



Department
for Education

Consultation on savings to education services grant for 2015 to 2016

Government response

July 2014

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Introduction

The Education Services Grant (ESG) is an un-ringfenced grant paid to local authorities and academies. There is a **general funding rate**, which is the same for pupils in local authority maintained schools and academies. Currently, academies also receive additional transitional protection. When we introduced the ESG, we said that this transitional protection will be removed over a limited period of time, so that rates for local authorities and academies are aligned. In addition to the general funding rate, local authorities currently receive an additional **retained duties rate** of £15 for all pupils attending a state-funded school (whether a maintained school or an academy).

In June 2013 we announced that we would reduce the ESG by around £200 million in 2015-16. These savings help the Government to protect front-line budgets including the dedicated schools grant and the pupil premium.

A consultation on [Savings to the Education Services Grant](#) was published on 27 March 2014. The purpose was to gather views about how the grant was being used, how much money could be saved and the impact of making those savings. We were also interested in whether there was any further clarification or guidance we could provide in order to help local authorities and academies deliver these savings, as well as whether there were any functions that local authorities or academies should stop doing completely.

The consultation document shared our analysis of section 251 data, which shows local authorities' planned spend on ESG relevant services in 2013-14. The data shows the large degree of variation in the level of budgets different local authorities set for education services. The consultation document also shared case studies from fieldwork which was carried out in autumn 2013 with 18 local authorities and 13 academies. The case studies illustrate a variety of innovative approaches which some local authorities and academies have adopted to maximise efficiencies.

The consultation posed a series of questions about each of the eight service areas which relate to ESG, which are:

- School improvement
- Statutory and regulatory duties
- Education welfare services
- Central support services
- Asset management
- Premature retirement costs/redundancy costs
- Therapies and other health-related services
- Monitoring national curriculum assessment

There were two further questions: one for academies, on the scope to make savings, ways to achieve greater value for money, and the impact of reducing the level of transitional protection; and one for local authorities, on the scope to make savings to services covered by the £15 for retained duties (services for pupils in all state-funded schools).

The consultation closed on 19 June 2014. We received 1429 responses. A very high proportion of these arose from a high-profile campaign (Protect Music Education) on funding for local authority music services. The remaining responses included 64 from local authorities, 13 from maintained schools, 5 from school forums, and 4 from academies. We have reviewed the responses with care. We have also held discussions with a range of stakeholders, including local authorities and bodies representing local authorities and academies.

Summary of responses received and the Government's response

The great majority of responses related to a campaign on music education.

Some overarching themes emerged from the responses from local authorities:

1. Many told us that because ESG is an un-ringfenced grant, they regard the funding as part of the wider un-ringfenced budget for the authority rather than discrete education funding.
2. Many questioned the reliability of section 251 budget data. They told us that there is a high degree of variation in the way in which local authorities report against the budget lines.
3. Many commented that variations in demographics and geography make it difficult to compare the funding and delivery of education services in different local authorities.
4. Many reported already having made efficiencies and felt that it would be difficult to make further savings without compromising the quality of the services they offer or failing to meet their statutory duties. However it was clear that other local authorities felt it was possible to make savings, and in some cases were already planning to do so. This clearly reflects the wide variety of practice across the country.
5. Most said they would welcome further clarification or guidance on the services associated with ESG; others said that no further clarification or guidance is necessary.

We received very few written responses from academies. No strong themes emerged from their responses to questions 1 to 8 and 10. Their views on question 9, which was specific to academies, are summarised in section 9 below.

We have given careful consideration to the points that have been raised.

Equalities statement

In accordance with the Department's duty under section 149 of the Equality Act 2010, we have also considered whether savings to ESG might have a differential impact on any of the protected groups set out in the Act, and asked respondents to consider this in making their responses to the consultation. In addition to the Department, both local authorities and academies are subject to the Public Sector Equality Duty, and will have to comply with it in deciding how to implement the savings.

As ESG is an un-ringfenced grant, it is up to local authorities and academies to decide how it should be spent, and how any savings should be implemented. This means it is difficult to predict with any precision what the effect of any savings might be on groups

with protected characteristics. We have given particular consideration to two of the functions associated with ESG: (1) therapies and other health-related services, which are of particular benefit to pupils with special educational needs or disabilities, and (2) education welfare services, which work with families whose children have irregular attendance at school. Gypsy/Roma and Traveller pupils are disproportionately likely to have high levels of persistent absence from school, so their families may be more likely to come into contact with education welfare services.

We expect that, in making decisions on how to implement the savings, local authorities will give careful consideration to their responsibilities under the Public Sector Equality Duty. Alongside this, the new joint commissioning duty requires local authorities and care commissioning groups to work together to ensure provision is available for pupils with special educational needs and disabilities (SEND). The 0 to 25 SEND code of practice also makes clear that schools have a commissioning role, and can contribute to these arrangements if they wish to do so.

