

Written Ministerial Statement
DEPARTMENT FOR EDUCATION
School funding

The Minister of State for Schools (David Laws MP): I am today announcing the rates of the Education Services Grant (ESG) in 2015-16.

The Chancellor announced in June 2013 that the Government 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.

We recognised in June 2013 that this reduction to ESG might require some local authorities and academies to deliver their services differently, and committed to consult on the detail of how the reduction could be implemented through realising efficiencies and enabling local authorities to focus on their core role on schools. This consultation has now been completed, and we have carefully considered the responses we received.

The ESG general funding rate will now be £87 per pupil. Local authorities also receive an additional £15 per pupil for the duties they retain for all pupils, including those in academies. The consultation evidence strongly suggested that we should not reduce this retained duty rate, and I am today announcing that the retained duty rate will remain at £15 in 2015-16. We know that these rates are sufficient to deliver the services covered by ESG, because in 2013-14 52 local authorities were planning to spend below this level to deliver those services. We have also today set out the clarification of duties that Local Authorities asked for to help them manage this reduction in spend.

In order to provide stability, academies receive transitional protection, and in the past they have also received a top-up on the ESG rate. We have said that over time the rates paid to academies and to local authorities should converge. I am therefore announcing today that in the academic year 2015/16 there will be no ESG top-up for academies, but that they will be protected from sharp falls in their budgets. The vast majority of academies will not lose more than 1.5% of their budget through this change, while higher-funded ones will approach the new rate a little more quickly, with the very highest funded academies protected at just under 3% of their total budget. This strikes the right balance between making necessary savings to back-office services that will also make our funding system fairer, and ensuring that individual schools do not see unmanageable year-on-year changes in their budgets.

The Department received a large volume of responses to the consultation relating to the provision of music services. Many were concerned that any reduced local authority support for music services would impact on the overall quality of music provision and in particular on the opportunities for disadvantaged children.

We strongly believe that all children should benefit from a good music education and have given £171million to music hubs since 2012. We have also announced today that central government funding for music education programmes will increase by £18m in 2015-16, and funding for music education hubs will rise to around £75m in

total. Local authorities will continue to have total discretion about whether to spend any of the ESG they receive on providing music services.

I will place a copy of the document I have published today in the House libraries.