



Department
for Education

The national funding formulae for schools and high needs

2020-21

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Background

1. A great education is fundamental to the success of children, their families and our communities, as well as the success of our country. We want young people to have access to a world-class education system which will give them the best possible opportunities, whatever direction they choose to take.
2. The increase in funding that we announced at the end of August will help to make this a reality. Funding for schools and high needs will rise by £2.6 billion for 2020-21, £4.8 billion for 2021-22, and £7.1 billion for 2022-23, compared to 2019-20. This includes £780 million extra for high needs in 2020-21, to support children with special educational needs and disabilities.
3. This delivers on the Prime Minister's pledge to increase school funding by £4.6 billion above inflation by 2022-23. On top of this, we will provide £1.5 billion per year to fund additional pension costs for teachers. Overall, this will bring the schools budget to £52.2 billion in 2022-23. In 2020-21 alone, school funding will increase by 5% compared to in 2019-20, while high needs funding will increase by 12%. This substantial investment will give schools the resources they need to raise standards even further, and to equip pupils with the skills and knowledge they need to succeed, no matter what their background or where they live.
4. This additional funding will also deliver on the Prime Minister's pledge to level up school funding. We are providing enough funding for every school to see their per pupil funding protected at least in line with inflation, whilst at the same time giving the biggest increases to those schools with the lowest funding. From next year, every secondary school will receive a minimum of £5,000 per pupil, with every primary school getting £3,750 - putting primary schools on the path to receiving at least £4,000 per pupil the following year.
5. The National Funding Formula for schools has made the funding system fairer, directing money based on the actual needs of schools and pupils rather than accidents of geography or history. In 2020-21, we will continue to implement the formula to address historic underfunding and move to a system where funding is based on need. To support this, we will remove the cap on schools' gains, so that underfunded schools attract all of the gains they are due.
6. Finally, we have confirmed the government's intention to move to a 'hard' National Funding Formula for schools as soon as possible, where every school's budget will be set on the basis of a single, national formula. Making this transition will ensure that the funding system is fair and transparent for every school in the country, with similar schools receiving similar funding, no matter where they are located. We recognise that this will represent a significant change and we will work closely with local authorities, schools and others to make this transition as smooth as possible. As a first step towards hardening

the formula, from 2020-21 we will make it compulsory for local authorities to use the national minimum per pupil funding levels in their own funding formulae.

7. This document sets out the main changes to and overall design of the National Funding Formula in 2020-21. For a more detailed overview of the National Funding Formula as a whole, and changes that were made in 2019-20, please see the [2018-19 policy document](#) and the [2019-20 policy document](#).

The national funding formula for schools

8. The basic structure of the schools national funding formula (NFF) is not changing for 2020-21. However, we have changed some specific features of the formula, alongside making some technical changes. These are outlined below.

9. For more detail on the how the NFF works, and on operational arrangements for 2020-21, please see the technical note and [operational guide](#).

