



Walsall Council

Walsall Children's Services

Report to: Schools Forum

Date: 23rd September 2014

Subject: Education Services Grant (ESG)

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Purpose of the report: To brief Schools Forum on the impact of the funding changes for Education Services Grant (ESG) for 2015/16. Schools Forum has no statutory role in this but it will directly impact academies and could have an impact on maintained schools.

Recommendation: **See final section**

1. Background

1.1 Previously academies would receive the Local Authority Central Spend Equivalent Grant (LACSEG). The Department for Education (DfE) decided that the LACSEG system no longer worked efficiently and there were issues about how increased academisation should impact local authority funding.

1.2 DfE therefore established the Education Services Grant (ESG) in April 2013. In establishing ESG government used average funding rates which saw Walsall lose funding. ESG is paid directly to academies but for maintained schools is retained centrally to fund various education services.

1.3 The total value of ESG nationally was £1.020 billion in 2014/15. However, DfE stated in the spending round of 2013 that it intended to cut ESG by £200 million in 2015/16.

1.4 DfE have consulted on how to reduce ESG and published the results on 22 July 2014.

2. ESG 2015/16

2.1 **Table 1** shows the funding rates of ESG over a 3 year period:

	2013/14	2014/15	2015/16
Retained duties rate (paid to local authorities for every pupil, both at maintained schools and academies)	£15	£15	£15
General funding rate (paid to LAs for pupils in maintained schools and to academies ¹ for their pupils)	£116	£113	£87
Academy top-up (paid to academies for their pupils)	£34	£27	£0*
Multiplier for alternative provision	3.75	3.75	3.75
Multiplier for special schools	4.25	4.25	4.25

*There are potential protections for academies

2.2 The impact for Walsall maintained schools in the broadest terms sees a reduction of **£26** (the difference between the **£113** and the **£87**) multiplied by the number of applicable pupils. Based on c26,000 pupils in maintained schools then the impact of this change would be **£676,000**. The calculations for ARP and special schools will have a further impact of **£84,000**. The total impact of this change for Walsall maintained schools will be **£760,000**.

2.3 It must be noted that ESG is an **unringfenced** grant. Therefore just because funding has reduced it does not mean that expenditure will equally reduce. What is clear is that funding has decreased.

3. Recommendation

3.1 Schools Forum is asked to note the contents of the report.