Final ESG rates for 2015-16

The final ESG rates for 2015-16 are set out at:

<https://www.gov.uk/government/publications/education-services-grant-2015-to-2016>

Responses to individual questions, and the Government's response

Inevitably, the structure of the consultation questions meant that many of the overarching themes discussed above were repeated by respondents across a number of questions and sub-questions. The following summary focuses on aspects of the responses which have not already been covered in the section on overarching themes, i.e. the aspects which were specific to each question.

1. School improvement

1 a) How could the clarification of the role of local authorities in school improvement in Section 4.2 help local authorities to make savings?

Several local authorities commented that further clarification would be helpful, particularly in respect of the role that is expected of local authorities in relation to the performance of academies and free schools, and the distinction between statutory and non-statutory responsibilities. A number of local authorities expressed concern that expectations from Ofsted and the Department are not fully aligned.

Many of the local authorities which responded to the consultation told us that they had already sought efficiencies in this area. Many are selling services to schools, or encouraging school-to-school support, often through teaching schools. A smaller number have contracted out their services.

Some local authorities commented that the local authority needs to retain a level of expertise, and that they have a role in working with all schools (including academies) in order to broker school-to-school support, as well as identifying early warning signs of failure. A few local authorities expressed doubts about the quality or sustainability of school-to-school support.

1 b) Is further clarification or guidance from the Department on the role of the local authority in school improvement needed in order to have a clear set of expectations?

There were 77 responses to this question.

Yes 57 (74%)

No 13 (17%)

Not sure 7 (9%)

The majority of respondents said that further clarification or guidance would be helpful. In particular, many respondents said they would like further clarification or guidance on the role of the local authority in relation to the performance of academies and free schools. A small number of respondents noted that school improvement is not included within the retained duties covered by the £15 rate, but commented that a certain level of resource

would be needed to enable local authorities to identify early warning signs of failure in academies.

Several respondents said they would welcome further clarification or guidance on the role of the local authority in developing or brokering school-to-school support.

A small number of local authorities referred to their statutory role in working with vulnerable pupils under this function.

1 c) In addition to the examples set out in Section 3.2 of the consultation document, how else could local authorities provide school improvement more efficiently?

Several local authorities disagreed with the suggestion that school improvement could be delivered at lower cost, and expressed concern that quality might be affected. Other local authorities did offer suggestions, although they did not always think these would be suited to their particular circumstances. Suggestions included: collaboration between local authorities in order to share expertise; school-to-school support, particularly from teaching schools; using an external provider; greater flexibility in the deployment of key staff; and using daily rates for specific projects rather than permanent arrangements.

1 d) What level of saving is it possible for your local authority to make on school improvement? If cost pressures on school improvement have changed recently, please describe.

Most local authorities said that they had already made substantial savings, and did not think that further savings could be made without affecting quality. They said that because local authorities fund school improvement from the overall resources they have available to them (as they do for other services for which ESG funding is made available), school improvement has already been affected by wider reductions in funding to local authorities.

Some respondents highlighted new cost pressures, including meeting rising salary expectations amongst school improvement advisers recruited from senior leadership roles in schools, and interventions for schools in Ofsted categories.

A small number of local authorities said they had plans to make further savings.

1 e) If your local authority's expenditure is above the median (£31 per pupil) for this service, can you help us understand why this is?

Several local authority respondents reported they were above the median. Of these, several suggested that variations in the ways in which local authorities record functions and overheads against section 251 were a factor. Some respondents said that they had comparatively high levels of spending because of local factors, such as the number of

schools requiring intervention, the level of dedicated schools grant, the small size of the local authority, or geographical isolation (which was a barrier to collaboration). Some saw it as axiomatic that the provision of a high quality service should come at a high cost.

1 f) What would prevent your local authority from reducing costs to match the lowest spending 25% of local authorities (up to £19 per pupil)?

Respondents identified a number of barriers. Large rural local authorities reported that the costs of intervention were determined by the number of schools; small local authorities with low numbers of pupils reported disproportionately high fixed costs at local authority level. Existing contracts with external providers were another issue. Some respondents said they needed to maintain expenditure in order to maintain standards in schools and meet existing demands for school intervention. The need to attract appropriately qualified staff to posts was another factor.

Government response

Local authorities continue to have a duty to promote educational standards, as set out in section 13a of the Education Act 1996. In so doing, they should take account of the increasing emphasis on school-to-school support and the direct accountability of academies and free schools to the Secretary of State. The Department has described the characteristics of local authorities which champion excellence effectively, most recently in the statutory guidance on schools causing concern, which was revised in May 2014.