Figure 1: Factors in the schools national funding formula

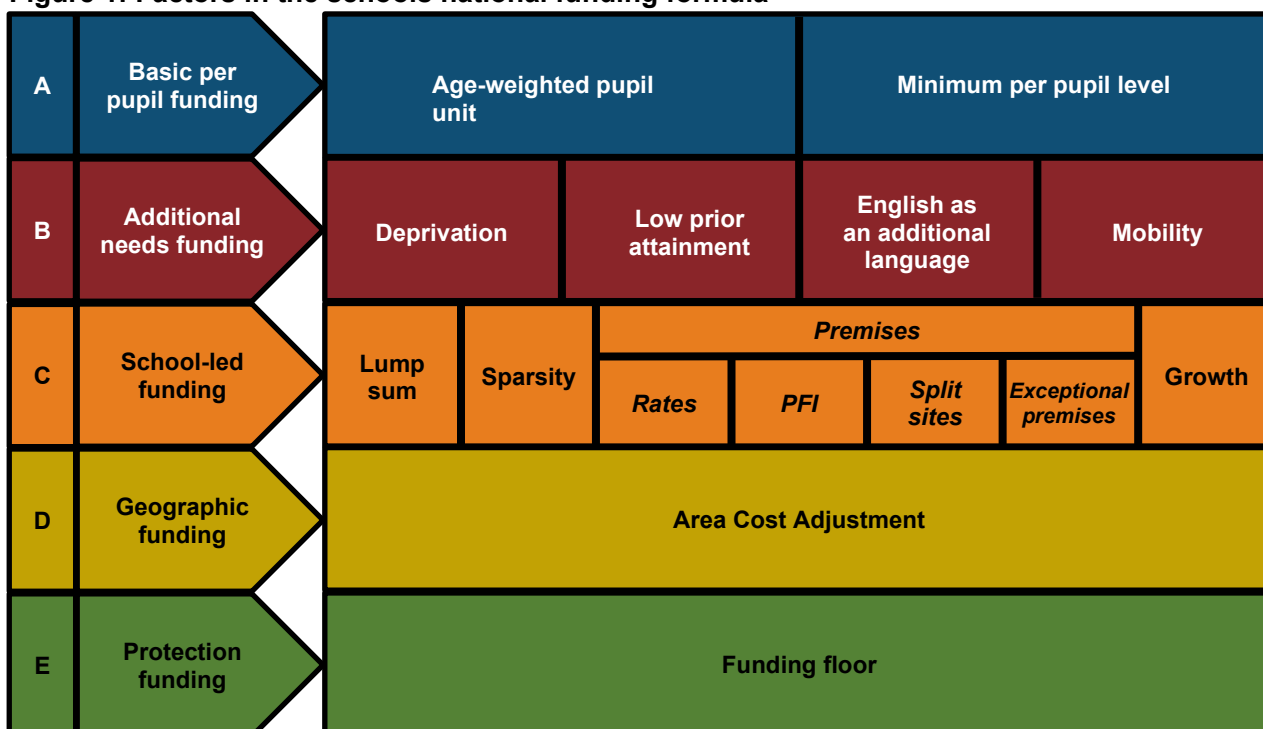


Figure 1: This illustrates the factors that will be taken into account when calculating schools block DSG funding allocations through the national funding formula. It is not to scale. Funding for factors in italics will be allocated to local authorities on the basis of historic spend.

Minimum per pupil funding levels

10. The additional money we have invested in schools means that we are able to significantly increase the minimum per pupil levels of funding. The minimum per pupil levels in 2020-21 will be set at £5,000 for secondary schools and £3,750 for primary schools – putting primary schools on the path to receiving at least £4,000 per pupil the following year. This is in line with the Prime Minister’s pledge to level up the lowest funded schools.

11. The minimum levels recognise that there are pupils requiring additional support in every school in the country, including in the lowest funded schools. The increase to the minimum levels will help to ensure that every child in the country – regardless of which school they attend, or where they grew up – can receive a superb education.

12. The minimum levels for all schools are calculated using a weighted average of the rates for primary, KS3 and KS4, which reflects the number of year groups a school has in each key stage. This ensures consistency for all schools, including those with non-standard year group structures. We will apply the following calculation:

$$\text{(No. of primary year groups} \times \text{£3,750)} + \text{(No. of KS3 year groups} \times \text{£4,800)} \\ + \text{(No. of KS4 year groups} \times \text{£5,300)}$$

Divided by

Total number of year groups

13. This ensures per pupil funding of at least £3,750 for each primary school, and £5,000 for each secondary school, with standard structures of 7/5 year groups respectively. For middle schools, all-through schools and other schools with a non-standard year group structure this will produce a specific minimum per pupil value that relates to the number of year groups in each phase. For new and growing schools, the minimum will be calculated based on the number of year groups they will have in 2020-21, as recorded in the APT.

14. We intend to make the minimum per pupil funding levels a mandatory factor in local formulae in 2020-21, and we have launched a [consultation](#) on how best to implement this in local funding formulae. The consultation closes on 22 October 2019 and the government response will be published in November 2019. Making this factor mandatory will mean that the minimum levels that are provided for in the NFF are delivered locally, at the values used in the school NFF, reassuring school leaders and parents that every school will receive at least this level of funding.

The funding floor

15. The 2020-21 NFF funding floor is set at 1.84%, in line with the latest forecast GDP deflator.¹ This means that every school will attract an increase in their pupil-led funding of at least 1.84% per pupil, compared to their funding floor baseline. We have used 2019-20 NFF allocations as the baseline for applying the funding floor. This will ensure that 2020-21 schools NFF allocations are not affected by decisions taken locally in previous years regarding local funding formulae or by transfers out of the schools block. We apply the

¹ <https://www.gov.uk/government/collections/gdp-deflators-at-market-prices-and-money-gdp>

funding floor using the same methodology as the minimum funding guarantee methodology used in local formulae.

16. We will no longer use 'if full' baselines to calculate the funding floor for new and growing schools. We will instead take the same approach as for all other schools. The rationale for using 'if full' baselines is significantly changed by the use of NFF (rather than actual) allocations for the baseline. This change will simplify the calculation of NFF allocations for new and growing schools and increase alignment with local formula setting processes. For brand new schools – those that were not included in the 2019-20 NFF – we will continue to calculate theoretical baselines.

