



Education Services Grant (ESG) – a guide to changes for the 2015 to 2016 academic year

The Department for Education (DfE) recently announced [changes to ESG](#) for the 2015 to 2016 academic year. This note provides additional information for academies and free schools and explains how the tapered protection works.

In the 2014 to 2015 academic year the rate per pupil of Education Services Grant (ESG) paid to academies comprises:

- basic per pupil rate of £113 plus a top-up of £27 per pupil for mainstream academies and free schools
- academies receiving SEN LACSEG in 2012 to 2013 have 50% deducted in 2014 to 2015
- a protection to ensure that the loss incurred by any academy as a result of the changes in ESG and SEN LACSEG cannot exceed 1% of its total budget (including post-16) in 2013 to 2014

For the 2015 to 2016 academic year the rate per pupil of ESG paid to academies will comprise:

- basic per pupil rate of £87 for mainstream academies and free schools : the per pupil top-up will be terminated
- the remaining 50% of 2012 to 2013 SEN LACSEG will be removed
- a protection against reductions to ESG and the removal of SEN LACSEG

Protection in the 2015 to 2016 academic year

A protection will be applied to minimise the losses for academies as a result of changes to ESG. This will be similar to the protection that operated in 2014 to 2015, but will be a tapered protection, not a flat rate.

The protection takes account of the reduction in funding and limits it to a calculated amount relative to the academy's whole school budget (including post-16). Each academy will therefore have its own level of protection. The protection ensures that the loss in funding resulting from these changes cannot be greater than a specified percentage of the overall budget.

Figure 1: Education Services Grant Protection

The percentage protection for an academy is determined by its level of ESG per pupil (ESG + SEN LACSEG + ESG protection) in 2014 to 2015. For academies that had no SEN LACSEG and no ESG protection the level of ESG per pupil would be £140; for others with legacy funding from LACSEG, SEN LACSEG and ESG protection, the level of ESG per pupil will be higher. For those academies that received ESG of £140 per pupil in 2014 to 2015 the protection will limit their loss to

1% of their total schools and post-16 budget; for those with ESG of greater than £140 per pupil in 2014 to 2015 the percentage protection will be higher (see Table 1 for example percentage protection rates).

Annex A sets out in detail how the percentage protection is calculated for academies. A simplified calculation is included in Table 1 below, which was included in the material published at the time of the announcement.