We recognise that many local authorities have already taken significant steps to refocus their school improvement services in line with the Government's vision. We know, however, from the consultation responses we have received, that some local authorities have further scope to refocus their activities if they embed the principles set out in the statutory guidance. Further advice on the statutory responsibilities of local authorities in relation to school improvement may be found at Annex A of the statement of final arrangements: <https://www.gov.uk/government/publications/education-services-grant-2015-to-2016>.

In relation to specific points raised by local authorities about the role they should play in relation to the performance of academies, the schools causing concern guidance was revised in May 2014. This states: 'Academies are accountable to the Secretary of State for Education. Therefore, local authorities should focus their school improvement activity on the schools they maintain. If local authorities have concerns about the performance of academies in their area they should raise these directly with the Department for Education.' There is no expectation that local authorities should take any active role in

monitoring the performance of academies. However if local authorities become aware of concerns, they should raise these directly with the Department.

On the question of the role of local authorities in brokering school-to-school support, local authorities may wish to broker support for underperforming maintained schools from local strongly performing academies. It is the responsibility of the Department and the Education Funding Agency (EFA) to broker support for academies, and there is no expectation that local authorities should play a role in this.

We are working with Ofsted so that its inspection guidelines reflect the role of the local authority as described in the schools causing concern guidance

2. Statutory and regulatory duties

2 a) Which statutory and regulatory duties require greater clarification or guidance?

Several respondents said that greater clarification was required on all areas of this function, while others specified particular aspects, in particular the respective roles of local authorities and academies. Unsurprisingly, given the broad range of statutory and regulatory duties listed in Annex A of the consultation document, there were diverse views on which of the duties required further clarification.

A smaller number said that no further clarification or guidance was required: one local authority commented that prescription reduces the ability to innovate.

2 b) In addition to the methods set out in the case studies in Section 3.2, how else could local authorities fulfil statutory and regulatory duties more efficiently?

Several local authorities said that these functions had already been reviewed and that further savings were likely to be limited, if possible at all. Some respondents offered suggestions, namely collaboration with other local authorities, outsourcing, transferring responsibilities to schools, and reducing the number of returns the Department requires.

2 c) What level of saving is it possible for local authorities to make on statutory and regulatory duties? If cost pressures on statutory and regulatory duties have changed recently, please describe.

Many respondents said that no savings would be possible, particularly where significant savings had already been made. Some respondents said that the academy conversion process was a cost pressure for local authorities, because the process required input from local authority finance, human resources, legal and asset management functions.

2 d) Do you think that the Department needs to change its expectations of local authorities with regard to statutory and regulatory duties in order for savings to be realised? If so, how?

There were 71 responses to this question.

Yes 48 (68%) No 6 (8%) Not sure 17 (24%)

The majority of respondents said that the Department should change its expectations with regard to statutory and regulatory duties in order for savings to be realised. However, several respondents said that the duties should remain unchanged because they need to be carried out and local authorities are best placed to do so.

2 e) If your authority's expenditure is above the median (£48 per pupil) for this service, can you help us understand why this is?

Several local authority respondents reported that they were above the median. Of these, several suggested that variations in the ways in which local authorities record functions and overheads against section 251 were a factor. Some respondents noted that teams dealt with early years and safeguarding as well as education so the apportionment of costs may not be correct. Several respondents said that small local authorities with fixed costs and low economies of scale were more likely to have higher costs per pupil.

2 f) What would prevent your local authority from reducing costs to match the lowest spending 25% of local authorities (-£6 to £28)?

Respondents cited a number of reasons: impact on quality; small size of local authority; local priorities chosen by elected members; higher staff costs in London and the southeast.

Government response

Clarification of local authorities' responsibilities in respect of maintained schools and academies may be found at Annex A of the statement of final arrangements: <https://www.gov.uk/government/publications/education-services-grant-2015-to-2016>.

Local authorities may wish to consider whether they have scope to make further savings by making changes to the way they discharge these duties. In addition, we have decided that funding for the retained duties element, which includes some of the funding intended to support local authorities to meet their statutory and regulatory duties, should remain at £15.

We believe that a general funding rate of £87 and retained duties rate of £15 is sufficient for local authorities to continue to discharge their duties. Based on local authority planned spend in 2013-14, we estimate around a third of local authorities were planning to spend around or below £87 per pupil on their services for pupils in maintained schools. We recognise that each local authority has different circumstances and that some will spend more on some functions for good reasons, just as others will spend less for good reasons. However, we know that there is at present no correlation between high spend on one service and high spend on another service, meaning that it is reasonable to assume that in the vast majority of cases higher spend on one line could be offset by lower spend on another line. We also know that local authorities with a number of different characteristics – including relatively small authorities and some in London and the southeast – reported planned spend below the median on this budget line in 2013-14.

3. Education welfare services

3 a) Why do you think there is such significant variation in spending on education welfare?