17. Further details on the calculation of the funding floor can be found in the schools NFF technical note.

Funding factor values

18. The additional money we have invested in schools for 2020-21 means that we can increase all of the key factors in the NFF by 4%. This means that schools which are already attracting their National Funding Formula allocations will attract a significant increase in both cash and real terms. The free school meals factor will be increased by 1.84% in line with inflation as the factor value is based on an estimate of the actual cost of providing school meals. Premises funding will continue to be allocated at local authority level on the basis of actual spend in the 2019 to 2020 APT, with the PFI factor increased in line with the RPIX measure of inflation (3.03%).²

Moving towards a hard national funding formula

19. Since its introduction in 2018-19, the NFF has replaced an unfair, out-dated and opaque funding system with one that distributes funding based on schools' and pupils' needs and characteristics. This is directing resources where they are needed most, improving transparency and predictability for schools, and addressing historic disparities between areas.

20. Currently, local authorities retain flexibility over how they distribute the funding they receive through the NFF locally, in consultation with schools. This has allowed them to manage the transition towards the NFF, towards which we have seen significant progress in its first two years. The majority of local authorities have chosen to move towards the NFF locally, with 81 authorities this year moving every one of the factor

² <https://www.ons.gov.uk/economy/inflationandpriceindices/timeseries/chmk/mm23>

values in their own local formulae closer to the national formula since its introduction. 121 authorities chose to use the factor for minimum per pupil funding levels this year.

21. We will build on this progress by implementing a 'hard' NFF as soon as possible, whereby schools receive what they attract through the national formula, rather than through different local authority funding formulae. This will complete our reforms to make the funding system fair, consistent and transparent for every school in the country.

22. We will work closely with local authorities, schools and other stakeholders in order to make this transition, carefully considering the issues that remain to be resolved under a hard formula, such as where funding relies on local intelligence or is tied to local duties. Further detail on how we plan to go about this will be announced in due course, but we are of course mindful not to introduce significant change without adequate lead-in times.

23. In 2020-21, local authorities will continue to have discretion over their schools funding formulae and, in consultation with schools, will ultimately determine allocations in their area. As noted above, as a first step towards hardening the formula, in 2020-21 the government will make the use of the national minimum per pupil funding levels compulsory.

Other changes to local formulae

24. We have made some other changes to how local authorities can set their local formulae this year, in addition to making the minimum per pupil funding levels mandatory.

25. Local authorities will continue to set a Minimum Funding Guarantee in local formulae, which in 2020-21 must be between +0.5% and +1.84%. This allows them to mirror the real terms protection in the NFF, which is the Government's expectation.

26. Local authorities will continue to be able to transfer up to 0.5% of their schools block to other blocks of the DSG, with schools forum approval. A disapplication will be required for transfers above 0.5%, or for any amount without schools forum approval; this now applies to any transfers over 0.5%, even if the minister agreed the same amount in the past two years.

Mobility

Mobility funding from 2020-21

27. The mobility factor is intended to support schools in which a high proportion of pupils first join on a non-standard date. In 2020-21, we are introducing a formulaic approach to allocating mobility funding in the NFF, using a new and more robust methodology to determine pupil mobility than that used previously in LAs' local formulae.

28. In 2019-20 we allocated £21 million of mobility funding to local authorities based on what they spent on mobility the year before. For the past two years, we have funded the factor on a historic basis due to the unreliability of the previous data. This means that only the 63 local authorities that chose to use the factor in 2018-19 were eligible for mobility funding in 2019-20.

29. We have stated previously that we did not consider this approach to be consistent, as schools with high mobility in local authorities that do not use the factor were not attracting additional funding. After discussion with local authorities, we committed to introducing a new formulaic approach in 2020-21.

30. The new mobility factor is fairer because it will ensure that we are treating all schools with high mobility consistently and fairly, using a methodology that eliminates the need for local authorities to manually adjust the data before using it in local formulae. Funding mobility on a formulaic basis is also consistent with our intention to move to a hard NFF.

New methodology

31. Our new methodology involves tracking individual pupils using their unique pupil ID through censuses from the past 3 years rather than relying on a single census. If the first census when the pupil was in the school was a spring or summer census, they are classified as a mobile pupil. This excludes reception pupils who start in January. For the purposes of the factor, we are not counting as mobile pupils who joined in the summer term after the summer census, or pupils who joined in October before the autumn census. This is because the first census these pupils will be captured in is the autumn census. This new methodology offers a significant improvement over the previous approach.

Allocating funding for mobility

32. For each local authority, the mobility factor will allocate funding for schools whose proportion of mobile pupils in each phase is above a threshold of 6%. As the new methodology eliminates pupils incorrectly identified as mobile in the old system, the number of pupils identified as mobile, in the authorities currently using the factor, is considerably lower. Because of this, and to minimise disruption, we have opted to lower the threshold from its previous value of 10%, with the intention of capturing a similar cohort size and a similar number of schools overall in the 63 local authorities that were already using the factor.

33. All mobile pupils above that threshold will be allocated a per pupil amount at a rate of:

33.1. £875 for each primary mobile pupil above the threshold; and

33.2. £1,250 for each secondary mobile pupil above the threshold.

