



Department
for Education

Replacing LACSEG with the Education Services Grant

**Government response to the consultation on
funding Academies and local authorities for the
functions that devolve to Academies**

Introduction

1. The school funding system should be transparent, pupil-led and easy to understand. That is why, from 2013-14, the core funding for all schools and Academies will be allocated based on the needs of pupils using clear and consistent local funding formulae. This is the first step towards introducing a national funding formula. In parallel, we are reforming the way that local authorities and Academies are funded for education services.
2. The current funding arrangements, designed when there were far fewer Academies, can no longer support an increasingly autonomous school system following the growth in the number of Academies. On 17 July this year, the Government published a consultation document setting out proposals to make the system fairer, simpler and more transparent from 2013-14.
3. Academies are responsible for a range of education services, such as school improvement, audit and asset management, that local authorities perform on behalf of maintained schools. This gives Academies greater freedom to secure the right services for their pupils. Academies and local authorities should, therefore, receive money for these services for the pupils who are their responsibility. As key responsibilities transfer to Academies, an appropriate amount of funding should also transfer from local authorities.
4. Under the current arrangements, local authorities and Academies receive funding for these responsibilities separately via two different grants from Government. Local authorities receive money for these services from the Department for Communities and Local Government (DCLG) as part of their general revenue funding. This is paid for every pupil in the local authority area, regardless of whether pupils are educated in maintained schools or Academies. Academies receive money from the Department for Education through the Local Authority Central Spend Equivalent Grant (LACSEG). This is paid for every pupil in the Academy.
5. The current method of calculating how much money each Academy should receive for these services is convoluted and bureaucratic. We have to wait until every local authority tells us how much they plan to spend on services for maintained schools before we can calculate the grants for Academies. Basing the funding for Academies on spending decisions by individual local authorities means that Academies can receive vastly different levels of funding from one year to the next; and the rates tend to vary significantly across the country.
6. Moreover, as more schools adopt the freedoms of Academy status, basing this grant on the amount spent by the local authority is increasingly incongruous. Over 50% of all state-funded secondary schools are now Academies, or in the process of becoming an Academy. If all of the maintained schools in an area converted to Academy status, the local authority would cease to spend anything at all on the responsibilities that transfer to Academies. It is clear, therefore, that the funding for education services needs to be brought into line with this significant shift in school provision.
7. The consultation document published in July proposed that the money that is currently paid separately to local authorities and Academies for education services should be replaced by a single grant allocated on a simple per-pupil basis. We asked for views about how the new grant for education services should be allocated and how the money should be transferred from local government. The consultation ran for ten weeks until 24 September. This document sets out the decisions we have taken following careful consideration of the responses we received. A summary of all consultation responses has been published on the Department for Education's website.

Summary

8. Currently, local authorities and Academies receive funding for education services through two different grants from the Government. Local authorities receive funding for education services for all pupils in the local authority area regardless of whether pupils are educated in Academies or maintained schools. Academies also receive funding for education services because they must provide or secure these services independently.¹ From 2013-14, the money that is paid separately to local authorities and Academies for education services will be replaced by the Education Services Grant.
9. Having carefully considered the responses submitted to the July consultation, and following further detailed assessment of the impact of the proposals on local authorities and Academies, the Government has taken decisions about: how much money will be transferred from local government revenue funding for the new Education Services Grant in 2013-14 and 2014-15; how this funding will be deducted from individual local authority budgets; and how the grant will be allocated to local authorities and Academies.

The total funding transfer from local government in 2013-14 and 2014-15

10. In order to establish the Education Services Grant, money will be transferred from local government revenue funding in 2013-14 and 2014-15. The consultation document published in July proposed that £1.22 billion should be transferred in 2013-14. This was the amount that local authorities were spending on education services according to the latest information that we had for 2011-12.
11. Local authorities have now submitted more up-to-date information showing how much they are spending on education services in 2012-13. According to section 251 budget data published in September, local authorities are spending significantly less on education services in 2012-13, and spending more on other priorities, when compared to 2011-12.²
12. Local authorities responding to the consultation asked that we reduce the amount of money to be transferred for the new grant in line with the most recent expenditure data. The Government has, therefore, taken the decision to reduce the total funding that will transfer from local government for education services by £180 million. This money will remain in local government to be spent by local authorities according to their priorities, including on other children's services.
13. £1.04 billion will be transferred from local government revenue funding for the Education Services Grant in 2013-14 and £1.03 billion will be transferred in 2014-15. The reduction between the two years reflects the 2% reduction in local government revenue funding announced at Autumn Statement 2012, but takes into account council tax revenue between 2013-14 and 2014-15.

