

## FY 2013-14 Education Services Grant (ESG) technical note

### Introduction

The first section of this note covers the input data used in the calculation of the 2013-14 ESG rates, namely the quantum of transfer from local government revenue funding in 2013-14 and the relevant pupil numbers. It then it goes on to explain in detail the calculation of the ESG rates and the ESG allocations to local authorities and Academies.

### A. Input data – quantum of funding for the ESG in 2013-14

1. The quantum used for the calculation of the Education Services Grant (ESG) rates is **£1,028,517,882** for FY 2013-14. This was calculated using total net planned expenditure as reported in the 2012-13 section 251 budget statements submitted by local authorities, deflated in line with reductions in local government revenue funding between 2012-13 and 2013-14 but taking into account council tax revenue. The Academies Funding Transfer top-slice of £265 million for 2012-13 was added back to total planned expenditure in order to take into account the number of pupils in Academies throughout the 2012-13 financial year.
2. £10.2 million for quality assuring statutory induction for newly qualified teachers (NQTs) has been top sliced from the resulting amount and transferred into the Dedicated Schools Grant (DSG) from 2013-14. The calculation of the 2012-13 quantum is shown in Table 1 and the effect of the deflation factor, as well as the deduction of the NQT induction topslice is shown in Table 2. Table 2 therefore shows the total amount used when calculating the ESG rates for 2013-14.

**Table 1**– calculation of the 2012-13 quantum

<b>Line number</b>	<b>2012-13 section 251 budget statement line</b>	<b>Total net planned expenditure excluding the Isles of Scilly</b>
2.0.3	Therapies and other health related services	£12,281,076
2.0.6	Central support services	£63,452,106
2.0.9	Education welfare service	£82,722,071
2.0.10	School improvement	£228,607,558
2.0.11	Asset management education	£62,543,803
2.1.1	Statutory/ Regulatory Duties	£295,676,979
2.1.2	Premature retirement costs/ Redundancy costs (new provisions)	£31,270,429
2.1.6	Monitoring national curriculum assessment	£5,673,717
12-13 Topslice		£265,000,000
<b>Total</b>		<b>£1,047,227,739</b>

**Table 2- calculation of ESG quantum for 2013-14**

	<b>FY2012-13</b>	<b>FY2013-14</b>
Deflation Factor	100.00%	99.19%
Quantum of the funding transfer from local government revenue funding	£1,047,227,39	£1,038,748,327
NQT induction transfer to the DSG		-£10,230,445
ESG Quantum		£1,028,517,882

## **B. Input data - pupil numbers**

### Pupil count

3. For the ESG General Funding Rate and the ESG Retained Duties Funding Rate, the total headcount of pupils in state-funded primary, secondary and special schools as well as pupil referral units (PRUs), Alternative Provision (AP) and General Hospital schools are used. The numbers of full time equivalent (FTE) 3 and 4 year olds in nursery schools for each local authority are also included. Only pupils that are solely registered in a suitable institution or dual-registered with their main registration at such an institution in that local authority are counted.
4. For local authorities' ESG allocations, the total headcount of pupils in all local authority **maintained** establishments (i.e. excluding Academies and Free Schools) as set out in paragraph 3 above will be used, with the exception of funding for pupils in special schools and AP settings. The 2013-14 ESG allocation for local authorities will include funding for pupils in maintained special schools and AP settings according to the 2012-13 planned places as submitted to, and agreed with, the Department for Education on 17 December 2012.
5. In all cases, **only pupils aged 3-19 years old** as at 31 August 2012 in state-funded schools in England, excluding the Isles of Scilly, are included within the scope of the ESG. Pupils in 16-19 only Academies are not included within the scope of the ESG, except where the 16-19 Academy was formerly maintained by the local authority. The Isles of Scilly receives education funding separately from the Department for Education.

### School Census data

6. October 2012 School Census data has been used for all pupils within the scope of the ESG, with the exception of pupils in PRUs, AP and General Hospitals. For these three categories of pupils, the Department for Education collects data only as part of the January census. As such, the January 2012 School and AP Census data will be used when determining the pupil count for PRUs, AP and General Hospitals.
7. An uplift will be applied to the October 2012 Reception pupil counts on a school-by-school basis to account for any deferred entries. October 2012 Reception year counts will be uplifted by the change between October 2011 and January 2012 for all schools where this change is an increase.

