



Walsall Council

Walsall Children's Services

Report to: Schools Forum

Date: 8 April 2014

Subject: Education Services Grant Consultation

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Purpose of the report: To notify Schools Forum of the consultation around the Education Services Grant (ESG) which will impact the funding local authorities receive to support schools and also impact the funding received by academies

Recommendation: See final section of report

1. Background

1.1 The Education Services Grant (ESG) is paid directly to academies and to the local authority for maintained schools. In 2014/15 it is £1 billion with around £200m going to academies and £800m to local authorities.

1.2 ESG is paid at £113 per pupil in mainstream community schools and £424 and £481 per place in alternative provision and special schools respectively for local authorities in 2014/15. Mainstream academies receive a 'top up' of £27 per pupil from outside of ESG.

1.3 Local Authorities also receive £15 per pupil for **all** pupils in the borough to meet statutory and regulatory duties related to activities in the borough for all pupils including academies.

1.4 It was announced as part of the Spending Round for 2013 that ESG would reduce by £200m, 20%. A consultation was published on 27 March 2014 to ask for views on how this reduction would be managed.

1.5 Before ESG there was Local Authority Central Spend Equivalent Grant (LACSEG). This grant was paid to academies and was meant to mirror mainstream funds spent by local authorities.

2. Brief Overview of Changes

2.1 The DfE has committed to a £200m reduction, so the key part of the consultation is the basis of the reduction. Options include reducing responsibility and funding, reducing funds on an efficiency basis and whether the split will be on the £113 per pupil or the £15 per pupil. The £27 'top up' academies receive is not included in this consultation.

2.2 The £113 per pupil comes from information previously included by all local authorities in the Section 251 statement and has been scaled down from £116 in 2013/14. Pupils aged 3-19 are included. All local authorities have to complete a Section 251 statement. The categories were:

- Therapies and other health related services
- Central support services
- Education welfare service
- School improvement
- Asset management education
- Statutory/ Regulatory Duties
- Premature retirement costs/ Redundancy costs (new provisions)
- Monitoring national curriculum assessment

2.3 Walsall Council budgeted £3.444m for maintained schools in 2013/14 and £692k to meet statutory duties in 2013/14 for a total of £4.136m. ESG is a 'real time' grant. Every time a maintained school converts the allocation decreases. Assuming a flat 20% decrease and allowing for some academy conversion this 20% reduction will see funding fall by c£800k.

2.4 ESG is an unringfenced grant. Therefore this money does not have to be spent on education but equally just because the grant reduces, this does not mean that education spend will decrease in 2015/16.

2.5 Based on 13/14 budget figures, c£887m was distributed per pupil to schools and academies but c£113m was distributed just to LA's. Therefore even if the DfE focus the reduction on the £15 per pupil rather than the £113 per pupil, there will still be a reduction on the basic £113 per pupil rate.

3. Role of Schools Forum

3.1 Schools Forum has no legislative role over ESG. Clearly the level of ESG could have an impact on services to maintained schools from the LA, could have an impact on all schools with services from the LA and will directly impact funds received by academies.

3.2 Walsall Council is proposing to respond to the consultation before the deadline of 19 June 2014. If any comments from Walsall Council were to impact on DSG, then that would be referred to Schools Forum. For context, some statutory duties are funded by ESG and some are funded by DSG. There may be opportunities for synergy.

4. Recommendation

4.1 That Schools Forum note that there is a consultation on ESG and that any relevant responses around DSG will be presented at a future meeting.