Allocating the Education Services Grant to local authorities and Academies

14. The new grant will be allocated on a simple per-pupil basis to both local authorities and Academies according to the number of pupils for whom they are responsible. This means that money for education services will be paid to each local authority for all of the pupils in the schools they maintain, or directly to individual Academies. Local authorities will also

¹ In 2011-12 and 2012-13, money for these education services was transferred from local authorities for Academies via the Academies Funding Transfer. Local government revenue funding was topsliced based on the projected number of pupils in Academies nationally over each financial year. It was not based on the number of pupils educated in Academies in each local authority.

² Local authorities submit section 251 budget statements to the Department for Education each year, setting out planned expenditure on children and education services for the forthcoming financial year.

receive per-pupil funding for every pupil in the local authority area for the statutory duties that do not transfer to Academies.

15. The new grant will be paid for all pupils aged 3-19 in state-funded schools (including maintained schools, Academies and Free Schools).³ In order to keep the Education Services Grant as transparent and straightforward as possible, neither an area cost adjustment nor a deprivation weighting will be applied.
16. The total funding of £1.04 billion will be allocated as follows in 2013-14:
 - a. £15 for every pupil will be paid to local authorities for the statutory duties that do not transfer to Academies.
 - b. The remaining money will be divided equally among all pupils aged 3-19 in state-funded schools across the country, with weightings applied for pupils in pupil referral units (PRUs)/Alternative Provision (AP) Academies, and special schools/Special Academies.
 - c. This will result in a single national per-pupil rate of £116 for local authorities in 2013-14, with the relevant multipliers applied for pupils in special schools and PRUs.
17. The rates for 2014-15 will be calculated based on the funding transfer of £1.03 billion using October 2013 school census data. We intend to publish the 2014-15 rates by the end of 2013.
18. In order to protect Academies from the £180 million reduction in funding for the Education Services Grant, additional money from the Department for Education's existing budget will be used to provide two forms of transitional protections. The first type of protection will be to minimise turbulence by capping year-on-year budget reductions. The second type of protection will be to set the Education Services Grant rate for Academies at £150 per pupil in the 2013/14 academic year and at £140 per pupil in the 2014/15 academic year. These protections will not affect the amount transferred from local authorities or the funding available for maintained schools. After 2014/15, we will continue to unwind these special transitional protections for Academies so that the rates for local authorities and Academies are brought together over a limited period of time.
19. Distributing the money for education services on a clear and transparent basis to Academies and local authorities will help to restore confidence in the system, and will put an end to the dramatic year-on-year turbulence and national variation in funding levels. Along with the changes we are making to the wider school funding system from 2013-14, this will take us further in achieving our objective of raising the attainment of all pupils across the country.

Transferring the funding from local authorities

20. In order to establish the new Education Services Grant, money will be transferred from local government revenue funding on a per-pupil basis. We looked at different options and considered detailed analysis of the impact on local authorities.
21. The Government has decided that the amount deducted from each local authority will be calculated based on the same rates that will be used to allocate the Education Services Grant back to local authorities. This will ensure that local authorities with no, or very few, pupils educated in Academies during 2013-14 will see no, or very little, reduction in their general unringfenced revenue funding.

³ As is currently the case for both formula grant and LA Block LACSEG, this will not include pupils in 16-19 institutions such as sixth form colleges or 16-19 Academies. The only exceptions are pupils in 16-19 maintained schools or pupils in a 16-19 Academy that used to be a 16-19 maintained school.