Figure 1

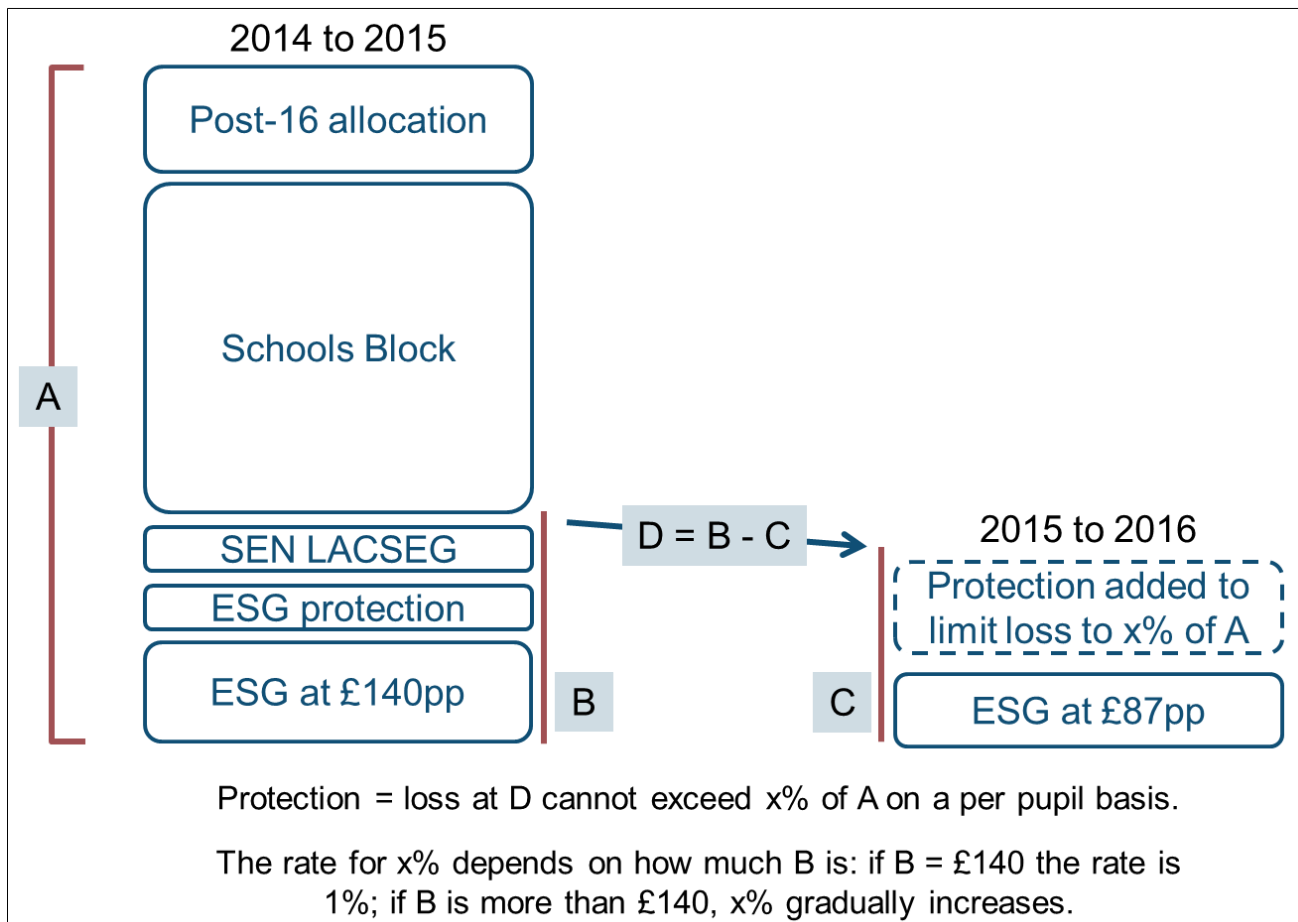


Table 1

£ per pupil** ESG funding rate (14/15)	% Protection	£ per pupil** ESG funding rate (14/15)	% Protection	£ per pupil** ESG funding rate (14/15)	% Protection
140	-1.00%	175	-1.29%	210	-1.57%
145	-1.03%	180	-1.33%	215	-1.60%
150	-1.07%	185	-1.38%	220	-1.64%
155	-1.10%	190	-1.42%	225	-1.67%
160	-1.13%	195	-1.46%	230	-1.70%
165	-1.18%	200	-1.50%	235	-1.72%
170	-1.24%	205	-1.54%	240	-1.75%

**Note – the £ per pupil ESG funding rate is the per pupil level of ESG + SEN LACSEG + ESG protection paid in 2014 to 2015

The important point to remember here is that the percentage protection is calculated by reference to the level of ESG + SEN LACSEG + ESG protection paid in 2014 to 2015 but it will be applied to the total schools and post-16 budget in 2014 to 2015 to calculate the protection per pupil.

ESG for converter academies from 1 September 2014

Schools converting to academy status during the 2014 to 2015 academic year will receive ESG at the per pupil rate of £140. As with all other academies the rate of ESG will reduce to £87 per pupil in 2015 to 2016 and 2014 to 2015 converters will be subject to the same ESG protection as others.

Schools converting from 1 September 2015 onwards will receive the revised per pupil ESG rate of £87.