Several local authorities highlighted the variations in the ways in which local authorities record functions and overheads against section 251. Respondents also cited differences between local authorities in terms of levels of deprivation and pupil characteristics (vulnerable pupils, SEN status, mobility), as well as size and location.

3 b) How do you think local authorities could provide this service more efficiently?

Some respondents reported that some local authorities have reduced the service to the statutory minimum. Some respondents suggested that schools are already taking or could take greater responsibility for welfare, bringing in the local authority if early intervention fails. Some local authorities are trading non-statutory services (such as early intervention/preventative work) with schools. It was suggested that education welfare functions could be combined with others, for example exclusions or children and family services, and that local authorities could collaborate with other local authorities or agencies.

3 c) What level of saving could your local authority make to education welfare? If cost pressures on education welfare have changed recently, please describe.

Almost all respondents said that savings had already been made and that further savings would mean that local authorities would be unable to meet their statutory obligations. Several respondents said that reducing costs could result in negative outcomes for children: there could be higher numbers of children missing education, lower attainment

and safeguarding risks. One local authority said that attendance issues were creating costs elsewhere, for example in social care and youth offending.

One local authority said that raising the participation age had brought cost pressures. Another indicated that the work generated by fining parents for children's non-attendance was a resource pressure; conversely, another local authority regarded parental fines as a source of income. Two local authorities said that they were issuing more penalty notices and taking more cases to court – one local authority said this was the result of changes to regulations concerning leave of absence, and payment schedules for penalty notices.

3 d) Is further clarification or guidance from the Department needed about our expectations in respect of education welfare services? If so, why?

There were 68 responses to this question.

Yes 44 (65%) No 14 (21%) Not sure 10 (15%)

The majority of respondents said that further clarification or guidance would be helpful. Some respondents expressed concerns that schools or academies are not providing effective early interventions with families, with the result that cases are being escalated to court. Other respondents said that they would welcome guidance from the Department on absence criteria for issuing a penalty notice and prosecutions. One respondent said it was unclear at what point non-statutory education welfare casework becomes a statutory function (preparation for prosecution).

3 e) If your authority's expenditure is above the median (£14 per pupil) for this service, can you help us understand why this is?

Several local authorities highlighted the variations in the ways in which local authorities record functions and overheads against section 251. Local authorities which reported expenditure above the median cited a range of reasons. These included offering a higher level of support to schools without charging; offering non-statutory services such as preventative work, outreach and home visits; having higher levels of deprivation; and having fixed costs regardless of the number of pupils.

3 f) What would prevent your local authority from reducing costs to match the lowest spending 25% of local authorities (£0 to £9)?

Several local authorities highlighted the variation in the way in which local authorities record functions and overheads against section 251. Several respondents said that reducing costs to this level would reduce the quality of the services provided. Some respondents cited deprivation and high levels of pupil mobility. One respondent said it would be necessary to convince service users they have the monies to pay for services.

3 g) Do you agree that the duties required for this service are fulfilled by local authorities, and therefore should be covered by the local authority retained duties funding (set out in Section 6)? If not, which aspects do academies hold responsibility for and should therefore be paid for by the standard ESG rate?

There were 68 responses to this question.

Yes 39 (57%)

Not sure 17 (25%)

No 12 (18%)

Most respondents said that the duties are, and should be, fulfilled by local authorities. A smaller number of respondents said that greater clarification was needed on academies' responsibilities. One respondent questioned the long term viability of local authority education welfare services as school autonomy increases, and suggested that some of the statutory duties should be transferred to schools.

Several respondents said that funding for the retained duties element should be increased beyond the current level of £15.

Government response

Overall, it appears that some local authorities have already made savings to their education welfare services, and that the services they offer are tailored and complement early intervention work by schools. This is not the case everywhere, however, and some local authorities may wish to consider whether there is further scope to make savings. The clarification provided at Annex A of the statement of final arrangements may be helpful in this regard: <https://www.gov.uk/government/publications/education-services-grant-2015-to-2016>.

We do not, however, think it would be right to issue additional guidance on absence criteria for penalty notices and prosecutions, because this would undermine the ability of headteachers and local authorities to make well-judged decisions which take account of all the relevant circumstances.

We have decided that funding for the retained duties element, which includes some of the funding intended to support local authorities to provide education welfare services, should remain at £15. We believe that a general funding rate of £87 and retained duties rate of £15 is sufficient for local authorities to continue to discharge their duties. Based on local authority planned spend in 2013-14, we estimate around a third of local authorities were planning to spend around or below £87 per pupil on their services for pupils in maintained schools. We recognise that each local authority has different circumstances and that some will spend more on some functions for good reasons, just as others will

spend less for good reasons. However, we know that there is at present no correlation between high spend on one service and high spend on another service, meaning that it is reasonable to assume that in the vast majority of cases higher spend on one line could be offset by lower spend on another line. We also know that local authorities with a number of different characteristics – including small local authorities and some with high levels of deprivation – reported spend below the median on this budget line in 2013-14.

