88	71	8,298
Maintained PRU (annual rate £247.50)	103.13	24	2,475
Transitional Funding from EFA			231,818
Funding required from Maintained Schools - General Rate – September 2017 to March 2018			
Maintained Mainstream Schools (annual rate £66.00)	38.5	8,038	309,463

Maintained Special Schools (annual rate £280.50)	163.62	71	11,617
Maintained PRU (annual rate £247.50)	144.37	24	3,465
Funding required from Maintained Schools			324,545
Funding from Council resources			420,651
GRAND TOTAL			1,193,509

- 3.6 The amount to be retained by the LA to fulfil its statutory duties in respect of maintained schools (£325,545) will need to be agreed by the maintained schools Forum Members (primary, secondary, special and PRU). This equates to less than 1% of the total maintained schools budgets for 2016-17. In comparison the national figures for academy 'top slicing' is between 3% and 5%. A proportion of this 'top slicing' is used to contribute to the cost of statutory duties which transfer from the LA to the academy on conversion.
- 3.7 If the LA and Schools Forum are unable to reach a consensus on this amount to be retained, the matter would then need to be referred to the Secretary of State.
- 3.8 It is the understanding of the LA that this provision (ie a referral for ministerial decision) is designed for those LAs who are seeking to recover funding above the rates set out by the EFA.
- 3.9 The schools formula must be finalised by the statutory deadline of the 21st January, when the Authority Proforma (APT tool) is due to be submitted to the EFA.

4. Recommendations

- Note the contents of the report
- Maintained schools Forum members to agree to use the EFA 'per pupil' amounts to determine the contribution as per Table 1 for the provision of statutory duties previously funded from the ESG general rate for 2017/18 at the rates set out by the EFA.
- Forum to note that this funding for statutory duties will require approval on an annual basis and may be subject to EFA amendments.

Appendix 1

ESG DUTIES	
Responsibilities local authorities hold for all schools (funding may be retained centrally from all schools with agreement of schools forum)	Responsibilities local authorities hold for maintained schools (funding may be retained centrally from maintained schools only with agreement of schools forum)
Statutory and Regulatory duties	Statutory and Regulatory duties
<p>Director of children’s services and personal staff for director (Sch 1, 20a)</p> <p>Planning for the education service as a whole (Sch 1, 20b)</p> <p>Revenue budget preparation, preparation of information on income and expenditure relating to education, and external audit relating to education (Sch 1, 20d)</p> <p>Administration of grants (Sch 1, 20e)</p> <p>Authorisation and monitoring of expenditure not met from schools’ budget shares (Sch 1, 20fi)</p> <p>Formulation and review of local authority schools funding formula (Sch 1, 20g)</p> <p>Internal audit and other tasks related to the authority’s chief finance officer’s responsibilities under Section 151 of LGA</p>	<p>Functions of LA related to best value and provision of advice to governing bodies in procuring goods and services (Sch 1, 20c)</p> <p>Budgeting and accounting functions relating to maintained schools (Sch 1, 20d)</p> <p>Functions relating to the financing of maintained schools (Sch 1, 20e)</p> <p>Authorisation and monitoring of expenditure in respect of schools which do not have delegated budgets, and related financial administration (Sch 1, 20fii)</p> <p>Monitoring of compliance with requirements in relation to the scheme for financing schools and the provision of community facilities by governing bodies (Sch 1, 20h)</p> <p>Internal audit and other tasks related to the authority’s chief finance officer’s responsibilities</p>

ESG DUTIES

ESG DUTIES	
Responsibilities local authorities hold for all schools (funding may be retained centrally from all schools with agreement of schools forum)	Responsibilities local authorities hold for maintained schools (funding may be retained centrally from maintained schools only with agreement of schools forum)
<p>1972 except duties specifically related to maintained schools (Sch 1, 20i)</p> <p>Consultation costs relating to non-staffing issues (Sch 1, 20r)</p> <p>Plans involving collaboration with other LA services or public/voluntary bodies (Sch 1, 20v)</p> <p>Standing Advisory Committees for Religious Education (SACREs) (Sch 1, 24)</p> <p>Provision of information to or at the request of the Crown other than relating specifically to maintained schools (Sch 1, 20w)</p>	<p>under Section 151 of LGA 1972 for maintained schools (Sch 1, 20i)</p> <p>Functions made under Section 44 of the 2002 Act (Consistent Financial Reporting) (Sch 1, 20j)</p> <p>Investigations of employees or potential employees, with or without remuneration to work at or for schools under the direct management of the headteacher or governing body (Sch 1, 20L)</p> <p>Functions related to local government pensions and administration of teachers' pensions in relation to staff working at maintained schools under the direct management of the headteacher or governing body (Sch 1, 20m)</p> <p>Retrospective membership of pension schemes where it would not be appropriate to expect a school to meet the cost (Sch 1, 20n)</p> <p>HR duties, including: advice to schools on the management of staff, pay alterations, conditions of service and composition/organisation of staff (Sch 1, 20o); determination of conditions of service for non-teaching staff (Sch 1, 20p); appointment or dismissal of employee functions (Sch 1, 20q)</p> <p>Consultation costs relating to staffing (Sch 1, 20r)</p> <p>Compliance with duties under Health and Safety at Work Act (Sch 1, 20s)</p> <p>Investigation and resolution of complaints relating to maintained schools (Sch 1, 20t)</p> <p>Provision of information to or at the request of the Crown relating to schools (Sch 1, 20w)</p> <p>School companies (Sch 1, 20x)</p>

