Background

The Education Services Grant (ESG) has been paid to councils since 2013/14 to meet the cost of discharging certain local authority functions where the cost is charged to the Council’s general fund. The Department for Education (DfE) has confirmed their intention to remove the ESG and to move some of the funding for statutory services to the Dedicated Schools Grant. Details of the services to be funded from the ESG were published by the DfE in 2014 in a document entitled ‘Clarification of local authority statutory duties relating to services relevant to the Education Services Grant’ (Appendix A).

ESG

In 2016/17 the allocation of ESG for Sutton is £1.889m. It is made up of two elements: a retained duties element of £0.541m and a general duties element of £1.348m. The retained duties funding rate for local authorities is a flat rate of £15 per pupil in all state funded schools, which includes academies. There is no differential funding for Special Schools and pupil referral units for the retained duties element of the ESG. The ESG general duties funding rate for local authorities in the 2016-17 financial year is £77 per pupil in mainstream schools and £288.75 and £327.25 per place in pupil referral units and special schools respectively.

The retained duties element relates to statutory functions which the Council discharges in relation to all pupils in the borough whether they attend a maintained school or an academy. The funding previously allocated through the ESG retained duties rate (£15 per pupil) will be transferred into the schools block for 2017-18. For Sutton this amounts to £510k. The DfE will allow local authorities to retain some of their schools block funding to cover the statutory duties that they carry out for all pupils which were previously funded through the ESG.

Recommendation

It is proposed to continue to provide £510k of funding from the DSG to meet the cost of these services. There will be no net effect on the DSG as the proposed funding matches the additional allocation of DSG.

The general duties element relates to functions which the Council discharges in relation to pupils in maintained schools only. Academies receive funding for these functions directly. The general duties element is being ended from September 2017. The Council will receive a transitional grant estimated at £474k to cover the period April-August 2017. Where the
Council wishes to continue to fund these services centrally from September 2017 agreement must be secured from maintained schools to de-delegate an appropriate proportion of their delegated budgets to cover the cost.

To note
The Council does not intend to seek such an agreement at this time. Services will either be ceased or will be funded from general fund resources or, in the case of services provided by SES Ltd, by charging individual schools for their use.