34. We have set the rates based on the principle of broadly maintaining the overall levels of mobility funding by phase for local authorities that currently use the factor (£21 million overall in 2019-20), and increasing the funding through the factor in order to extend it to all local authorities.

35. Moving to a new methodology will inevitably result in some change at local authority and school level. From 2020-21 we are now including mobility funding in our calculation of the funding floor. This ensures that no school will see a fall in their NFF allocation as a result of the new mobility factor.

36. Mobility will continue to be an optional factor for local authorities to use in their local formulae. We will supply local authorities with mobility data calculated according to the new method in the APT.

Growth

37. In 2019-20 we introduced a new methodology for the growth factor, designed to distribute this funding based on the actual growth that local authorities experienced between successive October censuses, rather than the amount they have historically chosen to spend.

38. Due to the wide variation in growth spending, in 2019-20 we provided a transitional protection for local authorities from significant losses, whereby no local authority's growth allocation fell by more than 0.5% of the previous year's total schools block. We will continue to provide this in 2020-21, so that those local authorities already on the transitional protection can again not lose more than 0.5% of their total 2019-20 schools block amount in their 2020-21 growth allocations. In 2019-20, we also implemented a cap to offset the cost of this protection. This meant that any gains under the new growth formula of more than 50% of a local authority's previous year's growth allocation were scaled back by 50%. In 2020-21 we are removing this gains cap, to ensure that local authorities receive their full allocation under the growth factor methodology, as measured by the actual growth they have experienced.

Local authority protection

39. In 2020-21, we will ensure that all local authorities see at least a 1.84% increase in their schools block per pupil funding. We have calculated this top-up on a provisional basis, across all funding aside from growth, and included this in the LA allocations table. We will recalculate this based on final Dedicated Schools Grant (DSG) allocations in December.

Factor values and total spend in 2020-21

	Unit Values	Total Funding (including ACA)	Proportion of core total
Basic per pupil Funding		£25,922m	73.5%
AWPU		£25,656m	72.8%
Primary AWPU	£2,857	£13,263m	37.6%
KS3 AWPU	£4,018	£7,268m	20.6%
KS4 AWPU	£4,561	£5,125m	14.5%
Minimum per pupil		£266m	0.8%
Primary Minimum Per Pupil funding	£3,750	£123m	0.3%
Secondary Minimum Per Pupil funding	£5,000	£143m	0.4%
Additional Needs Funding		£6,307m	17.9%
Deprivation		£3,188m	9.0%
Primary FSM	£450	£322m	0.9%
Secondary FSM	£450	£193m	0.5%
Primary FSM6	£560	£613m	1.7%
Secondary FSM6	£815	£677m	1.9%
Primary IDACI A	£600	£93m	0.3%
Primary IDACI B	£435	£173m	0.5%
Primary IDACI C	£405	£128m	0.4%
Primary IDACI D	£375	£136m	0.4%
Primary IDACI E	£250	£107m	0.3%
Primary IDACI F	£210	£100m	0.3%
Secondary IDACI A	£840	£76m	0.2%
Secondary IDACI B	£625	£149m	0.4%
Secondary IDACI C	£580	£111m	0.3%
Secondary IDACI D	£535	£118m	0.3%
Secondary IDACI E	£405	£105m	0.3%
Secondary IDACI F	£300	£88m	0.2%
Low Prior Attainment		£2,653m	7.5%
Primary LPA	£1,065	£1,680m	4.8%
Secondary LPA	£1,610	£973m	2.8%
English as an Additional Language		£415m	1.2%
Primary EAL	£535	£308m	0.9%
Secondary EAL	£1,440	£107m	0.3%
Mobility		£51m	0.1%
Primary mobility	£875	£41m	0.1%
Secondary mobility	£1,250	£10m	0.0%
School Led Funding		£3,026m	8.6%
Lump Sum		£2,359m	6.7%
Primary lump sum	£114,400	£1,973m	5.6%
Secondary lump sum	£114,400	£386m	1.1%
Sparsity		£26m	0.1%
Primary sparsity	£26,000	£22m	0.1%
Secondary sparsity	£67,600	£4m	0.0%
Premises		£641m	1.8%
<i>Area Cost Adjustment: A multiplier that is applied to basic per pupil, additional needs and school led funding (ACA is already included in each of the factor subtotals)</i>		£883m	
Core total (excluding funding floor)		£35,255m	
Protections			
Floor		£464m	
Primary floor funding		£277m	
Secondary floor funding		£187m	
Total		£35,719m	