4. Central support services

This category of expenditure typically funds pupil support and extra-curricular activities. This includes: providing clothing grants; outdoor education, including field studies; music services and visual and performing arts services.

4 a) Are there any reasons why local authority expenditure on central support services could not be significantly reduced, if not stopped altogether?

Most of the responses to this question were associated with the Protect Music Education campaign. Campaign responses said that funding for music education hubs has already fallen, as contributions from central Government, local authorities, schools and parents have declined. The campaign expressed concern that if local authority funding was lost, access to musical tuition and music education would be reduced. The campaign also highlighted the importance of music to children's development; the financial value of the music industry in the UK; polling evidence on public opinion; and the level of support for the Protect Music Education campaign from the music industry.

The remaining responses were mainly from local authorities and referred to the full range of central support services. A small majority of local authorities said they funded some services in this category. Some funded a range of services, and thought it was right to do so: they had no plans to make savings. Some of the local authorities in this group said that these services were of particular benefit to deprived pupils. This point was also made by representative bodies. Other local authorities funded only one or two services: music services, uniform grants for deprived pupils, and outdoor education were cited. A significant minority of local authorities said that they had already withdrawn all funding for these services. Some of these local authorities said that services are funded in other ways: for example a music service has been established as a social enterprise, and outdoor education is being fully traded through a joint venture. Other local authorities said they are planning to withdraw funding in the near future.

4 b) If you do not think this could be stopped altogether, how much of a saving could local authorities make to these services? If cost pressures on central support services have changed recently, please describe.

Responses associated with the Protect Music Education campaign said that some music services had already experienced a reduction in local authority funding. There were concerns that savings to ESG would have a negative impact on music services.

Several local authorities said they had already stopped funding central support services, or had made significant savings already.

4 c) Is further clarification or guidance from the Department needed in order to have a clear set of expectations?

There were 1143 responses to this question.

Yes 1103 (97%) No 29 (3%) Not Sure 11 (1%)

Responses associated with the Protect Music Education campaign simply said “Yes.”

Views from local authorities were mixed: some agreed, others thought there was little reason to provide clarification or guidance because expenditure is low or zero.

Government response

A number of local authority respondents reported that because there were no specific obligations for them to provide central support services, they were not incurring any expenditure, either because they have no activity or because they are charging for services. According to section 251 data, the median planned spend on this line is £6 per pupil, but more than 30 authorities planned to spend £0 in 2013-14. This reflects the fact that local authority expenditure on central support services is discretionary.

Because of the very strong interest and concern around music services (with very limited concerns expressed about any other aspect of central services), we have given the question of music services and music hubs much fuller treatment in Chapter 5 of our statement of final arrangements where we set out our proposals for funding for music education: <https://www.gov.uk/government/publications/education-services-grant-2015-to-2016>.

5. Asset management

5 a) Which services are your local authority funding under the 'Asset Management' heading?

Many responses from local authorities listed management of the capital programme, management of Private Finance Initiative (PFI), administration of academy leases, and condition surveys of schools.

Many local authorities said they have already delegated funding to schools for asset management, but retain statutory responsibility for compliance, and provide technical support when required.

5 b) Could your local authority join up asset management relating to education with asset management across all local authority services, if this is not already happening?

There were 55 responses to this question

Yes 33 (60%) No 10 (18%) Not Sure 12 (22%)

The majority of respondents agreed that education could be covered by a central asset management function at local authority level. Many, but not all, said this was already the case.

A minority of respondents expressed concerns. Respondents who felt that a separate education function was needed valued specific knowledge of the school estate, schools' requirements and timescales, and links with admissions and exclusions teams.

5 c) Are there reasons why local authority expenditure on asset management, under the standard ESG rate, could not be significantly reduced if not stopped altogether? If cost pressures on asset management have changed recently, please describe.

Respondents said that the function was essential and that funding from the base rate was needed over and above a proportion of the £15 for retained duties. Respondents cited academy conversions, monitoring PFI contracts, planning for the introduction of universal infant free school meals, and asbestos management.

5 d) If you do not think this could be stopped altogether, how much could local authorities save by delivering this service in a different way?

Respondents said that asset management services are essential statutory functions which cannot be stopped. Some local authority responses referred to plans to make savings by joining up services and seeking efficiencies. The majority of responses from local authorities, however, said that they saw limited or no scope to make further savings.

5 e) Is further clarification or guidance from the Department needed in order to have a clear set of expectations? If so, why?

There were 60 responses to this question.

