

MEETING:	SCHOOLS FORUM
MEETING DATE:	16 MAY 2014
TITLE OF REPORT:	SAVINGS TO THE EDUCATION SERVICES GRANT FOR 2015 TO 2016
REPORT BY:	ASSISTANT DIRECTOR - EDUCATION & COMMISSIONING

Classification

Open

Key Decision

This is not an executive decision.

Wards Affected

County-wide

Purpose

To seek the views of Schools Forum on the Department for Education (DfE) consultation Savings to the Education Services Grant (ESG) for 2015-16.

Recommendation(s)

THAT:

- (a) Schools Forum consider the Savings to the Education Services Grant for 2015/16 consultation; and**
- (b) Schools Forum consider the draft response to the consultation and provide additional comment that can be incorporated into the local authority response.**

Alternative Options

- 1 There are no Alternative Options as this is an item to enable Schools Forum to express its view on a DfE consultation.

Reasons for Recommendations

- 2 To enable Schools Forum to be aware of potentially significant changes to local authority and academy funding which could be detrimental to the effective education of pupils in Herefordshire.

Key Considerations

- 3 The DfE has launched a consultation on possible savings of up to 20% for 2015/16 financial year to the Education Services Grant (ESG), which for 2014/15 is estimated at £1.94m for the local authority and £1.1m for academies. The per pupil amount for 2014/15 is less than the amount received for 2013/14.
- 4 The consultation document is attached in Appendix A, along with supporting documentation produced by the DfE. Appendix B contains a draft response which will be sent by the local authority. The local authority would like to incorporate School Forum comments into the consultation response, reflecting the close working relationship that the local authority has with Herefordshire Schools Forum.
- 5 The ESG was introduced in 2013-14 as a per pupil grant paid to both local authorities and academies. It is meant to provide a more transparent way of providing funding for local authorities and academies to carry out a range of functions. These include improvement and school improvement, statutory and regulatory functions including HR and finance functions and compliance with health and safety, education welfare services, central support services including music services, visual and performing arts, clothing grants, asset management which covers the management of school buildings, premature retirement costs/redundancy costs, therapies and other health related services, and monitoring national curriculum assessment.
- 6 The ESG in part replaced the Local Authority Central Spend Equivalent Grant (LACSEG). In addition to the per pupil sum local authorities receive, academies also receive transitional protection for the reduction in the per pupil rate and special protection in relation to special educational needs (SEN) LACSEG changes. The consultation mentions that academies may also receive further protection depending upon the outcome of this consultation.
- 7 There is considerable variation in how local authorities account for and apportion costs across the ESG, the Dedicated Schools Grant and also the local authority base budget. The DfE acknowledges this and the limits this places on the effectiveness of comparing costs, but then goes on to do so throughout the consultation document on the basis that they have nothing else to go on.
- 8 The consultation document has the following themes running through it:
 - Greater autonomy for schools. Schools including academies responsible for a range of functions including leading their own improvement and development of staff as well as working with other schools and providers.
 - Recognition of a range of functions that the local authority has the responsibility to carry out, but queries as to whether some of the spend that is contained in the local authority budget is in effect double funded by also funding it through the ESG. Aligned to this is the proposition that for education welfare and school

improvement in particular the DfE argues that there is no direct link between spend and performance.

- Charging provides an opportunity to mitigate against reduction in grant
 - There should be efficiencies to be had through collaboration either at a school level or at a local authority level
- 9 Herefordshire has already significantly reduced spending on the principle areas mentioned and for 2013/14 did not spend anything for education welfare from this grant. The music service has been established as a social enterprise. School improvement staffing costs have been reduced by 60% and the Herefordshire's School Improvement Partnership and approach is already working to the model suggested in the consultation. Spending does not take place on a range of central support functions. Herefordshire is mentioned as a case study in relation to the approach to retirement and redundancy costs, so is already putting into practice an approach suggested as a way of reducing costs.
- 10 Herefordshire has the same statutory duties as other local authorities, but a relatively small pupil numbers base to apportion costs across. This will lead to a slightly higher per pupil cost for some functions compared to some other local authorities.
- 11 The consultation does not recognise the full extent of the statutory roles and responsibilities of the director of children's services and the lead member for children's services, in particular the general responsibility for children and young people receiving education and the particular focus for vulnerable children and young people. It also does not recognise the current developing relationship between the local authority and the DfE with regard to academies and performance.
- 12 The financial information within the consultation paper is collated nationally from the annual Section 251 local authority education budget statements. The DfE is aware there is variation in how local authorities record expenditure which could cause artificial variation in the results. For example, Herefordshire has recorded Private Finance Initiative (PFI) payments for Whitecross School as asset management costs, which make this area artificially high when compared to the DfE average cost model.
- 13 The consultation document makes a number of suggestions that spend could be covered by other budget areas, including schools budgets and the high needs budget (in relation to therapies). This is in effect a cost shunt, but may have to be considered if the proposed cut takes place.
- 14 The outcome of the consultation and Herefordshire's resulting approach will be shared with Schools Forum to inform budget decisions for 2015/16.

Community Impact

- 15 This is a consultation on potential funding reductions. Herefordshire has already undertaken a number of the cost saving measures that the consultation document suggests. Herefordshire has also taken the decision to stop running services where there has been insufficient school buy back (such as governor services) or there is a developed market of support that schools can buy into (such as subject support). There is therefore limited scope to charge for remaining services. The precise community impact is not clear at this point in the consultation process, but there will have to be further cuts in services if this proposal comes to fruition which will affect Herefordshire's corporate priorities and particularly the key priority of keeping children

safe and giving them a good start in life. Herefordshire schools and therefore the communities that they serve will be affected.

Equality and Human Rights

- 16 The consultation requests that any response pays particular attention to any potential impacts on protected characteristics such as sex, race, disability, age, religion or belief, sexual orientation, pregnancy and maternity, and gender reassignment. The local authority would carry out an equality impact assessment on any changes to service provision. However, given that there are sums of money used to provide therapy services to pupils with special educational needs or who are vulnerable the local authority will highlight this aspect in the consultation response.

Financial Implications

- 17 The local authority allocation of the ESG for 2013/14 was £2.06m (including the statutory £15 per pupil allocation for statutory duties of £340,602) compared with an estimated £1.94m in 2014/15. Academies received a total of £1.06m in 2013/14 compared with £1.1m in 2014/15. Work is taking place to refine the funding position for Herefordshire and develop proposals on how an up to 20% cut could be delivered. Due consideration will be given to any potential impacts on other budgets, but this cannot be discounted at this stage particularly given that Herefordshire has already undertaken and delivered a number of suggested actions contained within the consultation paper. Information on proposals will be brought to Schools Forum in early autumn for comment.

Legal Implications

- 18 There are no immediate legal implications

Risk Management

- 19 The risks are that the local authority will not be able to adjust the method of delivery to effectively discharge functions and statutory responsibilities within the funding provided. This could lead ultimately to poorer outcomes for children and young people in Herefordshire.
- 20 Risks will be mitigated through a review of what the local authority can stop doing, being clear with schools where the responsibility for certain activities lies, what can be carried out in different ways, and how other budgets can be utilised to support appropriate activity. Detailed proposals will be developed in light of the outcome of the consultation.

Consultees

- 21 Schools Forum

Appendices

Appendix A DfE Savings to the Education Services Grant for 2015-16 and associated appendix Annexe B Charts and tables Appendix B Draft Consultation response form

Background Papers

- None identified.