22. There will be winners and losers under this approach. Local authorities spending more than £116 per pupil will see less money transferred to Academies on a per-pupil basis than they are spending on the schools they maintain. Local authorities spending less than £116 per pupil will see more money transferred for education services than they are spending on the schools they maintain.
23. There are, however, clear benefits of using a national per-pupil rate to work out how much money should transfer from local authorities. Persisting with an opaque and complicated calculation based on how much each local authority is spending would prevent us from establishing a clear and transparent system of funding for education services. The new system will be easier to understand and will enable local authorities and Academies to plan ahead for their education services funding. We have, therefore, taken the decision to remove the funding from local government in this way, recognising that, for some local authorities, this will require savings to be made in other areas of expenditure.
24. A technical note setting out how the rates have been calculated, and how the Education Services Grant for local authorities and Academies will be paid in 2013-14, has been published on the Department for Education's website.

Calculating the amount of funding to be transferred for the Education Services Grant

25. In order to establish the new Education Services Grant, money will be transferred from local government revenue funding. This is because local authorities currently receive funding for these services for all pupils in the local authority area, regardless of whether pupils are in maintained schools or Academies. When we published our proposals in July, we said that the amount to be transferred for the new grant would be £1.22 billion. This was based on the amount that local authorities were spending for the 2011-12 financial year, with a deduction applied which assumed that expenditure on these services would go down in line with reductions in formula grant, taking into account council tax revenue.
26. Since then, local authorities have submitted data showing how much they are spending for the 2012-13 financial year. This shows that local authorities are spending much less on education services than we expected. Nationally, per-pupil expenditure on these services has gone down by 15% and expenditure on some other children's services has gone up. Local authorities responding to the consultation asked us to use the most recent data in order to calculate the national funding transfer for the Education Services Grant.
27. Having taken account of the consultation responses, and having assessed fully the impact of the proposals on local authorities and Academies across the country, we have decided to recalculate the amount that is transferred from local government revenue funding for the Education Services Grant using the 2012-13 section 251 budget statements. Reducing the overall amount of funding transferred from local government, in line with the most recent information about local authority expenditure, means that less money will be transferred from local authorities to Academies in 2013-14 and 2014-15 than we originally proposed.
28. The total amount to be transferred for the Education Services Grant has been calculated based on total net expenditure for the relevant services as reported on the 2012-13 section 251 budget statements submitted by local authorities. The Academies Funding Transfer topslice of £265 million for 2012-13 was added back to total planned expenditure in order to make an adjustment for the number of pupils educated in Academies throughout the 2012-13 financial year. This was to ensure that an appropriate amount of funding for all pupils in state-funded schools in the country is transferred. A deflation factor was applied in line with reductions in local government revenue funding between 2012-13 and 2013-14 but taking into account council tax revenue.

	2012-13 section 251 budget statement line	Total net expenditure
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
	2012-13 Academies Funding Transfer topslice	£265,000,000
	Deflation from 2012-13 to 2013-14	(£8,479,412)
	Total transfer	£1,038,748,327

29. The total amount to be transferred for the Education Services Grant in 2013-14 will, therefore, be £1.04 billion, which is £180 million less than our original proposal.
30. In reducing the amount to be transferred from local government, we are recognising that local authorities have chosen to spend less on education services in order to spend more on other priorities, including other children's services. This means that £180 million more funding will be available to local authorities within their general revenue funding because it has not been transferred to the Department for Education. We would like local authorities to take this into account when considering the levels of funding available to them for their priorities, including their responsibilities for other children's services.
31. The funding transfer will go down to £1.03 billion in 2014-15. This reflects the 2% reduction in local government revenue funding announced at Autumn Statement 2012 but takes into account council tax revenue between 2013-14 and 2014-15.
32. Following the reduction of £180 million that we have applied to the original funding transfer set out in July, the Government does not intend to make any further changes to the agreed transfer of £1.03 billion for 2014-15. The changes we are implementing from 2013-14 are intended to remove the link between individual local authority spending decisions, as reported on annual section 251 budget returns, and the funding transferred to Academies.
33. That is why, from 2014-15, we will no longer be basing the funding for the Education Services Grant on the amount spent by local authorities in the previous financial year. This is important in order to provide stability for local authorities and Academies; enabling them to plan properly for their education services funding over the next two years. The funding for the Education Services Grant beyond 2014-15 will be determined as part of the next spending review period and will no longer be affected by spending decisions taken by individual local authorities. This will make the system simpler and more transparent.