Yes 34 (57%) No 21 (35%) Not Sure 5 (8%)

The majority of respondents agreed that further clarification or guidance would be helpful, although there was a divergence of views on the focus of any further clarification or guidance. Suggestions from respondents included the overall asset management function, and more specific aspects, such as PFI costs.

A significant minority of respondents felt that there was sufficient clarity already.

5 f) If your authority's expenditure is above the median (£7 per pupil) for this service, can you help us understand why this is?

Local authorities which reported expenditure above the median cited a range of reasons. Some were specific to the asset management function: management of the authority's capital programme (including schemes to deliver sufficient school places), monitoring PFI and managing Building Schools for the Future, and dealing with deteriorating buildings. Others were more general: one local authority cited the higher cost of salaries in London.

5 g) What would prevent your local authority from reducing costs to match the lowest spending 25% of local authorities (-£1 to £3)?

Most respondents said that reducing costs to this level would mean that local authorities would be unable to meet their statutory duties.

Government response

Overall, it appears that many local authorities' approaches to asset management reflect, and do not go substantially beyond, the current statutory framework. Many local authorities have already realised efficiencies by creating a single asset management

function across the authority. Local authorities that have not done this may want to consider whether they should.

Funding for the retained duties element, which includes some of the funding intended to support asset management, will remain at £15.

We believe that a general funding rate of £87 and retained duties rate of £15 is sufficient for local authorities to continue to discharge their duties. Based on local authority planned spend in 2013-14, we estimate that around a third of local authorities were planning to spend around or below £87 per pupil on their services for pupil in maintained schools. We recognise that each local authority has different circumstances and that some will spend more on some functions for good reasons, just as others will spend less for good reasons. However, we know that there is at present no correlation between high spend on one service and high spend on another service, meaning that it is reasonable to assume that in the vast majority of cases higher spend on one line could be offset by lower spend on another line. We also know that local authorities with a number of different characteristics – including those with high numbers of academy converters – reported spend below the median on this budget line in 2013-14.

We note that a majority of respondents said that further clarification or guidance would be helpful, although a significant minority said there was sufficient clarity already. We will consider further whether there is merit in providing new, clearer, information on the roles and responsibilities for school asset management for local authorities and other bodies within the system.

6. Premature retirement costs/ redundancy costs (new provisions)

6 a) Are there any reasons why schools could not take financial responsibility for redundancies? Please give details.

We received 68 responses to this question.

Yes 33 (49%) No 28 (41%) Not Sure 7 (10%)

Opinion was divided on this question, which reflects the diversity of practice nationally. A small majority of respondents (excluding those 'not sure') said that schools should not take financial responsibility for redundancies. A number of respondents said that it would not be feasible for schools in financial deficit – often because of falling rolls – to bear the cost. Several respondents cited the statutory framework, which requires local authorities to fund redundancy costs in maintained schools by default, unless there are good reasons not to. These respondents felt that the current statutory framework would need to change if schools were to bear the costs of redundancies.

A number of respondents told us that they have already delegated redundancy costs to schools. Others said they agreed in principle that schools should bear the costs of redundancy. Several respondents noted that schools – rather than local authorities – are responsible for redundancy decisions, can plan ahead for reductions in funding, and will benefit from the savings they make.

6 b) If you are a local authority that is funding early retirement, why are you not requiring schools to do so?

A large majority of local authorities who responded to the consultation said that they did not fund early retirement costs. A small number of local authorities said they bore the costs of early retirement in exceptional circumstances: for example, historic costs or school closures.

6 c) If your authority's expenditure is above the median (£0 per pupil) for this service, can you help us understand why you are spending that amount and what prevents you from reducing your expenditure to £0?

The local authorities which responded to say that their expenditure is above the median attributed this to redundancy costs. Of these, a number cited the current statutory framework, which requires local authorities to fund redundancy costs in maintained schools by default.

Government response

The current statutory framework requires local authorities to fund redundancy costs in maintained schools by default, unless there are good reasons not to. This enables decision-makers at local level to exercise a degree of discretion as to whether the costs of redundancies should be borne by the local authority. This is reflected in practice: decision-makers are reaching pragmatic judgements which reflect local circumstances. We do not propose to make any changes to the current statutory framework, but given that the median spend for this line is £0, we believe that higher spending local authorities may wish to consider what further scope they have for savings.

On early retirement, the current statutory framework requires schools to pay for early retirement. The consultation responses indicate that this is reflected in practice in all but a small minority of cases. We do not propose to make any changes to the current statutory framework.

7. Therapies and other health-related services

7 a) Given the high needs budget that local authorities have, and the improved joint working between health and education authorities

which should result from the provisions within the Children and Families Bill, are there any reasons why funding for therapies and other health-related services should continue from ESG? If cost pressures on therapies and other health-related services have changed recently, please describe.

