

**DERBYSHIRE COUNTY COUNCIL**

**CABINET**

**9<sup>th</sup> September 2014**

**Report of the Strategic Director for Children & Younger Adults**

**Education Services Grant 2015-16**  
**(Children and Young People)**

1. **Purpose of the Report**

To inform Cabinet of the details of the DfE’s recent announcement in respect of the Education Services Grant arrangements for 2015-16.

2. **Information and Analysis**

On 27<sup>th</sup> March 2014, the Government published a consultation document setting out proposals to achieve savings in the Education Services Grant (ESG) for 2015-16. The 2013 Spending Round had previously signalled a £200m cut in the national ESG quantum for 2015-16. The consultation closed on 19<sup>th</sup> June 2014 and the DfE received 1,429 responses. A very high proportion of these arose from a high-profile campaign (Protect Music Education) on funding for local authority music services. The remaining responses included 64 from local authorities, 13 from maintained schools, 5 from school forums, and 4 from academies. The Government announced its decisions for 2015-16 on 22<sup>nd</sup> July 2014.

By way of background, the Education Services Grant (ESG) is a non ring-fenced grant which funds a range of education related functions, the grant itself is split into two parts. The “Retained Duties” element is paid to the Authority at a rate of £15 per pupil, the number of pupils being the total number in schools and academies. The grant covers a range of functions in respect of both schools and academies, including:

- Education Welfare Services – prosecution for non-attendance, tracking children missing from education, child employment;
- Asset Management – capital programme planning and academy leases;
- Statutory and Regulatory Duties- to plan strategically the LA’s education services, prepare revenue budgets, and provide information to the Secretary of State on request.

Following the consultation the Government has determined that there is little scope to reduce the Retained Duties element and has decided to keep the £15 per pupil figure for 2015-16.

The second part is the “General Funding” element which covers those services which an academy takes responsibility for from the local authority upon conversion. The services covered by this grant include the following:

- HR – carrying out suitability checks of employees/potential employees, provision of advice to governing bodies in relation to staff, appointment of teachers recommended by the governing body, termination of contracts of employment;
- Finance – monitoring of governing bodies’ management of schools’ budgets, monitoring compliance with schemes of financial management, assistance in the procurement of goods and services, support to meet the requirements of community facilities provided by governing bodies;
- Health and safety –monitoring governing bodies’ compliance with the requirements of the Health and Safety at Work act 1974;
- Equality – ensuring compliance with the requirements of the Equality Act 2010;
- Religious Education – maintenance of a standing advisory council on religious education and preparation of an agreed syllabus of religious education;
- Education Welfare – right to inspect school registers;
- Asset Management – ensuring school buildings have appropriate facilities, management of risk from asbestos;
- Premature retirement –meeting the costs of redundancy.
- Curriculum – moderation of the teacher assessments carried out at the end of Key Stage 1 in at least 25% of maintained schools each year, this process to be completed by someone with recent experience of the National Curriculum in primary schools.

For 2014-15 the General Funding rate is ~£113 per pupil for LAs and £140 per pupil for academies. The additional £27 per pupil for academies provides stability in funding at an individual institution level resulting from the introduction of a national ESG rate, the supplement is funded outside the ESG from the DfE’s other resources. Some individual academies also receive additional protection in order that reductions from the higher historic LACSEG rates (the grant which existed before the creation of the ESG) remain manageable.

The DfE announcement states that:

- i. The General Funding rate will be £87 per pupil in 2015-16;
- ii. 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; and
- iii. The multipliers for alternative provision and special schools will remain at 3.75 and 4.25 respectively.

The £26 per pupil reduction in the General Funding rate equates to 23% of the 2014-15 level. In effect the £200m planned saving has been taken from the General Funding element alone.

Based on current ESG income levels, and ignoring the impact of academy conversions and other data movements, the reduction will reduce the Authority's ESG grant income by around £2.4m next year. This reduction has already been taken into account in the Council's Five Year Financial Plan and savings targets.

The announcement is also significant for individual institutions; item (ii) above means that academies' ESG support will be based on the same per pupil rate as that paid to LAs i.e. £87 rather than the current £140 per pupil. Transitional protection arrangements will apply which will limit year on year reductions; tapered bands will ensure that academies currently receiving relatively low ESG payments will 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%).

The reduced rate will also need to be taken into account in the financial planning of schools currently considering converting to academy status.