Funding local authorities for the responsibilities that do not transfer to Academies

34. There are some responsibilities that do not transfer from local authorities to Academies. Most of these, such as home to school transport and place planning, are not included in the new grant and the funding for these will not be transferred from local government. The Education Services Grant will, however, provide funding to local authorities for a small number of retained statutory duties.
35. The responsibilities that stay with the local authority, and which are funded by the Education Services Grant, are set out below:

Education welfare services	Asset management	Statutory and regulatory duties
Prosecutions for non-attendance Tracking children missing from education Other statutory duties – for example, child employment	Strategic capital programme planning Management of BSF schemes and PFI contracts Functions in relation to Academy leases	Strategic planning of education services including the education element of the Director of Children’s Services and other statutory/regulatory duties relating to both maintained schools and Academies Planning for education services on an area-wide basis Finance, HR and legal functions relating to central services that do not transfer to Academies Maintenance and development of local school funding formula Standing Advisory Council for Religious Education

36. In moving to a simple and transparent funding system from 2013-14, we want to ensure that local authorities receive appropriate levels of funding for the responsibilities that do not transfer to Academies. That is why local authorities will receive an amount of per-pupil funding for each pupil in an Academy, as well as for all pupils in the schools they maintain.
37. In the July consultation document, we proposed that between £8 - £15 per pupil should be paid to local authorities for the responsibilities that do not transfer to Academies. Many local authorities responding to the consultation said that they did not think that this would provide adequate levels of funding for their retained statutory duties. The majority of Academies responding to the consultation thought that the per-pupil range we set out in the consultation was appropriate.
38. We have looked carefully at the financial impact of the proposals on local authorities and Academies, and we have considered the responses to the consultation in detail. 29 local authorities provided data to the consultation showing how much they were spending on these retained statutory duties. These responses showed that per-pupil expenditure varied

widely from £9.50 to £80. The median level of funding based on the data submitted to the consultation was £25 per pupil.

39. As less money than we originally proposed will now be transferred from local government for the Education Services Grant, and in order to drive greater efficiency, the Government has decided to set the level of funding for the local authority's retained statutory duties at £15 per pupil. This is at the top of the range that we consulted on in July but is lower than the amounts suggested by the majority of local authorities responding to the consultation. We believe that this will incentivise local authorities to maximise the amount of funding that is allocated for school-level services.

Higher levels of funding for pupils in PRUs/AP Academies and special schools/Special Academies

40. In the July consultation document, we proposed that pupils in PRUs and AP Academies should receive funding for education services at 3.75 times the rate for pupils in mainstream settings. We also proposed that pupils in special schools and Special Academies should receive funding for education services at 4.25 times the rate for pupils in mainstream settings. These proposals were based on analysis of budget data showing the funding provided to special schools and PRUs over the last three years.⁴
41. Many of the services that the Education Services Grant will fund relate to staff and premises. These include: asset management; administering pension contribution payments; advising on terms and conditions of non-teaching staff; appointments checks and dismissals; early retirement costs; and redundancy payments. PRUs/AP Academies and special schools/Special Academies have much higher staffing ratios per pupil, and need more space per pupil, as a result of smaller group sizes and the intensive support they offer.
42. The teacher to pupil ratio in these schools is around four to five times higher than in mainstream settings. This means that a special school of 100 children, for example, can employ as many adult staff as a mainstream school of 400-500 pupils. PRUs/AP Academies and special schools/Special Academies are also likely to host a wide range of external professionals, such as therapists, educational psychologists and nurses. This leads to increased overheads and higher staff-related costs.
43. The responses to the consultation were mixed. The majority of respondents either agreed with the proposed multipliers, or were not sure whether they had been set at the right level. Other respondents did not agree that pupils in these settings should attract higher levels of funding. Having taken account of the responses we received, and the budget data that we analysed, the Government has decided that multipliers of 3.75 and 4.25 will be applied when allocating the Education Services Grant.