Most respondents said they use their high needs block funding rather than ESG to cover the cost of therapies and other health-related services, and this is reflected in the median spend of £0 for this line. Several local authorities told us, however, that they do use ESG to fund particular services. Some respondents expressed concerns about cost pressures, citing rising numbers of pupils with high needs, and increasingly complex needs. Several respondents said that effective integration between health and education services has yet to be achieved. A small number of authorities with low high needs block funding said they relied on ESG to fund this service.

7 b) Is there a need for further clarification or guidance from the Department about what local authorities are expected to provide in terms of therapies and other health-related services. If so, why?

There were 57 responses to this question.

Yes 38 (67%) No 15 (26%) Not Sure 4 (7%)

The majority of respondents said that further clarification or guidance would be helpful. Of these, respondents said that schools and local authorities will need a clear understanding of where the responsibility lies for meeting the cost of any special provision, in light of the Children and Families Act 2014.

7 c) If your authority's expenditure is above the median (£0 per pupil) for this service, can you help us understand why you are spending that amount and what prevents you from reducing your expenditure to £0?

A small number of local authorities which are currently spending above the median told us about the services they fund from ESG. Examples included child and adolescent mental health services and speech and language therapy.

Government response

Overall, most local authorities fund therapies and other health-related services through the high needs block of the dedicated schools grant rather than ESG: 96 authorities planned to spend £0 on this line in 2013-14. Local authorities which currently use ESG to fund these services may wish to consider alternative sources of funding.

Central government cannot prescribe how local funding arrangements should operate. The Children and Families Act 2014 places a statutory duty on local authorities and local health bodies to commission services jointly to support children and young people with special educational needs or disability, including those who need therapies such as speech and language therapy, but they have considerable freedom in how they do this locally. The Government consulted on whether health or social care provision should be treated as special educational provision, and amended the 0-25 SEND code of practice accordingly. At paragraphs 9.73 to 9.76 of the code it states that 'decisions about whether health care provision or social care provision should be treated as special educational provision **must** be made on an individual basis. Speech and language therapy and other therapy provision can be regarded as either education or health care provision, or both. It could therefore be included in an education and health care plan as either educational or health provision.'

8. Monitoring national curriculum assessment

8 a) What level of savings could local authorities make to this service?

Many respondents from local authorities said that this function was covered by the school improvement service, and this is borne out by the median spend of £0 on this service. Some felt that they could only make more savings if the statutory responsibilities of local authorities were reduced, but warned that this could lead to a lowering of standards. A small number of respondents suggested that savings could be made through greater use of school-based staff, or through cross-school moderation. Others felt that it would be impossible to cut costs without compromising the quality of moderation.

8 b) If cost pressures on monitoring national curriculum have changed recently, please describe.

Some respondents said that the introduction of the new national curriculum, combined with the increased requirements from the Standards and Testing Agency (STA) for monitoring, would increase expenditure. Some local authorities said they are increasing the proportion of schools moderated. A small number of local authorities said investigations into concerns about maladministration were resource intensive. Other local authorities said that cost pressures had not changed recently.

8 c) Is further clarification or guidance from the Department needed in order to have a clear set of expectations? If so, why?

There were 56 responses to this question.

Yes 27 (48%)

No 23 (41%)

Not Sure 6 (11%)

A small majority of respondents (excluding those 'not sure') said that further guidance would be helpful. These respondents requested further guidance on the minimum level of service local authorities should provide, and suggested that the Department publish examples and case studies on how to deliver cost effective moderation. Other respondents said that the guidance was already clear.

d) Given that some local authorities are charging for this service and not incurring any net expenditure, is this something your local authority could do? If not, please help us understand why.

There were 44 responses to this question.

Yes 12 (27%) No 20 (45%) Not Sure 12 (27%)

There were mixed views on this question. A significant number of respondents did not submit a response to this question, or said they were 'not sure'.

Some respondents from local authorities said they already charge academies. A significant number of respondents questioned whether local authorities could charge maintained schools for a statutory service. Several respondents suggested that schools could not be required to pay for a service they had not commissioned. There were concerns that schools would choose to opt out of local moderation arrangements if they were required to pay for the service, and that this would undermine oversight.

Government response

Local authorities have a statutory duty to monitor the administration of national curriculum assessments in maintained schools and to moderate teacher assessments at key stage 1. On the question of charging, we are able to provide some further clarification: local authorities cannot charge maintained schools for national curriculum assessments, although academies may be charged.

We do not anticipate that monitoring or moderation of the new national curriculum end of key stage tests will result in significant cost pressures for local authorities, but will keep this under review.

Clear guidance on local authorities' responsibilities for monitoring and moderation is available at gov.uk. In addition, local authorities can contact the STA helpline on 0300 303 3013 for further advice.

9. How the savings will affect academies

We received four written responses from academies, three of which addressed this question.