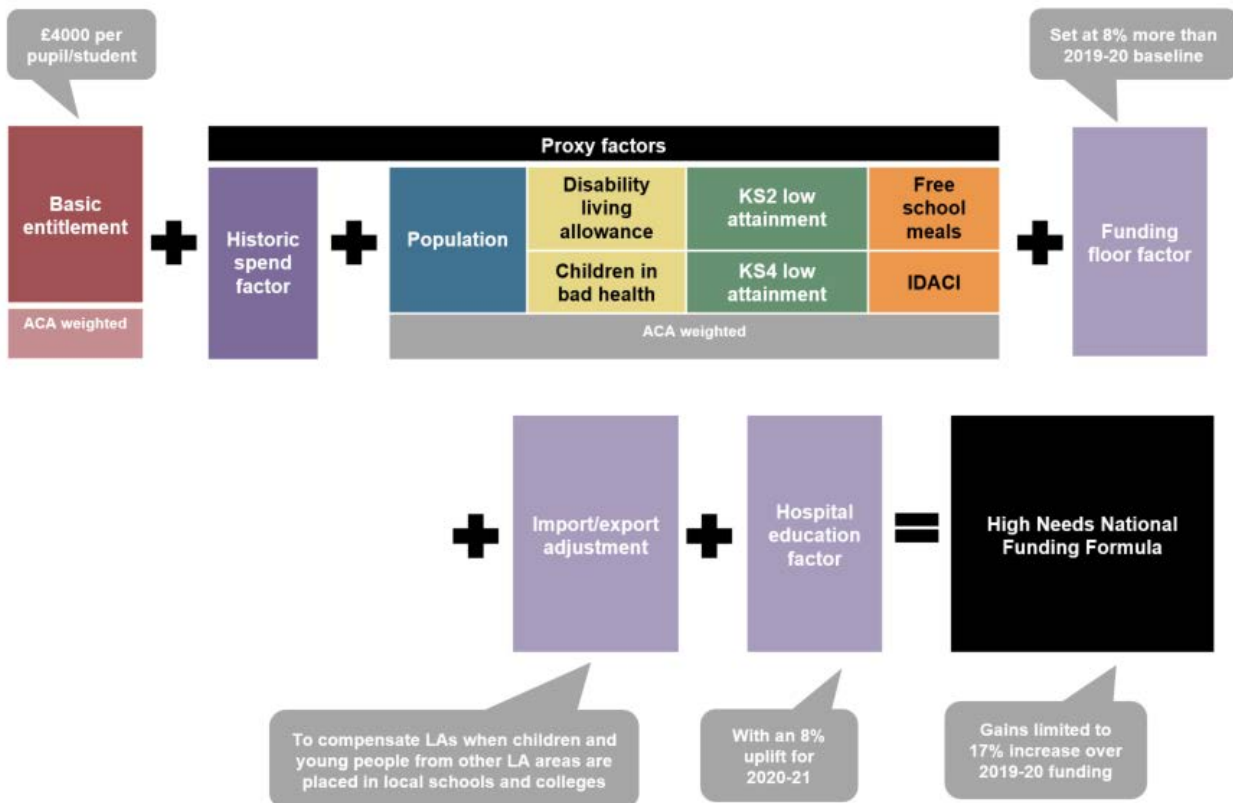
Figure 2: This shows the unit values, total funding and proportion of funding for each factor in the formula. Total funding is rounded to the nearest million. Proportion of core total funding is rounded to the nearest 0.1%. The core total funding and proportion of core total funding columns are calculated excluding floor funding, using 2019-20 authority proforma tool data and 2018/19 general annual grant data. We have excluded growth funding from this table as this funding will be calculated using October census data, so we will confirm growth spend in December.

The national funding formula for high needs

The high needs national funding formula in 2020-21

40. The basic structure of the high needs national funding formula is not changing for 2020-21. Figure 3 below sets out the factors and adjustments that comprise the formula, including an area cost adjustment applied to the basic entitlement and proxy factors.

Figure 3: basic building blocks of the formula in 2020-21



Updates to the high needs national funding formula in 2020-21

41. For 2020-21, we have updated the baseline to use local authorities' actual high needs allocations in 2019-20, rather than the previous baseline of planned spend in 2017-18. The baseline update also includes the additional £125 million per year in 2018-19 and 2019-20 which we announced in December 2018, and an adjustment to include funding for special free schools so that authorities receive this in future years through the high needs formula.

