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Report title:	Education Services Grant and Retained and General Duties Future Funding for 2017-18	
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Executive Summary

This report updates the Schools Forum on the Local Authority's proposals for the Education Services Grant and Related Retained and General Duties in 2017-18.

Schools Forum Actions

The Schools Forum is asked to note the updated information following the December 2016 report and:

- Agree the amount to be retained centrally from DSG for retained duties at £600k for 2017-18 noting that this funding has allocated additionally to DSG (**All Schools Forum**)
- Agree the amount of £353k to be retained centrally for general statutory duties to sustain general duties) for the full 2017-18 financial year, taking account the transitional grant of £711k for the April to September 2017 period. (**Maintained Schools**). This will be from maintained schools budget shares only. The amount will be £16.33 per pupil (basic entitlement) at maintained primary and secondary schools and £16.33 per place. PRUs and Special Schools will be asked to make voluntary contributions to this as they are funded out of the High Needs Block.
- Agree to de-delegate £731k for school improvement to sustain the service at existing levels, taking account the £163k school improvement grant expected to be received in 2017-18 from September 2017. (**Maintained Schools by phase**) The amount will be £33.82 per pupil (basic entitlement) at maintained primary and secondary schools and £33.82 per place. PRUs and Special Schools will be asked to make voluntary contributions to this as they are funded out of the High Needs Block.
- To note that the Schools Forum regulations have been amended so as to prescribe which constituencies can vote on the various proposals as set out in item 11 of this meeting's agenda.

1. Background

- 1.1 The current Education Support Grant (ESG) to Local authorities that funds retained statutory duties for maintained and academy schools will move into the Dedicated Schools Grant (DSG) in 2017-18. Therefore the Schools Forum will need to agree the amount to be retained centrally from the DSG for these duties. See appendix B for details of the duties.
- 1.2 In addition, the element of the ESG for general statutory duties, detail again set out in Appendix B); will be required to be retained as a de-delegated budget.

- 1.3 Southwark has seen a significant improvement in the quality of education that its children and young people have received in recent years and which has been sustained to the present day. Current data shows that 93% of the schools are good or outstanding and the Council continues to invest in school building and maintenance to ensure our pupils have a quality environment in which to learn. This is a direct consequence of the close relationship between schools and the wider school improvement services, working closely in partnership. Southwark has a highly skilled and well informed school improvement team that know our schools well and are committed to supporting our schools to succeed.

2. Education Services Grant

- 2.1 The report to Schools Forum in December 2016 provided information on the existing grant and the services that it helped to provide split down by retained duties (to all schools) and general duties (to maintained schools only). At the meeting greater clarity was sought as to how the expenditure on the £2.6m grant in 2016-17 on services was split between retained and general duties. This is shown in the table below.

Service Area	£000	£000
	General Duties	Retained Duties
School Improvement	944	45
Strategy and Regulation	837	300
Education Welfare	185	195
Asset Management	21	50
Monitoring of NCA	15	0
Speech and Language	6	10
Total	2,008	600

- 2.2 Subsequent to the meeting of Schools Forum in December, the grant settlement has been announced and there has been further clarification from EFA as to how services formerly funded by the ESG should be treated and funded with schools going forward.
- 2.3 With regard to the DSG for 2017-18, it has been confirmed that £600k has been included for retained duties. Therefore within this report and as previously noted we are seeking a decision from Schools Forum to centrally retain this funding.
- 2.4 In addition, it has been announced that the ESG transitional funding for general duties for the Authority for April to August 2017 is £711k.
- 2.5 Finally, with regard to the new School Improvement Grant, it has been announced that the Authority is likely to receive £172k of grant however as this will be for maintained schools from September 2017 we have adjusted the figure to £163k.
- 2.6 Arrangements for Authorities bidding for the Strategic School Improvement Fund have yet to be announced but an assumption has been made that Southwark may be able to secure around £50k initially.

- 2.7 At the same time as the grant announcements, there have been changes to the Schools revenue funding 2017 to 2018 Operational Guide to confirm the arrangements for dealing with ESG. This also included a section on ESG Duties split by maintained schools only and all schools. Whilst there were some differences between this information and the December report to Schools Forum these were not material.
- 2.8 In particular, the revised guidance confirmed that the services that can be de-delegated is now extended to additional school improvement services with the expectation being that school improvement formerly funded by ESG is now funded by the new specific grants and a de-delegation as appropriate whilst the future role of the LA and the arrangements for funding are firmed up for the future in 2018-19.
- 2.9 The new guidance also confirmed that with the removal of ESG general duties funding from September 2017 (following the end of the transitional grant as noted above) that local authorities will be allowed to retain some of their schools block funding to cover the statutory duties that they carried out for maintained schools which were previously funded by the ESG. The amount to be retained by the local authority will need to be agreed by the relevant maintained school members of the schools forum (primary, secondary, special and PRU) and will be from their maintained budget shares only. This should be set at a single rate per 5 to 16 pupil (in other words deducted from basic entitlement funding) for all mainstream maintained schools (both primary and secondary). The rate will be applied to places for special schools and PRUs (differential rates may be applied in line with previous multipliers). As with de-delegation the amount to be held by the local authority will be determined after MFG has been applied.
- 2.10 In addition to the changes noted above, the operational guide now permits there to be an increase in central retention for both the admissions and the servicing of Schools Forum. The amounts retained at the previous meetings were kept at historic levels. We would not intend to increase the levels previously agreed unless the Schools Forum and/ or officers express a different view. This decision can be reviewed for the 2018-19 financial year as appropriate.