⁴ These ratios were 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.

Area cost adjustment (ACA)

44. The Government believes that the Education Services Grant should be allocated in as clear and transparent a way as possible. This will allow Academies and local authorities to understand how their funding has been calculated and to plan properly for the year ahead. In the July consultation document we asked respondents to tell us whether pupils in areas with higher salary costs should attract higher levels of per-pupil funding through the Education Services Grant. Responses to the consultation were mixed. Many respondents were in favour of applying an ACA because they believed that higher salary costs made it more expensive to provide these services. Others said that they would prefer a single per-pupil rate for the new grant because it would be simpler and easier to plan.
45. The amount spent by local authorities on the services covered by the Education Services Grant varies a great deal. There is no consistent link between the amount of money being spent, as reported on section 251 budget statements, and general labour market costs. Moreover, based on a total funding transfer of £1.04 billion for the Education Services Grant in 2013-14, applying an ACA would result in 13 different per-pupil funding rates with a difference of only £22 per pupil between the highest and lowest rate.⁵ In light of the moderate impact on per-pupil funding levels, but the additional complexity that it would introduce, an ACA will not be applied when allocating the new grant.

Deprivation

46. The Government has always been clear that deprived pupils must attract additional funding. Not only are local authorities required to target higher levels of Dedicated Schools Grant (DSG) funding at deprived pupils through revised local funding formulae from 2013-14, we have also committed to spending £6.25 billion through the Pupil Premium over the current spending review period.
47. The amount spent by local authorities on the services covered by the Education Services Grant varies a great deal. There is no consistent link between the amount of money being spent by local authorities, as reported on section 251 budget statements, and the number of deprived pupils in the local authority area. In the July consultation document we asked respondents whether a deprivation weighting should be applied. Responses to the consultation were mixed. Many respondents were in favour of applying a deprivation weighting. Other respondents said that they would prefer a single per-pupil rate for the new grant or were not sure whether these services were more expensive for deprived pupils.
48. We do not have convincing evidence to show that these services are significantly more expensive to secure or provide where a maintained school or Academy has higher numbers of deprived pupils. Therefore, the Government has decided not to apply a deprivation weighting when allocating funding through the Education Services Grant.

⁵ Excluding the City of London. The rate for the City of London would be £39 higher per pupil than the lowest rate.

Education Services Grant rates and allocations

Local authorities

49. In the July consultation, we proposed that the funding for the Education Services Grant should be removed from each local authority using the same rates that are used to allocate the grant. We have considered the responses to the consultation alongside those submitted to the DCLG's technical consultation on the business rates retention scheme.

50. The majority of respondents agreed that funding should be deducted from local authorities using the same national per-pupil rates that are used to allocate the new grant. Many respondents agreed that it was important to make the transfer in this way because it would ensure that local authorities with no, or very few, Academies would not see significant reductions in their general revenue funding. A number of local authorities made the point that, for those authorities spending less than the national per-pupil rate, more money would be transferred from their budgets in 2013-14 than if we were to continue with the current system. Other respondents said that this approach would only work if the quantum of the overall funding transfer from local government was reduced in line with the 2012-13 expenditure data.

51. Following detailed analysis of the impact of the proposals on local authorities, and the reduction in the amount transferred for the new grant, the Government has decided that the per-pupil rates set out below will be used to calculate the amount deducted from each local authority's general revenue funding from DCLG, known as their 2013-14 Start-Up Revenue Funding Assessment.⁶ The Department for Education will use the same rates to calculate the local authority's 2013-14 Education Services Grant allocation. For every pupil in a state-funded school in the local authority area (including Academies and Free Schools), an amount of money will be deducted from the authority's general revenue funding. For every pupil in a maintained school, the local authority will receive the same amount of per-pupil funding. For every pupil in an Academy, the local authority will also receive £15 for its retained statutory duties.