The Government is satisfied that a General Funding rate of £87 per pupil is sufficient for local authorities to deliver the services that ESG is intended to fund. Evidence for this is drawn from LAs' statutory section 251 statements and the DfE have provided an illustration of how LAs' spending might be allocated within the new £87 per pupil grant level; this analysis is reproduced in Appendix 1.

The illustration is intended to show that, with the exception of central services, if LAs spent at the median or above for all LAs, the total could be contained within the £87 per pupil allocation. Clearly the validity of this analysis relies upon the robustness of the section 251 budget statements, statements which the DfE have already expressed concerns about. There is also a risk that the DfE

analysis measures the impact of reductions in Council spending on these services before the impact of the ESG reduction in 2015-16. The DfE has published a list of 48 LAs, around one third of the total, which planned to spend £87 per pupil in 2013-14. The list of LAs, which includes Derbyshire (at £87), is provided in Appendix 2.

Finally, the DfE's announcement included a narrative around the nature of the services which should be funded by the grant, by implication any services not listed should be funded by other means, including charges to schools. The DfE's analysis will be reviewed over the summer to establish the scope for making further savings.

3. Other Considerations

In preparing this report the relevance of the following factors has been considered: prevention of crime & disorder, equality of opportunity, financial, human resources, legal & human rights, environmental, health, property and transport considerations.

4. Background Papers

Working files held in CAYA Finance.

5. Strategic Director's Recommendations

Cabinet is asked to note the ESG changes for 2015-16 and the potential impact on schools, academies and the Authority's funding.

**IAN THOMAS**  
**Strategic Director for Children & Younger Adults**

**Extract from DfE ESG Final Arrangements Document****Appendix 1**

<b>Section 251 budget line</b>	<b>Possible exp (per maintained school pupil)</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 & 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>

# LAs planned to spend £87 per pupil or less in 2013-14

# Appendix 2

LA NAME	Estimated total planned spend on maintained school pupils*	Estimated total planned spend on maintained school and academy pupils*	2.0.1 Therapies and other health related services	2.0.2 Central support services	2.0.3 Ed'n welfare*	2.0.3 Ed'n welfare services * inc. academy pupils	2.0.4 School improv't	2.0.5 Asset mgt – ed'n*	2.0.5 Asset mgt – ed'n* inc. academy pupils	2.0.6 Statutory/regulatory duties - education*	2.0.6 Statutory/regulatory duties - education inc. Academy pupils*	2.0.7 PRC/red'cy (new prov'ns)	2.0.8 Monitoring national curriculum assessment
Brent	£25	£4	£5	£0	£3	£0	£0	£0	£0	£17	£4	£0	£0
Ealing	£29	£6	£0	£0	£7	£1	£6	£2	£1	£14	£4	£0	£0
Kent	£38	£3	£0	£2	£3	£0	£16	£1	£0	£12	£3	£4	£0
Oldham	£39	£2	£0	£6	£0	£0	£25	£0	£0	£8	£2	£0	£0
West Sussex	£42	£5	£0	£0	£6	£1	£22	£7	£2	£6	£2	£1	£0
Cheshire West and Chester	£45	£10	£0	£1	£11	£2	£2	£12	£3	£17	£5	£2	£0
Sth Glos	£46	£5	£0	£0	£7	£1	£23	£6	£2	£11	£3	£0	£0
Tameside	£49	£6	£0	£0	£11	£2	£20	£12	£3	£5	£1	£0	£1
Rutland	£49	£3	£0	£0	£0	£0	£26	£0	£0	£23	£3	£0	£0
Swindon	£54	£8	£5	£0	£5	£0	£0	£10	£2	£35	£6	£0	£0
Harrow	£55	£9	£0	£6	£8	£1	£8	£10	£3	£23	£5	£0	£0
Rotherham	£55	£4	£3	£14	£13	£2	£19	£1	£0	£5	£1	£0	£0
Sunderland	£56	£7	£0	£0	£4	£1	£25	£10	£2	£17	£4	£0	£0
K. Upon Hull	£57	£3	£0	£12	£10	£2	£29	£-1	£0	£7	£2	£0	£0
Bury	£59	£13	£0	£0	£12	£2	£15	£4	£1	£29	£9	£0	£0
Darlington	£60	£5	£0	£0	£0	£0	£2	£0	£0	£58	£5	£0	£0
North Yorkshire	£65	£0	£0	£10	£5	£1	£52	£1	£0	£-5	£-1	£0	£1
Wigan	£66	£7	£0	£3	£19	£3	£16	£0	£0	£14	£4	£14	£0
Birmingham	£66	£13	£0	£1	£5	£1	£7	£14	£4	£35	£9	£4	£0
Derby	£67	£7	£0	£16	£4	£1	£20	£4	£1	£23	£6	£0	£0
Hillingdon	£68	£3	£0	£11	£15	£2	£23	£0	£0	£8	£2	£10	£0
Brighton & Hove	£70	£14	£0	£9	£6	£1	£14	£4	£1	£38	£12	£0	£0
Gloucs	£71	£5	£0	£1	£12	£1	£32	£2	£0	£19	£4	£5	£0
Lancashire	£72	£10	£10	£0	£10	£2	£15	£4	£1	£23	£7	£9	£0
Cheshire East	£72	£12	£13	£0	£10	£1	£0	£0	£0	£40	£10	£9	£0
Hertfordshire	£73	£5	£2	£17	£11	£1	£27	£1	£0	£15	£3	£0	£0
Leicestershire	£73	£6	£0	£10	£0	£0	£13	£9	£2	£30	£5	£11	£0