## **C. The ESG rates calculation methodology**

### **Calculating the total number of pupils to be included in the grant**

8. The total number of pupils in England is calculated based on the pupil data set out in Section B above and using the methodology set out in paragraph 9 below.
9. The total number of pupils in AP Academies and PRUs is multiplied by 3.75. The total number of pupils in maintained special schools and Special Academies is multiplied by 4.25. These are then added to the total number of pupils in mainstream state-funded schools. The weightings are applied to reflect the fact that these schools have greater staffing and infrastructure costs per pupil than mainstream schools because of the need to provide more intensive and complex support. These ratios have been calculated by comparing median whole school funding for maintained mainstream secondary schools against that of PRUs and maintained special schools respectively for the 2009-10, 2010-11 and 2011-12 financial years.

### **Calculating two separate funding pots**

10. To calculate the total amount of funding allocated to local authorities for the statutory duties that do not transfer to Academies, the “total ESG Retained Duties Funding Pot”, a per-pupil amount of £15 is multiplied by the total number of pupils in state-funded schools in England as set out in Section B above. The multipliers for pupils in special schools/Special Academies and PRUs/AP Academies are not applied, because these are only relevant to school-level responsibilities.
11. The amount of funding allocated to all pupils is calculated by subtracting the amount set out at paragraph 10 above from the total ESG quantum for the relevant year as set out in Table 2. This is the “ESG General Funding Pot”.

### **Calculating the ESG rates**

#### **2013-14 ESG General Funding Rate for local authorities**

12. The rate is calculated by dividing the ESG General Funding Pot by the total number of pupils in state-funded schools in England as set out in paragraphs 10 to 11 above.
13. The rate is rounded to the nearest penny.
14. The ESG General Funding Rate for local authorities in 2013-14 is **£116.46, £436.73** and **£494.96** per pupil in mainstream, PRUs and special schools respectively.

#### **2013/14 ESG General Funding Rate for Academies**

15. The Government has set a minimum per-pupil rate of **£150, £562.50** and **£637.50** for mainstream, AP and Special Academies in 2013/14. This does not affect the amount transferred from local authorities or the amount paid back to local authorities through the ESG.

### **2013-14 ESG Retained Duties Funding Rate for local authorities**

16. This is a flat rate of £15 per pupil. The multipliers for pupils in special schools/Special Academies and PRUs/AP Academies are not applied, because they are only relevant to school-level responsibilities.

### **D. FY 2013-14 ESG local authority allocations**

17. The amount to be allocated to each local authority for FY 2013-14 is the sum of:
  - a. The ESG General Funding Rates as set out in paragraph 17 multiplied by the total number of pupils in each of the three types of maintained schools in the local authority (i.e. excluding Academies and Free Schools) as set out in Section B.. For pupils in PRUs and maintained special schools, the allocation will be based on 2012-13 planned places data as submitted to, and agreed with, the Department for Education on 17 December 2012.
  - b. The ESG Retained Duties Funding Rate multiplied by the total number of pupils in state-funded schools in the local authority including Academies and Free Schools as set out in Section B. The multipliers for pupils in special schools/Special Academies and PRUs/AP Academies are not applied.
18. Local authority ESG allocations for 2013-14 will be confirmed early in 2013 based on the pupil data set out in section B above as adjusted for the number of pupils in Academies as at the date stipulated when the allocations are issued. 2013-14 ESG allocations for local authorities will be adjusted on a quarterly basis to account for Academies opening during FY 2013-14.

### **E. AY 2013/14 ESG Academy allocations**

19. The amount allocated to each Academy for AY 2013/14 is the sum of £150 (£562.50 and £637.50 for AP and Special Academies) multiplied by the total number of 3-19 year old pupils as set out in the Academy's 2013/14 Revenue Funding Data Collection. For Special Academies and AP Academies, the allocation will be based on planned places data as agreed with the Department for Education in January 2013.
20. In order to protect Academies from significant year-on-year reductions in their funding the higher of two protections will apply. These are: a) a -10% per-pupil protection applied to the published 2012/13 LA Block LACSEG rates for the local authority in which the Academy is situated; or b) a -20% per-pupil protection on the Academy's individual 2012/13 LA Block LACSEG allocation.
21. Final 2013/14 funding allocations for Academies will be issued by 31 March 2013.