



Education Services Grant (ESG) 2016 to 2017: technical note

Introduction

1. This note covers the 2016 to 2017 ESG rates, the ESG protection for academies, the calculation of the two ESG elements and the ESG allocations to local authorities.

Funding for the ESG in 2016 to 2017

2. The total Education Services Grant (ESG) budget is £750.4 million as a step towards making the saving announced at the November 2015 [Spending Review](#).

ESG general funding rate for local authorities (2016 to 2017 financial year)

3. The ESG general funding rate for local authorities in the 2016 to 2017 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.

ESG general funding rate for academies (2016 to 2017 academic year)

4. The general funding rate of £77 per pupil will apply to all mainstream academies. The rates for alternative provision (AP) academies and special academies are £288.75 and £327.25 per place respectively. As in 2015 to 2016, we will provide an academies protection to limit the reductions to academies' budgets in 2016 to 2017 as a result of changes to the ESG rates.

5. The academies protection will again be set in tapered bands, so that academies currently receiving relatively low ESG payments will not be allowed to see a fall of more than 1% of their total funding, while academies currently receiving relatively high ESG payments will be allowed to see a fall of more than 1% of their total funding (up to a maximum of 3%). The thresholds have been updated, to reflect the ESG rates received by academies in the previous two academic years.

6. Each academy will have its own level of protection defined by its level of ESG per pupil (per pupil ESG plus ESG protection if applicable) in academic year 2015 to 2016. An individual academy's protection rate – which sets the maximum total percentage budget loss permitted due to changes in ESG in 2016 to 2017 will be calculated as follows:

- **£87; plus**

- twice the amount of ESG per pupil that the academy receives between £87 per pupil and £140 per pupil; **plus**
- three times the amount of ESG that the academy receives over £140 per pupil
- then that total is divided by the total amount of ESG that the academy receives per pupil, to give a percentage protection rate.

Financial year retained duties funding rate for local authorities

7. This is a flat rate of £15 per pupil in all state funded schools. The multipliers for pupils in special schools/special academies and pupil referral units (PRU)/AP academies are not applied, because they are only relevant to school-level responsibilities.

Input data - pupil numbers

Pupil count

8. The total headcount of pupils in state-funded primary and secondary schools are used for the ESG general funding and retained duties funding calculations. 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. For special schools and academies, PRUs, AP academies and general hospital schools the 2015 to 2016 places data (as set out in the 2015 to 2016 DSG allocations table) are used. The total headcount is used for pupils in other types of AP.

9. In all cases, **only pupils aged 3-19 years old** as at 31 August 2015 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 it was formerly maintained by the local authority. The Isles of Scilly receives education funding separately.

School census data

10. October 2015 school census data has been used for all pupils within the scope of the ESG, with the exception of pupils in AP. The department collects data as part of the January census for these pupils. As such, the January 2015 AP Census data is used to determine the pupil count.

11. An uplift has been applied to the October 2015 reception pupil counts on a school-by-school basis to account for any deferred entries. October 2015 reception year counts have been uplifted by the change between October 2014 and January 2015 for all schools where there is an increase.

ESG local authority allocations (2016 to 2017 financial year)

12. The calculation of the amount allocated to each local authority for the 2016 to 2017 financial year is shown below:

12.1. The ESG general funding rates as set out in paragraph 3 multiplied by the total number of pupils in each of the three types of maintained schools in the local authority (excluding academies and free schools). For places in PRUs and maintained special schools, the allocation will be based on 2015 to 2016 academic year places data as set out in the 2016 to 2017 DSG allocations table. The allocations are based on the local authority's maintained schools as at 30 November 2015.

12.2. The ESG retained duties funding rate (paragraph 4) is multiplied by the total number of pupils in state-funded schools in the local authority including academies and free schools. The multipliers for pupils in special schools and special academies and PRUs and AP academies are not applied.

13. ESG allocations for local authorities will be adjusted on a quarterly basis during the 2016 to 2017 financial year to take account of academies opening since 30 November 2015. If an academy opens after that date, but before the start of the financial year, the allocation will be adjusted for the total pupil numbers in that academy as recorded on the October 2015 census. For academies opening during the financial year the pupil numbers will be pro-rated to reflect each month of 2016 to 2017 financial year for which the academy is open. The local authority and academy multipliers used to pro-rate the pupil numbers should not be rounded.

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