East Riding of Yorkshire	£74	£11	£0	£13	£12	£2	£17	£7	£2	£26	£7	£0	£0
LA NAME	Estimated total planned spend on maintained school pupils*	Estimated total planned spend on maintained school and academy pupils*	2.0.1 Therapies and other health related services	2.0.2 Central support services	2.0.3 Ed'n welfare*	2.0.3 Ed'n welfare services * inc. academy pupils	2.0.4 School improv't	2.0.5 Asset mgt – ed'n*	2.0.5 Asset mgt – ed'n* inc. academy pupils	2.0.6 Statutory/regulatory duties - education*	2.0.6 Statutory/regulatory duties - education inc. Academy pupils*	2.0.7 PRC/red'cy (new prov'ns)	2.0.8 Monitoring national curriculum assessment
Northants	£74	£2	£0	£27	£0	£0	£9	£4	£1	£7	£1	£27	£0
Barking and Dagenham	£78	£14	£0	£8	£6	£1	£25	£3	£1	£36	£12	£0	£0
City of Bristol	£78	£9	£4	£0	£9	£1	£16	£13	£3	£29	£6	£7	£1
Stoke-on-Trent	£78	£10	£17	£10	£11	£2	£6	£8	£2	£26	£7	£0	£0
Windsor and Maidenhead	£79	£10	£4	£0	£5	£1	£33	£3	£1	£34	£8	£0	£0
Kirklees	£80	£11	£3	£7	£20	£3	£20	£4	£1	£25	£7	£0	£1
Cumbria	£80	£4	£0	-£10	£14	£2	£65	£0	£0	£11	£3	£0	£0
Waltham Forest	£80	£15	£0	£5	£5	£1	£13	£4	£1	£53	£13	£0	£0
Haringey	£80	£11	£0	£20	£14	£2	£12	£4	£1	£29	£7	£1	£0
North Tyneside	£80	£11	£13	£0	£13	£2	£26	£4	£1	£24	£8	£1	£0
Devon	£81	£9	£4	£1	£9	£1	£35	£2	£1	£30	£7	£0	£0
Somerset	£82	£8	£7	£0	£10	£1	£22	£13	£3	£19	£4	£10	£1
Stockport	£84	£16	£0	£3	£28	£4	£9	£0	£0	£41	£12	£0	£3
Bromley	£84	£7	£0	£19	£18	£1	£8	£8	£1	£28	£4	£0	£3
Sheffield	£84	£9	£2	£3	£14	£2	£34	£7	£2	£20	£5	£3	£0
Greenwich	£85	£6	£0	£21	£13	£2	£37	£4	£1	£10	£3	£0	£1
Plymouth	£86	£7	£0	£14	£12	£1	£28	£0	£0	£26	£6	£4	£2
Blackburn with Darwen	£86	£9	£0	£4	£14	£2	£47	£13	£4	£8	£2	£0	£0
Havering	£87	£10	£0	£9	£17	£2	£22	£4	£1	£32	£7	£0	£2
<b>Derbyshire</b>	<b>£87</b>	<b>£5</b>	<b>£3</b>	<b>£17</b>	<b>£3</b>	<b>£0</b>	<b>£38</b>	<b>£4</b>	<b>£1</b>	<b>£13</b>	<b>£4</b>	<b>£9</b>	<b>£0</b>

\*Where local authorities retain some duties on behalf of academies we have applied an adjustment. We have assumed that the percentage of total spend on retained duties is: 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. Adjusted spend on each line is totalled to produce columns D and E. All figures are rounded to the nearest £.