ESG protection – worked example

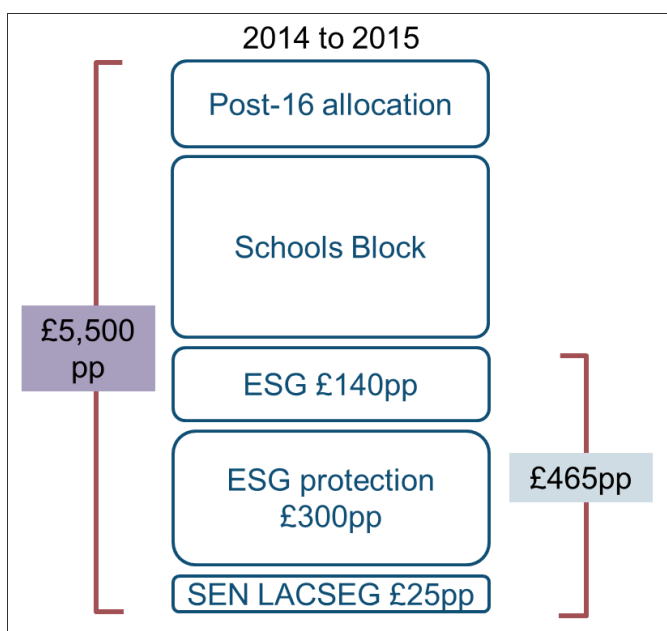
The following worked example shows how we would calculate the protection for an illustrative academy.

In 2014 to 2015:

Its total per-pupil funding – including the schools budget, post-16 funding, ESG and previous ESG protection funding in 2014 to 2015 – is £5,500. This £5,500 includes £465 per pupil (pp) comprised of:

- ESG of £140pp
- previous ESG protection funding of £300pp
- SEN LACSEG of £25pp. This is illustrated in figure 2.

Figure 2

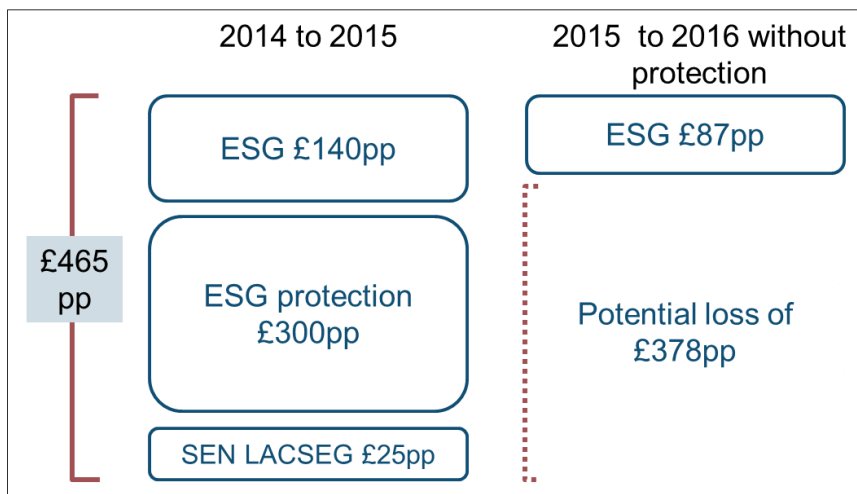


In 2015 to 2016:

Without protection the academy would lose:

- £53pp from the ESG reduction from £140pp to £87pp
- £300pp from the removal of the ESG protection
- £25pp from the removal of SEN LACSEG
- a total loss of £378pp. This is illustrated in figure 3.