42. Two aspects of the formula will enable local authorities to see further increases in high needs funding for 2020-21.³ These two elements are:

42.1. **The funding floor** – this ensures that all local authorities' allocations increase by a minimum percentage compared to the baseline. For 2020-21 we are increasing the funding floor to 8% (per head of 2-18 population) compared to the previous 0.5% per annum floor against the 2017-18 baseline.⁴

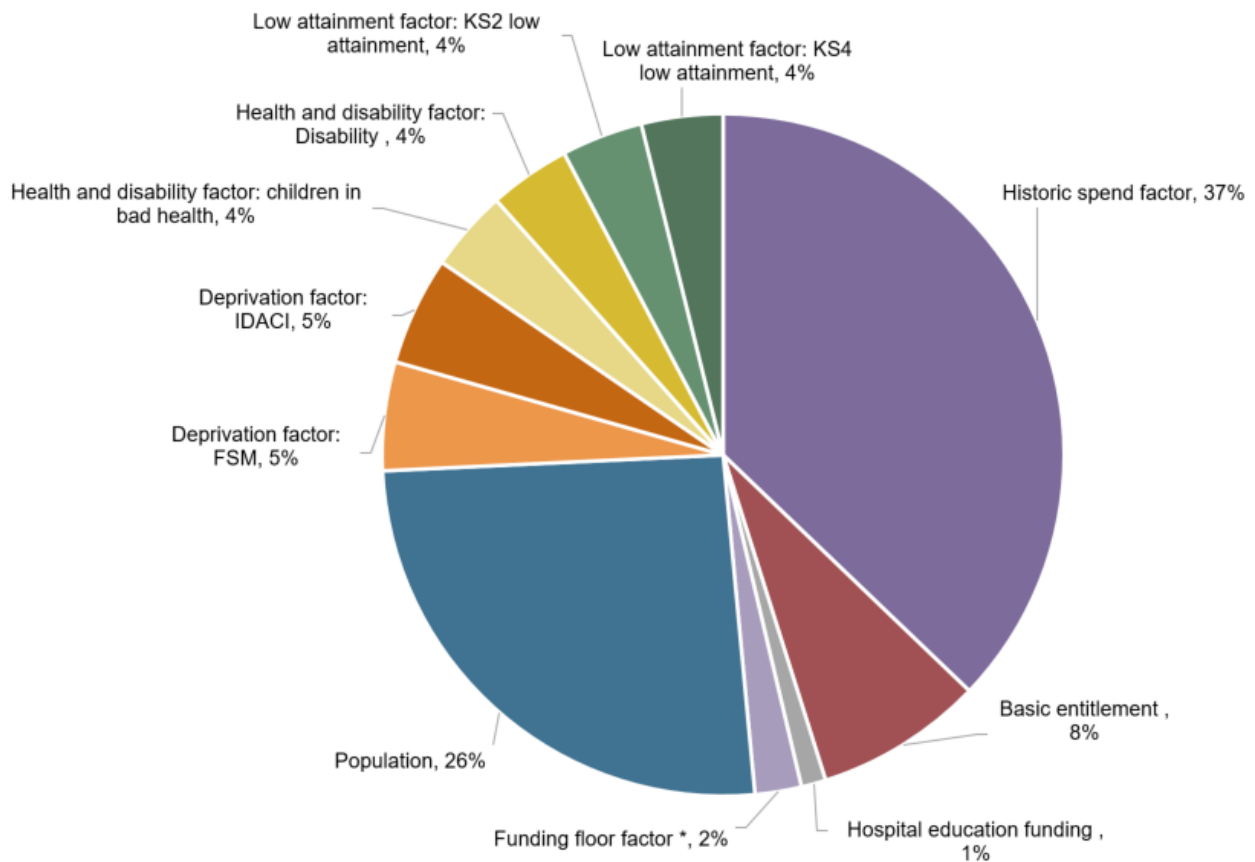
42.2. **The limit on gains** – the limit on gains will increase to 17% (per head of 2-18 population) compared to the baseline, so that authorities due to gain under the formula see more of their gains before those gains are capped. The previous limit was previously 3% per annum against the 2017-18 baseline.

43. The remainder of additional funding will be distributed through an increase to the proxy factors in the formula, keeping their relative factor weightings the same as previously. The historic spend factor will remain at the same cash value as previously.

³ The basic entitlement factor and import/export adjustment will continue be excluded from the funding floor and gains cap baselines as previously. Further detail can be found in the technical note.

⁴ The hospital education element will also be uplifted by 8%, in line with the funding floor.

Figure 4: Proportion of funding spent through the following elements of the formula



*Funding from the gains calculation has been excluded for the purposes of this diagram

44. For further details on the methodology used for the high needs formula, please refer to the 2020-21 high needs technical note once published. The technical note will also include information on the data updates and adjustments used within the high needs formula.

The national funding formula for central schools services

The central schools services formula in 2020-21

45. The central school services block (CSSB) within the DSG will continue to provide funding for local authorities to carry out central functions on behalf of maintained schools and academies. The block will continue to comprise two distinct elements: ongoing responsibilities and historic commitments.

46. Further details on the methodology used for the CSSB formula will be set out in the 2020-21 NFF technical note.

Ongoing responsibilities

47. The CSSB will continue to fund local authorities for the ongoing responsibilities they have a statutory duty to deliver for all pupils in maintained schools and academies. For 2020-21, we have protected the total allocated for this funding in 2019-20.

