

Briefing Note: Removal of ESG general funding rate and arrangements for schools block retention.

Context for Recommendations

- The deadline for submission of the final 2017-18 Schools budgets to the EFA is the 20th January 2017. Schools Forum members need to agree which former ESG duties set out in **Appendix 1** they wish to be retained centrally. This is in accordance with the Schools revenue funding 2017 to 2018 operational guidance published by the EFA on the 1st December 2016. The Schools Forum decision needs to be taken by no later than the middle of January in order to meet the EFA's 20th January deadline.
- The detail of the proposals is still to be developed and costed. It will therefore most probably be necessary for the Schools Forum members to make a decision separate to this meeting. The recommendations for this process have been outlined below.

Recommendation – Options for approval

- The Chairman of the Schools Forum to meet with officers, together with any other Forum members who can be available for a "working group", and circulate recommendations/conclusions by email by no later than the middle of January.

or

- An extraordinary Schools Forum to be called by no later than the middle of January.

Recommendation – Other

- Maintained schools forum members to agree to retain funds centrally from maintained schools budgets so that the local authority continues to hold compliance and preventative services responsibility.

Background.

Up until 2017-18, ESG (Education Services Grant) was made up of two rates that 'notionally' funded two different groups of services:

- 1) The **retained duties rate**. This is for local authorities to fund services provided to all schools, including academies (£15 per pupil)
- 2) The **general duties rate**. This is for local authorities to fund services provided to maintained schools. Academies are funded separately and provide the services themselves (In 2016-17 the LA was funded at £77 per maintained pupil. This funding will cease to exist from September 2017, with a transitional rate of £20 per pupil for the financial year 2017-18. This will result in a shortfall of income in the region of £2m for the LA)

In practice this grant has been treated as a non ring-fenced grant and therefore has not been linked to expenditure.

Guidance on Schools Revenue Funding 2017 to 2018 published by the EFA (Education Funding Agency) on the 1st December 2016 has stated that for 2017-18 the **general duties rate** is ending (with transitional protection until September 2017) and funding previously allocated through the ESG **retained duties** rate (£15) will be transferred into the schools block.

Local authorities will be able to fund central services previously funded within the **retained duties** rate (for all schools), with the agreement of schools forum – Detailed below within the Schools Forum section.

Local authorities will be able to fund services previously funded within the **general duties** rate (for maintained schools only) from maintained school budgets shares with the agreement of maintained school members of the schools forum – Detailed below within the Schools Forum section.

If the Schools Forum approve this funding, the LA sets a single rate for 5-16 year olds to deduct from their basic entitlement schools budget - Detailed below within the Schools Forum section.

Schools Forum

The amount to be retained by the local authority will need to be agreed by the relevant maintained schools members of the schools forum (primary, secondary, special and PRU's). The retained duties will be voted on by all schools including academies, the duties previously funded by general ESG funding will be voted on by maintained schools representatives only. These duties are included within **Appendix 1**.

If the local authority and schools forum are unable to reach consensus on the amount to be retained by the local authority, the matter will need to be referred to the Secretary of State. This could delay the determination of the school budget.

Local authorities should set a single rate per 5 to 16 year old pupils (in other words, this will be deducted from basic entitlement funding) for all mainstream maintained schools (both primary and secondary).

Local authorities may choose to establish differential rates for special schools and PRUs if the cost of fulfilling the duty is substantially different for these schools.

Asset management

Compliance and preventative maintenance services (previously funded as Capital Expenditure from Revenue, CERA) have been previously funded from DSG central expenditure.

The EFA's historical commitments exercise has exposed a risk to continuing to fund this budget through this mechanism. Therefore the Schools Budget 2017/18 - Central Expenditure report is proposing to delegate this funding and the statutory responsibilities, in order to protect schools funding. However the County Council as the corporate landlord remains ultimately liable for any property related issues.

There is an opportunity for maintained schools forum members to agree to retaining funds centrally from maintained schools budgets so that the local authority continues to hold compliance and preventative services responsibility. This is because General landlord duties for all maintained schools are included within the ESG duties.

Will Wilkes, Senior Corporate Accountant, 5th December 2016

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>Statutory and Regulatory duties</p> <p>Director of children's services and personal staff for director</p> <p>Planning for the education service as a whole</p> <p>Revenue budget preparation, preparation of information on income and expenditure relating to education, and external audit relating to education</p> <p>Administration of grants</p> <p>Authorisation and monitoring of expenditure not met from schools' budget shares</p> <p>Formulation and review of local authority schools funding formula</p> <p>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</p> <p>Consultation costs relating to non-staffing issues</p> <p>Plans involving collaboration with other LA services or public/voluntary bodies</p> <p>Standing Advisory Committees for Religious Education (SACREs)</p> <p>Provision of information to or at the request of the Crown other than relating specifically to maintained schools</p>	<p>Statutory and Regulatory duties</p> <p>Functions of LA related to best value and provision of advice to governing bodies in procuring goods and services</p> <p>Budgeting and accounting functions relating to maintained schools</p> <p>Functions relating to the financing of maintained schools</p> <p>Authorisation and monitoring of expenditure in respect of schools which do not have delegated budgets, and related financial administration</p> <p>Monitoring of compliance with requirements in relation to the scheme for financing schools and the provision of community facilities by governing bodies</p> <p>Internal audit and other tasks related to the authority's chief finance officer's responsibilities under Section 151 of LGA 1972 for maintained schools</p> <p>Functions made under Section 44 of the 2002 Act (Consistent Financial Reporting)</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</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</p> <p>Retrospective membership of pension schemes where it would not be appropriate to expect a school to meet the cost</p> <p>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</p> <p>Consultation costs relating to staffing</p> <p>Compliance with duties under Health and Safety at Work Act</p> <p>Investigation and resolution of complaints relating to maintained schools</p> <p>Provision of information to or at the request of the Crown relating to schools</p> <p>School companies</p> <p>Establish and maintaining computer systems, including data storage</p> <p>Appointment of governors and payment of governor expenses</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>Education Welfare</p> <p>Functions in relation to the exclusion of pupils from schools, excluding any provision of education to excluded pupils</p> <p>School attendance</p> <p>Responsibilities regarding the employment of children</p>	<p>Education Welfare</p> <p>Inspection of attendance registers</p>
<p>Asset management</p> <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</p> <p>General landlord duties for all buildings owned by the local authority, including those leased to academies</p>	<p>Asset management</p> <p>General landlord duties for all maintained schools 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 <p>General health and safety duty as an employer for employees and others who may be affected.</p> <p>Management of the risk from asbestos in community school buildings .</p>
<p>Central support services</p> <p>No functions</p>	<p>Central support services</p> <p>Clothing grants</p> <p>Provision of tuition in music, or on other music-related activities</p> <p>Visual, creative and performing arts</p> <p>Outdoor education centres (but not centres mainly for the provision of organised games, swimming or athletics)</p>
<p>Premature retirement and redundancy</p> <p>No functions</p>	<p>Premature retirement and redundancy</p> <p>Dismissal or premature retirement when costs cannot be charged to maintained schools</p>
<p>Monitoring national curriculum assessment</p> <p>No functions</p>	<p>Monitoring national curriculum assessment</p> <p>Monitoring of National Curriculum assessments</p>
<p>Therapies</p> <p>No functions</p>	<p>Therapies</p> <p>This will be covered in the high needs section of the regulations</p>

Additional note

Services set out in the table above will also include overheads relating to these services for:

- 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