In addition, as described in the summary of overarching themes, many local authorities expressed dissatisfaction with the current level of transitional protection offered to academies as they felt it is unfair that academies are more generously funded. A representative body suggested that the Department should carry out an exercise with multi-trust and single academies to baseline the costs that academies incur because of their academy status.

9 a) What level of saving could your academy make by adopting some of the strategies we have set out in Section 5 of the consultation document?

One academy told us that they had to pay more for services because of their academy status. Another commented that the strategies set out at section 5 of the consultation document are not new, and that academies in their local authority have been purchasing directly from local suppliers for years. It was suggested that although there are benefits of scale for larger academy trusts, these do not apply to small trusts. Another respondent commented that per-pupil funding does not take sufficient account of costs at the level of individual institutions. Two respondents said it was difficult to consider the impact of changes to ESG in isolation from the impact of the new fairer funding arrangements, which have now been published. One respondent added that the proposed increases in employer contributions to teachers' pensions and national insurance and changes to post-16 employment should also be taken into account.

9 b) Can you provide any additional examples of methods that academies can use to increase value for money from the ESG funding?

One academy suggested that the financial returns required by EFA create a cost pressure, which could be reduced if requirements for audit were reduced.

9 c) What would be the consequences of a less generous protection in 2015/16 for academies against losses in ESG than the protection offered in 2014/15?

See 9 d) below.

9 d) What would be the consequences of reducing the academies rate of ESG to the local authority rate in 2015/16?

It was evident that academies and representative bodies did not differentiate between the protection and the academies rate, but looked at the overall level of funding they received under ESG. Respondents said that if ESG funding for academies fell, the consequences

would be negative. One respondent expressed concern that there would be a disproportionate negative impact on single primary academies or primary multi-academy trusts. Two respondents commented that regulatory or accountability requirements are higher for academies than for maintained schools. One respondent highlighted risks that academies would not be able to meet statutory and accountability requirements as independent companies. Two respondents suggested that a reduction in the level of ESG could deter multi-academy trusts from taking on additional schools.

Government response

We note the strongly held but opposing views which academies and local authorities have expressed. We have been clear since the introduction of ESG in 2013 that we want to protect academies from large falls in their budget as a result of changes to ESG, but that this transitional protection will be removed over time in order to align rates for local authorities and academies.

We do not think there is a strong case for introducing a more generous rate of ESG for primary rather than secondary academies. It is true that primary academies and multi-academy trusts (MATs) lack the economies of scale enjoyed by secondary academies (and MATs) in covering a number of non-teaching costs – but the vast majority of funding for those non-teaching costs is given through the dedicated schools grant (DSG), not the ESG. The ESG is neither intended nor sufficient to cover the bulk of academies' non-teaching costs. Therefore, the key to ensuring that primary academies are sufficiently well funded for non-teaching costs lies in the design of local authorities' DSG funding formulas. We will continue to consider the case for further reform of local DSG funding formulas in future years. We have been determined since the introduction of ESG to make it as simple as possible, and for the reasons given above, we do not think that the lower economies of scale in primary academies provide sufficient reason for us to provide differential primary and secondary rates of ESG.

We hold academies to account for the funds they receive and to the communities they serve through the requirement to produce independently audited accounts and to publish these on their websites. Academies have a high level of independence, and it is right that we have set correspondingly high standards for accountability and transparency. The cost of audit is 0.16% of academies' spend: we think this is reasonable and proportionate. As academies are companies limited by guarantee, it is inevitable that their accountability requirements will differ from those of maintained schools.

The arrangements for academies protections in 2015-16 are set out in the statement of final arrangements: <https://www.gov.uk/government/publications/education-services-grant-2015-to-2016>.

10. Local authority retained duties funding

10 a) What further savings could your local authority make from: i) education welfare services (EWS); ii) asset management; and iii) statutory and regulatory duties, as covered by the local authorities retained duties funding. If cost pressures on the local authority retained duties have changed recently, please describe.

Local authorities told us that they did not think there was scope to reduce expenditure on retained duties below £15. Several local authorities told us they were spending above this level. Respondents cited a range of factors, including cuts to early intervention and youth services; being tied in to a long-term partnership arrangement with a private sector company for back office services; and pressures arising from the workload associated with academy conversions.

10 b) Is further clarification or guidance about these duties from the Department needed in order to have a clear set of expectations? If so, why?

There were 54 responses to this question.

Yes 38 (70%) No 11 (20%) Not Sure 5 (9%)

A large majority of respondents said that further clarification or guidance would be helpful. Local authorities said they would welcome clarity about exactly which statutory duties cover both maintained schools and academies, and which transfer when schools become academies.

Government response

We have listened to respondents' concerns about funding for education welfare services, asset management and statutory and regulatory duties. As a result, we have decided that funding for the retained duties element should remain at £15 per pupil.



Department
for Education

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