52. The rates for 2014-15 will be calculated based on the funding transfer of £1.03 billion using October 2013 school census data. We intend to publish the 2014-15 rates by the end of 2013.

Education Services Grant rates for local authorities in 2013-14

	2013-14
Basic per-pupil rate	£116
Per-pupil rate for PRUs/AP Academies	£435
Per-pupil rate for special schools/Special Academies	£493
Per-pupil rate for retained statutory duties	£15

⁶ The per-pupil rates used by DCLG to make the deductions from local government revenue funding will be around £1.30 higher than the rates set out above. This is because funding for NQT induction of £10.2 million will be paid back to local authorities through the DSG instead of this grant. See the section on the NQT induction transfer below.

53. Provisional 2013-14 Education Services Grant allocations for local authorities will be confirmed early in 2013, based on the number of pupils in maintained schools and Academies at that time (see below for more information about the pupil data we will use for the calculation). The grant will be paid on quarterly basis and each payment will be adjusted, where appropriate, to account for Academies opening during the 2013-14 financial year.
54. A technical guidance note setting out how the Education Services Grant allocations will be calculated, including a detailed breakdown of the pupil data that will be used, can be accessed on the Department for Education's website.
55. The full provisional Local Government Finance Settlement for 2013-14 and 2014-15, along with supporting information for local authorities, can be accessed on DCLG's website.⁷

Academies

56. The Education Services Grant should provide adequate levels of funding to Academies for the services that they must secure or provide independently. In order to protect local authorities, the Government has decided to reduce the amount of funding transferred from local government for the Education Services Grant by £180 million. In doing so, however, it would not be right to impose significant and unexpected funding reductions on Academies.
57. Under the current system, Academies receive LA Block LACSEG for the services included in the new grant. This year, the average LA Block LACSEG rate is £171 per pupil and we do not think that £116 per pupil is an appropriate level of funding for an individual Academy in 2013/14.
58. That is why, although we are allocating the money transferred from local government equally to all pupils in the country, we are also using money from the Department for Education's budget to provide transitional protection by setting a floor for the rate for Academies of £150 per pupil in 2013/14 and £140 per pupil in 2014/15. This protection will have no impact on either the amount of money transferred from local authorities or the levels of funding allocated to local authorities for maintained schools. After 2014/15, we will continue to unwind these special transitional protections for Academies so that the rates for local authorities and Academies are brought together over a limited period of time.
59. The funding for the Education Services Grant beyond 2014-15 will be determined as part of the next spending review and will no longer be affected by the spending decisions of individual local authorities. This will make the system simpler, fairer and more transparent.

Education Services Grant rates for Academies in 2013/14 and 2014/15

	2013/14	2014/15
Per-pupil rate for Academies	£150	£140
Per-pupil rate for AP Academies	£562.50	£525
Per-pupil rate for Special Academies	£637.50	£595

⁷ www.local.communities.gov.uk/finance/1314/settle.htm

Protecting Academies from significant year-on-year reductions in funding

60. As we move to a new national system, it is important that we do so in a way that does not cause destabilising reductions in Academies' budgets. That is why we will put protection arrangements in place so that Academies will see no more than a 10% reduction from the published 2012/13 LA Block LACSEG rate for their local authority. For those Academies whose current per-pupil LA Block LACSEG allocations are higher than the published 2012/13 rates, we will ensure that the reduction in their per-pupil funding is no greater than 20% in 2013/14.
61. This means that, for 2013/14, Academies will receive the higher of: a) a -10% per-pupil protection applied to the published 2012/13 LA Block LACSEG rates; or b) a -20% per-pupil protection on the Academy's individual 2012/13 LA Block LACSEG allocation. The cost of protections will be met from the Department for Education's budget and not from the funding transferred from local government for this grant or from the DSG.
62. Implementing a single national rate for Academies, and removing the link between Academy funding and local authority spending decisions, will help to end the year-on-year fluctuation and national variation in the funding provided for education services. Our aim is to allocate consistent per-pupil funding for education services to all local authorities and Academies. That is why we will ensure that protections relating to an Academy's pre-2013/14 education services funding will be removed from the system over a limited period of time so that the rates for local authorities and Academies are brought together. In the meantime, it is right that the Government takes steps to protect Academies from significant and unexpected budget reductions in 2013/14 and 2014/15.
63. More information about how the Education Services Grant for Academies will be calculated, and how the protections will apply, can be accessed on the Education Services Grant section of the Department for Education's website.⁸

