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Please ask for: Peter Nathan

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Dear Headteacher

Re: Consultation on changes to Education Services Grant (ESG) funding from 1st April 2017

The Department for Education (DfE) released new guidance on the ESG funding mechanism on the 1st December, which requires that Schools Forum need to agree that the Local Authority (LA) is able to retain the Education Services Grant (ESG) funding that will be included within the Dedicated Schools Grant (DSG) from April 2017.

Background

The Education Services Grant (ESG) for 2016/17 is paid to the Local Authority (LA) to fund the statutory and regulatory duties that rest with the LA, these duties can be broken down into two categories:

- a) Duties carried out on behalf of all schools and academies
- b) Duties carried out on behalf of maintained schools.

An extract from the **Schools Revenue Funding 2017 to 2018 - Operational guide (Updated November 2016)** is attached (Appendix 2).

The operational guide provides the changes to how the ESG operates para 82 – 88. In summary the has now been included in the LA's DSG allocation and Schools Forum will need to agree what happens to this funding.

a) Duties carried out on behalf of all schools and academies

The duties that are provided for all schools and academies are listed in the left hand column of table 6; the provisional DSG settlement has indicated that £482k has been included in the DSG allocation to cover the cost of providing these services.

Schools Forum will be requested to allow the LA to retain this sum to fund these services for 2017/18.

b) Duties carried out on behalf of maintained schools

The responsibilities that LAs hold for maintained schools are listed in the right hand column of table 6. The DfE has removed the ESG general funding rate from 2017/18. It has given an indication that LAs will receive transitional protection from April 2017 to August 2017 inclusive an annual rate in the region of £50 per pupil, which equates to £20 per pupil. This is expected to contribute to the cost of services for maintained schools from April up to the end of August after this date the LA will not receive any DSG funding to cover the cost of these services.

Maintained schools representatives on Schools Forum will be requested to allow the LA to retain the DSG funding received to fund these services for 2017/18.

Maintained schools representatives on Schools Forum will be requested to agree to the LA charging maintained schools £50 annual charge per pupil which equates to £30 per pupil, to fund the services that the LA provides for the period September 2016 – March 2017. Table 5 in the Appendix 2, shows the retained DSG arrangements for Maintained Schools converting to academy status.

All schools are requested to review the attached documents and provide views to your Schools Forum representatives so that they can vote on these proposals at the 17th January 2017 meeting.

During 2017 the LA will be reviewing the services that it provides to assess how it can continue to provide support to maintained schools following the withdrawal of funding by the DfE. The LA may need to explore options around service level agreements, contractual arrangements or other forms of organisation (including establishing schools companies, staff mutual, social enterprises) to deliver services and gain contributions from schools in order to do so.

If the LA and schools forum are unable to reach consensus on the amount of DSG funding to be retained by the LA, the matter will need to be referred to the Secretary of State.

The LA will set a single rate per 5 to 16 year old pupil (to be deducted from the basic entitlement funding) for all mainstream maintained schools. The LA may choose to establish differential rates for special schools and the PRU if the cost of fulfilling the duty is substantially different for these schools. The rate will be expressed per place rather than per pupil for special schools and PRUs. The multipliers used in the ESG previously were 3.75 for PRUs and 4.25 for Special Schools.

As with de-delegation, the amount to be held by the local authority will be determined after MFG has been applied.

School improvement funding

The government have announced that they will be creating a school improvement fund of £50 million from September 2017 to pay LA's to monitor maintained schools, and there will be an additional £140 million "Strategic School Improvement Fund" to

support all schools that need to drive up their standards. No information has been released at present about how these resources will be allocated to LAs or schools.

2017/18 Budget briefing

The LA will be holding two briefing sessions on the 9th January 2017:

- 12.00pm for headteachers and school business managers
- 6.30pm for governors / academy proprietors,

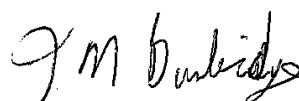
to which you are invited. Further details will be provided once the census and DSG funding settlement is announced by the DfE, which are expected to be provided to us next week. There may also be an opportunity to discuss the outcomes of the Fair Funding consultation which took place earlier in the year if published before this meeting.

If you have any queries please contact one of us or Anne Mackay Finance Manager – Education (01793 465742) and we will be happy to help.

Yours sincerely



Peter Nathan
Head of Education
Swindon Borough Council



Ian Burbidge
Head of Finance, Education