Calculation of New De-delegation Rates

Table A: Education functions

APPENDIX A

	General Duties £000's
Total ESG funding 2016-17	2,008
Less funding to end of August 2017	(711)
Less schools improvement funding	(944)
	353
	£
Per pupil rate for primary	16.33
Per pupil rate for secondary	16.33

Table B: Schools Improvement

	General Duties £000's
Schools Improvement	944

Less Schools Improvement Grant	(163)
Less Targeted Fund	(50)
	731
Per pupil rate for primary	£33.82
Per pupil rate for secondary	£33.82

APPENDIX B

Description of Statutory Areas covered by ESG split by all schools (funded by retained duties ESG) & Maintained Only (funded by retained and general ESG)

School Improvement

All Schools

1. There is statutory guidance published in March 2016 describing LA responsibilities in this area 'Schools causing concern; Intervening in failing, underperforming and coasting schools, Guidance for LAs and Regional School's Commissioners (RSCs'.
2. This states that 'Academies are accountable to the Secretary of State. Therefore LAs should focus their school improvement activity on the schools they maintain. LAs should raise any concerns they have about an academy's standards, leadership or governance directly with the relevant RSC'. However to date Ofsted has continued to treat LAs as being responsible for standards in all schools in its area, including academies, despite the lack of power of intervention in academies.

Maintained Schools Only

3. The LA must have regard to the Schools Causing Concern statutory guidance, and has the power to issue warning notices, require governing bodies to enter into arrangements, appoint additional members and provide interim executive members.
4. The RSC has the power to do these as well, both for maintained and academies, as well as the powers to define and judge what action to take for 'coasting schools', to close schools, issue academy orders etc.

Statutory and Regulatory Duties

All Schools

LA's have significantly more duties in this category for maintained schools compared to academies, but for all schools are obliged to:

- Appoint a Director of Children's Services and strategically plan for its education service
- Prepare revenue budgets for all schools (i.e. the EFA communicates budget allocations to academies, but the determination of the funding formula which determines most of this is performed by the LA) and incorporate income and expenditure into the LAs annual statement of accounts and arrange and pay for the external audit of grant claims and returns relating to education (e.g. S251)

- Perform internal audit and other tasks necessary for discharging chief financial officer responsibilities
- Provide information as required by the Secretary of State.

Maintained Schools Only

Finance

5. The LA has the duty to monitor maintained schools budgets and the ultimate power to suspend a school's delegated financial powers and must also monitor compliance with the requirements of the Scheme for Financing Schools and send relevant financial information to the Secretary of State.

Employment/ performance protection

6. Enforce requirements and protections for children below compulsory school leaving age taking in part in employment or performances.

Joint (with NHS) commissioning of therapy support for pupils.

7. Jointly (with NHS) commission services to support disabled children and young people who including those in academies who need therapy and support.

Provision of information requested by the Secretary of State

8. Provision of information requested by the Secretary of State.

Core human resource functions

9. This is generally a traded service, however carrying out suitability checks for potential employees, general school workforce advice, appointment and termination of staff and payment of pension contributions are all statutory functions which do not form part of the traded service (this is currently done by finance)

Health and Safety Functions

10. The LA is responsible for health and safety functions in schools that cannot reasonably be delegated to school governing bodies.

Monitoring and Reporting on school companies

11. The LA is the supervisory authority for any school companies set up by maintained schools.

Ensure Equality Duty compliance

12. Ensure compliance with the Equality duty for maintained schools by publishing information to show its compliance and set specific measurable objectives.

Standing advisory council on religious education (SCARE)

13. Set up SACRE and prepared an agreed syllabus of religious education for maintained schools.

Education Welfare

All Schools

14. LA's have similar duties for all schools with the only additional power regarding maintained schools being the right to inspect registers. The duties are to:
- Make arrangements to identify children not receiving education
 - Take enforcement action regarding parents whose children are not receiving education
 - Publish a code for penalty notices to address poor attendance and administer it.
 - Improve attendance where schools report absence to them.
 - Investigate the whereabouts of pupils who have poor attendance
 - Comply with all other obligations under the Education (Pupil Registration) (England) Regulations 2006
 - Administer and enforce protections for those below compulsory school leaving age taking part in employment.

Maintained Schools Only

15. The same as for all schools.

Asset Management

All Schools

16. LAs have a general landlord duty for all buildings leased to academies (under the relevant academy lease) and for all community school buildings. LAs have overall responsibility for capital strategy, including basic need, for all pupils.

Maintained Schools Only

17. As landlord for all maintained schools, the LA must ensure that maintained schools have appropriate facilities for pupils and staff, are safe, weather resistant, have suitable escape routes have appropriate acoustic levels, have appropriate heating, light and ventilation, have adequate water supplies and drainage and adequate playing fields. LAs must also manage the risk from asbestos and has a general duty for employees and others who may be affected.
18. Any underspends at the year-end will be carried forward to fund the Statutory Functions of the LA in 2018-2019.

Therapies and other health related services

All Schools

19. The Children and Families Act 2014 places a statutory duty on LAs and local health bodies to commission services jointly to support disabled children and young people with special education needs, including those needing therapy support.

Maintained Schools Only

20. The same as for all schools.

Monitoring national curriculum assessments

Maintained Schools Only

21. LAs have responsibility to moderate KS1, 2 and 3 assessments in maintained schools but as KS 2 and KS3 moderation is funded by specific grants, it is only KS1 moderation that is funded by ESG.