ESG DUTIES

Responsibilities local authorities hold for all schools (funding may be retained centrally from all schools with agreement of schools forum)	Responsibilities local authorities hold for maintained schools (funding may be retained centrally from maintained schools only with agreement of schools forum)
	<p>Functions under the Equality Act 2010 (Sch 1, 20y)</p> <p>Establish and maintaining computer systems, including data storage (Sch 1, 22)</p> <p>Appointment of governors and payment of governor expenses (Sch 1, 26)</p>
Education Welfare	Education Welfare
<p>Functions in relation to the exclusion of pupils from schools, excluding any provision of education to excluded pupils (Sch 1, 10c)</p> <p>School attendance (Sch 1, 11)</p> <p>Responsibilities regarding the employment of children (Sch 1, 29)</p>	<p>Inspection of attendance registers (Sch1, 11)</p>
Asset management	Asset management
<p>Management of the LA's capital programme including preparation and review of an asset management plan, and negotiation and management of private finance transactions (Sch 1, 10a)</p> <p>General landlord duties for all buildings owned by the local authority, including those leased to academies</p>	<p>General landlord duties for all maintained schools (Sch 1, 10a (section 542(2) Education Act 1996; School Premises Regulations 2012) to ensure that school buildings have:</p> <ul style="list-style-type: none"> • appropriate facilities for pupils and staff (including medical and accommodation) • the ability to sustain appropriate loads • reasonable weather resistance • safe escape routes • appropriate acoustic levels • lighting, heating and ventilation which meets the required standards • adequate water supplies and drainage • playing fields of the appropriate standards

ESG DUTIES

Responsibilities local authorities hold for all schools (funding may be retained centrally from all schools with agreement of schools forum)	Responsibilities local authorities hold for maintained schools (funding may be retained centrally from maintained schools only with
	<p>General health and safety duty as an employer for employees and others who may be affected (Health and Safety at Work etc Act 1974).</p> <p>Management of the risk from asbestos in community school buildings (Control of Asbestos Regulations 2012).</p>
Central support services	Central support services
No functions	<p>Clothing grants (Sch 1, 10e)</p> <p>Provision of tuition in music, or on other music-related activities (Sch 1, 15)</p> <p>Visual, creative and performing arts (Sch 1, 16)</p> <p>Outdoor education centres (but not centres mainly for the provision of organised games, swimming or athletics) (Sch 1, 17)</p>
Premature retirement and redundancy	Premature retirement and redundancy
No functions	Dismissal or premature retirement when costs cannot be charged to maintained schools (Sch 1, 25)
Monitoring national curriculum assessment	Monitoring national curriculum assessment
No functions	Monitoring of National Curriculum assessments (Sch 1, 23)
Therapies	Therapies
No functions	This will be covered in the high needs section of the regulations

ESG DUTIES

Responsibilities local authorities hold for all schools (funding may be retained centrally from all schools with agreement of schools forum)

Responsibilities local authorities hold for maintained schools (funding may be retained centrally from maintained schools only with agreement of schools forum)

Services set out in the table above will also include overheads relating to these services (regulation 8(11) already refers to this for schedule 2 services) for:

- Ensuring payments are made in respect of taxation, national insurance and superannuation contributions (sch 1, 20e).
- Recruitment, training, continuing professional development, performance management and personnel management of staff (Sch 1, 20k)
- Investigations of employees or potential employees, with or without remuneration (Sch 1, 20l)
- Investigation and resolution of complaints (Sch 1, 20t)
- Legal services related to education functions (Sch 1, 20u)