Pupil data

64. The Education Services Grant will be paid for all pupils aged 3-19 in state-funded schools (including maintained schools, Academies and Free Schools).⁹ The October 2012 School Census data has been used to calculate the number of pupils eligible for the Education Services Grant in 2013-14. The January 2012 School Census data has been used to calculate the number of pupils in alternative provision settings, including PRUs and general hospital schools. For 2014-15, the January 2013 and October 2013 School Census data will be used. For pupils in maintained special schools, Special Academies, PRUs and AP Academies, planned places data will be used to calculate the grant allocations for local authorities and Academies.
65. A technical note setting out how the rates were calculated, and how the Education Services Grant will be allocated to local authorities and Academies, has been published on the Department for Education's website. This includes a detailed description of the relevant pupil data for local authorities and Academies.¹⁰

⁸ <http://www.education.gov.uk/schools/leadership/typesofschools/academies/primary/steps/b00204848/academyfunding/lacseg-2013-14>.

⁹ As is currently the case for both formula grant and LA Block LACSEG, this will not include pupils in 16-19 only institutions, other than those that are currently, or were formerly, maintained by the local authority.

¹⁰ Local authorities will receive Education Services Grant funding for all pupils aged 3-19 in maintained schools during the 2013-14 financial year as recorded on the October 2012 School Census. Academies will receive Education Services Grant funding for all pupils aged 3-19, as set out in the Academy's 2013/14 Revenue Funding Data Collection. For the majority of Academies this will be based on the October 2012 School Census data. Pupils in special and alternative provision settings will attract Education Services Grant funding based on the relevant planned places data.

Transferring the funding for statutory induction into the DSG

66. The majority of respondents to the consultation agreed that money for quality assuring statutory induction for newly qualified teachers (NQTs) should be delegated to schools and Academies through the DSG. This will allow all schools to pay for the services of their preferred appropriate body.¹¹ Based on average costs, and the number of NQTs entering the system each year, we proposed in July that £12 million should be removed from the funding for the Education Services Grant and distributed instead through the DSG. Following the reduction in the amount transferred for education services by 15%, the amount that will transfer into the DSG for induction in 2013-14 is £10.2 million.
67. This means that the rates used to calculate the deduction from local authorities will be around £1.30 higher than the rates used to calculate the Education Services Grant allocations for local authorities in 2013-14. Local authorities will see a corresponding increase in their total 2013-14 DSG allocation.

Equality statement

68. In developing and finalising these proposals, the Department for Education has been mindful of the Secretary of State's duty under The Equality Act 2010.¹² The Equality Act defines the characteristics of nine protected groups. These are: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion and belief, gender and sexual orientation.
69. The Education Services Grant will ensure that adequate funding is provided to both Academies and local authorities for education services to be provided to all pupils in each local area. We do not believe that the proposals for replacing LA Block LACSEG with the Education Services Grant from 2013-14 will have a negative impact on a protected group specified in the Equality Act. The impact on different groups with protected characteristics under the Equality Act will depend on decisions taken by local authorities and Academies about how the unringfenced grant funding should be spent from 2013-14.
70. We have also looked at evidence to assess the impact on groups not covered by the Equality Act: pupils in special schools/Special Academies and PRUs/AP Academies; deprived pupils; and pupils in areas of the country with higher labour market costs. We have concluded that our proposals will not have a negative impact on these groups.

¹¹ The appropriate body quality assures and monitors NQT statutory induction. Local authorities, teaching schools and bodies designated by the Secretary of State for Education can act as the appropriate body.

¹² This duty is set out in section 149 of The Equality Act 2010. This states that the Secretary of State must have due regard to the need to: (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by the Act; (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.



Department
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