Introduction

The first section of this note covers the input data used in the calculation of the 2014-2015 Education Services Grant (ESG) rates, namely the quantum of transfer from local government revenue funding in 2014-15 and the relevant pupil numbers. It then goes on to explain in detail the calculation of the ESG rates and the ESG allocations to local authorities.

A. Input data – quantum of funding for the ESG in 2014-2015

1. The quantum used for the calculation of the Education Services Grant (ESG) rates is £1,018,606,145 for FY 2014-2015. This was calculated using the quantum of the funding transfer from DCLG for FY2014-2015 as announced in December 2012. As in 2013-2014, £10.2 million for quality assuring statutory induction for newly qualified teachers (NQTs) has been top sliced from this amount and transferred into the Dedicated Schools Grant (DSG) for 2014-2015. Table 1 shows the total amount used when calculating the ESG rates for 2014-2015.

<table>
<thead>
<tr>
<th></th>
<th>FY2013-14</th>
<th>FY2014-15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quantum of the funding transfer from DCLG</td>
<td>£1,038,748,327</td>
<td>£1,028,806,145</td>
</tr>
<tr>
<td>NQT induction transfer to the DSG</td>
<td>-£10,230,445</td>
<td>-£10,200,000</td>
</tr>
<tr>
<td>Funding for the ESG</td>
<td>£1,028,517,882</td>
<td>£1,018,606,145</td>
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B. Input data - pupil numbers

Pupil count

2. For the ESG General Funding Rate and the ESG Retained Duties Funding Rate, the total headcount of pupils in state-funded primary and secondary 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. For special schools and academies, pupil referral units (PRUs), alternative provision (AP) academies and General Hospital Schools the 2013-14 places data as set out in the 2013-14 DSG allocations table are used. For pupils in other types of AP not mentioned above the total headcount of pupils is used.

3. In all cases, only pupils aged 3-19 years old as at 31 August 2013 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

4. October 2013 School Census data has been used for all pupils within the scope of the ESG, with the exception of pupils in AP. For this category of pupils, the Department for Education collects data only as part of the January census. As such, the January 2013 AP Census data has been used when determining the pupil count for AP.

5. An uplift has been applied to the October 2013 Reception pupil counts on a school-by-school basis to account for any deferred entries. October 2013 Reception year counts have been uplifted by the change between October 2012 and January 2013 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

6. 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 7 below.

7. The total number of places in AP academies and PRUs is multiplied by 3.75. The total number of places 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 are the same as for 2013-14 and 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

8. 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.

9. The amount of funding allocated to all pupils is calculated by subtracting the amount set out at paragraph 8 above from the total ESG quantum for the relevant year as set out in Table 1. This is the “ESG General Funding Pot”.
Calculating the ESG rates

2014-2015 ESG General Funding Rate for local authorities

10. 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 8 to 9 above.

11. The rate is rounded to the nearest penny.

12. The ESG General Funding Rate for local authorities in 2014-2015 is £113.17 per pupil in mainstream schools and £424.38 and £480.97 per place in PRUs and special schools respectively.

2014/15 ESG General Funding Rate for academies

13. The Government has set a minimum per-pupil rate of £140 for mainstream academies and minimum per-place rates of £525 and £595 for AP and special academies in 2014/15. This does not affect the amount transferred from local authorities or the amount paid back to local authorities through the ESG.

2014-2015 ESG Retained Duties Funding Rate for local authorities

14. 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 2014-2015 ESG local authority allocations

15. The amount to be allocated to each local authority for FY 2014-2015 is the sum of:

15.1. The ESG General Funding Rates as set out in paragraph 12 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 2013-14 places data as set out in the 2013-14 DSG allocations table. The allocations are based on the local authorities maintained school as at 31st October 2013.

15.2. 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.

16. ESG allocations for local authorities will be adjusted on a quarterly basis during the 2014-2015 financial year to take account for academies opening since 31 October 2013. 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 2013 census. For academies opening during the financial year the pupil numbers will be prorated to reflect each month of FY 2014-2015 for which the academy is open.