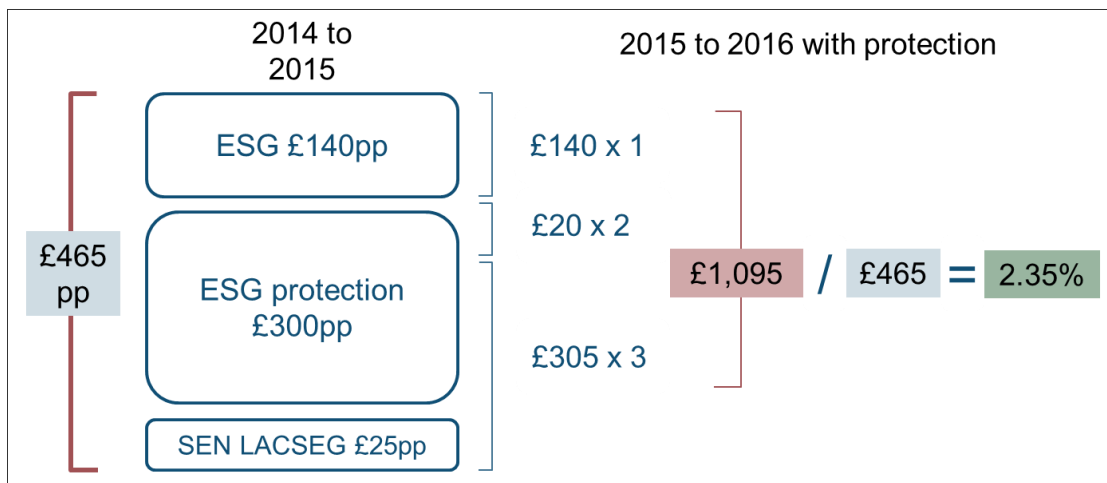
Figure 3



But there is protection in 2015 to 2016 and for this academy the rate is 2.35%. This is made up of:

- £140 multiplied by 1 plus
- £20 multiplied by 2 plus
- £305 multiplied by 3
- the total of £1095 being divided by £465 to give a percentage protection rate of 2.35%, as illustrated in figure 4

Figure 4



The percentage protection rate of 2.35% is applied to the total budget of £5,500pp to give a maximum loss of £130pp. Against a starting gross loss of £378pp the academy has therefore received £248pp of protection. This is illustrated in figures 5 and 6.

Figure 5

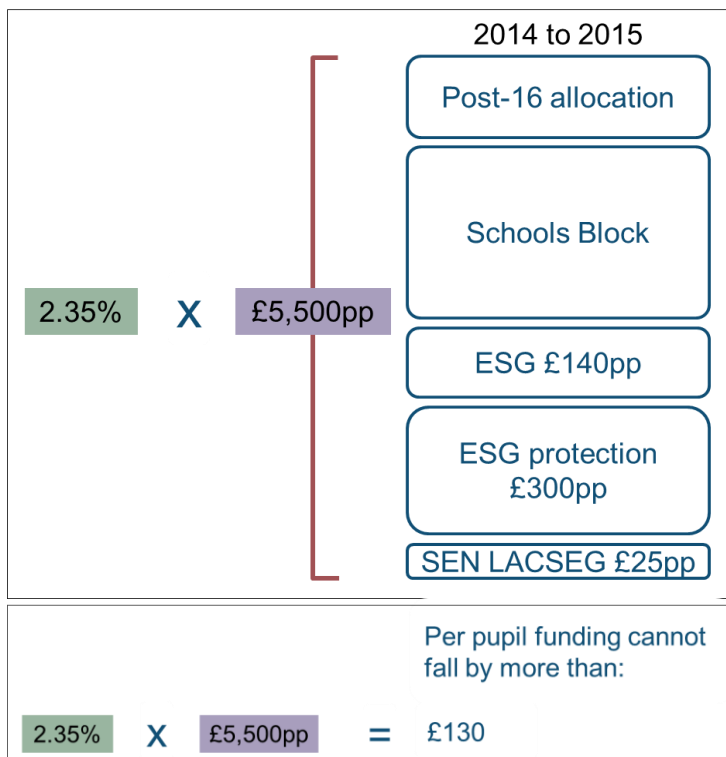


Figure 6