48. This element of the CSSB is calculated using a simple per-pupil formula, the structure of which is unchanged. 90% of the funding will be distributed through a basic per-pupil factor, and 10% of funding through a deprivation factor based on the proportion of pupils eligible for free school meals within the past six years (FSM6) in mainstream schools. Both elements will be adjusted for area costs.

49. Local authorities will continue to be protected so that the maximum per-pupil year-on-year reduction in funding for ongoing responsibilities is of -2.5%, while the year-on-year gains cap will be set at the highest affordable rate of 1.94%.

Historic commitments

50. As we have previously stated, from 2020-21 we will begin to reduce the element of funding with CSSB that some local authorities receive for historic commitments made prior to 2013-14. This is in line with our reforms to move to a fairer funding system, as we do not believe it is fair to maintain significant differences in funding indefinitely between local authorities which reflect historic decisions.

51. In 2020-21, for those local authorities that receive it, historic commitments funding will be reduced by 20%, with a protection so that no authority loses an amount equivalent to more than 0.5% of its 2019-20 schools block allocation.

52. We will continue to unwind this funding in future years, and will provide further detail in due course. Our expectation remains that commitments will also unwind over

time, for example as contracts reach their end points. However, in 2020-21 we are not changing the requirement in regulations that authorities spend no more on these commitments than they did in the previous year; therefore, with the approval of the schools forum, an authority can maintain spending in this area using other funding sources if they wish to.

Equalities Impact Assessment

53. The Public Sector Equality Duty (PSED) in section 149 of the Equality Act 2010 requires the Secretary of State to give due regard to achieving the following objectives in exercising their functions:

- 53.1. eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- 53.2. advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- 53.3. foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

54. We have considered the impact on persons who share any of the protected characteristics (these are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, sexual orientation). We have focused on those protected characteristics for which the impact is largest, and which are most closely tied to the distributional policy choices we are making. We use incidence of SEND as a proxy for disability in this analysis, as the two are highly correlated, and ethnicity as a proxy for race.

55. We introduced the NFF in 2018-19 after significant consultation and published a full equalities impact assessment.⁵ We are broadly continuing the implementation of this version of the NFF. Therefore, we have focused this assessment primarily on the key policy changes that are being made in 2020-21.

Schools NFF

Increasing the minimum per pupil levels

56. Increasing the minimum per pupil levels for primary schools to £3,750 (on the way to £4,000) and for secondaries to £5,000 will benefit the lowest funded schools that do not otherwise attract these levels of funding through the other formula factors (i.e. for additional needs). As a result, the schools with the highest proportions of pupils with SEND will typically gain less as a result of this element of the formula, because these schools are likely to attract additional funding through other factors in the formula, and will therefore not be among the lowest-funded schools. Schools with the highest

⁵ https://consult.education.gov.uk/funding-policy-unit/schools-national-funding-formula2/supporting_documents/NFF_EqualityImpactAssessment.pdf

proportions of pupils from low-performing ethnicities and ethnic minorities will also typically gain less than other schools, because these characteristics in general correlate with higher overall funding at school-level.

57. However, it is important to note that there are individual pupils with both these characteristics who are currently in the lowest-funded schools and they will benefit from this policy. Furthermore, the overall policy of the NFF continues to allocate the greatest share of resources to pupils with additional needs, and therefore those most likely to have these protected characteristics. This specific element of the formula is also set alongside a very significant increase to high needs funding – channelling resources specifically towards pupils with SEND.

58. We plan to make it mandatory for local authorities to use the minimum per pupil funding levels in local formulae. This will ‘lock in’ this aspect of the schools national formula at a local level, where relevant. The current consultation on implementing mandatory minimum levels is specifically exploring the equalities impact of this change.

Increasing the funding floor

59. The increase to the funding floor will disproportionately benefit schools that have been more highly funded historically. These tend to be in urban areas, and have a higher proportion of children from low-performing ethnicities and ethnic minorities because these areas are more ethnically diverse. They also have a higher occurrence of non-Christian faith schools. We assess that this will have a positive impact on these pupils.

Changing the methodology for the mobility factor

60. During the first stage of the NFF consultation, respondents were concerned that our proposal to exclude a mobility factor from the NFF would disproportionately impact Gypsy/Roma pupils and pupils of Irish traveller heritage. We acknowledged these concerns and decided to include a mobility factor in the final NFF. Our improvements to the mobility factor means that we will now be extending mobility funding to all LAs, and not just the 63 LAs who previously used the factor. This means that all schools with high proportions of mobile pupils, including pupils with these protected characteristics, will attract mobility funding, enabling them to better support these pupils and manage the costs incurred by high levels of pupil mobility. We do not anticipate that our changes to the mobility factor will have any further impacts on pupils with other protected characteristics.

Increasing the remaining NFF factors by 4%

61. We have increased the key remaining NFF factors by 4%, which affects the majority of schools. We have also removed the gains cap, so that schools will attract the full gains they are due. This benefits schools which were underfunded under the previous

funding system, so all pupils attending these schools will benefit. Addressing historic underfunding moves closer to a fairer system where funding is based entirely on need.

62. As the balance between the factors remains broadly the same, the equalities impact of the overall 2020-21 formula will be consistent with the assessment published in 2017 (apart from those differences noted above).

High needs NFF

63. We have considered the impact of the high needs distribution on persons who share any of the protected characteristics. We have focused particularly on persons with SEND given the high level of correlation between pupils with SEND and pupils with disabilities.

64. We introduced the high needs NFF in 2018-19 after significant consultation and a full equalities impact assessment. We are distributing the funding for high needs, including additional funding for 2020-21, through the high needs NFF, and are not proposing any changes to the overall structure of the formula for 2020-21. Therefore, we have focused this assessment primarily on the aspects of the formula that have changed for 2020-21.

65. In recognition of the fact that all LAs are facing some pressures on their high needs budgets, we are allocating increased funding through the high needs NFF. We are distributing this increase in the following ways:

- 65.1. **A higher funding floor set at 8%.** This means that at a minimum, LAs will see at least an 8% per head increase in funding compared to what they received in 2019-20. This is a significantly higher protection than the previous threshold, which amounted to a 0.5% floor per year against the 2017-18 baseline and will ensure that all LAs receive a significant share of the additional funding.
- 65.2. **A higher limit on formula gains set at 17%.** The gains limit was previously equivalent to 3% per year against the 2017-18 baseline. A higher limit means that LAs will receive greater increases in funding before their gains are capped.
- 65.3. **Increased funding through the remaining proxy factors.** We have distributed the remaining funding through the proxy factors, keeping their relative weightings in the formula constant. This is in line with how the formula has worked previously and means that LAs will receive their share of this remaining funding based on the proxy factors of need. These include health and disability factors reflecting any changes in the proportion of the local population of 2-18 year olds whose families receive disability living allowance because they are disabled. The proxy factors also include an

amount of funding based on each local authority's previous spending, so that funding can reflect patterns of provision and spending not otherwise captured through the formula, and making sure that funding levels do not drive changes in the placement of disabled children to the detriment of the provision they need.

66. We expect this distribution of funding to provide both significant increases to all LAs as well as ensure stability through use of the formula. As a result, and subject to local decisions on how the funding is spent in making special provision, our assessment is that the additional funding will have a positive impact for those pupils identified as SEND (which includes those with disabilities), by improving their ability to access the right educational provision and thereby addressing educational inequalities for children with SEND.

Central School Services Block NFF

67. In 2020-21, we are protecting the total allocation for the ongoing responsibilities element of the CSSB, which funds local authorities for the statutory duties they deliver for all pupils. The formula that allocates this funding is broadly unchanged; we do not expect this to have an impact on different groups of pupils, including those with protected characteristics.

68. The reduction to funding for historic commitments will affect authorities' ability to continue to deliver certain central functions as they have previously – this is a continuation of our established policy to unwind these commitments. The nature of this expenditure, relating to a wide range of individual decisions by different LAs, means the scale of this reduction will be very variable and the evidence on its impact is limited. Where authorities combine this funding with other sources to support other services – for example, related to early intervention, programmes for vulnerable children or those with high needs – these are likely to disproportionately benefit pupils with protected characteristics, such as those from ethnic minority backgrounds or with disabilities. If the reductions mean an LA can no longer fund such services in the same way, this represents a negative impact.

69. However, unwinding this funding will address funding disparities to make the wider system fairer, so that educational provision for these pupils is based on need rather than historic decisions. Ultimately, prioritising funding for schools and high needs, which has significantly increased, benefits all areas and will respond to pupils' characteristics and needs. Pupils with disabilities, in particular, will benefit from the significant increase in high needs funding that all authorities will receive in 2020-21.

70. Finally, we are not making any changes to the regulations that local authorities can spend the same amount on historic commitments that they did in the previous year, nor are we changing the flexibility to transfer funding between blocks, with local

agreement. A local authority can therefore choose to maintain spending on historic commitments at current levels using other funding where appropriate.

Overall impact

71. As noted above, each change has a specific impact and in some cases these work in different directions. For example, in relation to the schools NFF, the increase to the minimum per pupil level is less likely to benefit pupils with protected characteristics, while the increase to the NFF funding floor is more likely to. Nevertheless, we do not think these individual changes significantly shift the conclusions of the equalities impact assessment published at the point of introducing the NFF in September 2017. The exception to this is the increase to high needs funding that all local authorities are seeing, which will have a positive impact on pupils with SEND in particular, and therefore on pupils with disabilities. This is a significant additional positive impact on these pupils beyond our previous assessment.



Department
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