



Education & Skills  
Funding Agency

**This  
document  
has been  
withdrawn.**

# **Schools revenue funding 2019 to 2020**

**Operational guide**

**December 2018**

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## Introduction

1. This guide helps local authorities, and their schools forums, to plan the local implementation of the funding system for the 2019 to 2020 financial year.
  - 1.1. 2019 to 2020 is the second year of the national funding formula for schools, high needs and central school services.
  - 1.2. In September 2017, we set out the details of the formula for 2018 to 2019 and 2019 to 2020. For 2019 to 2020, we have made some small technical improvements to the formula. These are set out in the [2019 to 2020 policy document](#) and, where they affect local formula arrangements, are also covered in this guidance.
  - 1.3. We have used the national funding formula to calculate the blocks within the dedicated schools grant (DSG) that are allocated to local authorities, and they will sit alongside the early years national funding formula, which was introduced in 2017 to 2018.
2. We have published local authority level allocations for 2019 to 2020 for the schools, central school services, and high needs blocks at the [DSG 2019 to 2020 allocations](#).
3. We have previously confirmed that in 2019 to 2020, like in 2018 to 2019, each local authority will continue to set a local schools formula, in consultation with local schools.
  - 3.1. In 2019 to 2020, the national funding formula sets notional allocations for each school, which have been aggregated, and used to calculate the total schools block received by each local authority.
4. We are pleased to see the significant progress across the system in moving towards the national funding formula in its first year. In light of this progress, we are confirming now that local authorities will continue to determine local formulas in 2020 to 2021.
5. In line with the approach and commitments set out last year, three key aspects of the schools national funding formula are being updated in 2019 to 2020.
  - 5.1. Within the schools block, the government will provide for at least a 1% per pupil increase for each school in 2019 to 2020 through the national funding formula compared to their 2017 to 2018 baseline.
  - 5.2. The minimum per pupil funding levels have increased to £3,500 for all primary schools and £4,800 for all secondary schools that have pupils in years 10 and 11.

5.3. The gains cap has increased so that schools can attract gains of up to 6.09% against their 2017 to 2018 baselines (to note, the minimum per-pupil levels are not gains capped).

6. We are also making some policy changes to the 2019 to 2020 national funding formula. Further details on these, particularly on the new growth methodology, can be found in the [2019 to 2020 policy document](#).

6.1. We are allocating growth funding to local authorities on a formulaic basis. We are not making any changes to the ways in which local authorities can distribute growth funding.

6.2. We have increased the KS3 minimum level used for middle schools to £4,600 and have used this for KS3 only schools. We have introduced a new minimum level of £5,100 for KS4 only schools.

6.3. We have reduced the primary low prior attainment factor value to £1,022 to balance the increase in the cohort.

7. We have made a number of smaller changes to the arrangements for calculating local formulas, to support local authorities to mirror the national funding formula. This guidance covers the details of these changes.

7.1. We have introduced a new funding floor factor to enable local authorities to mirror the increase of 1% per pupil against 2017 to 2018 baselines.

7.2. We have enabled local authorities to mirror the sparsity taper used in the national funding formula.

7.3. Local authorities will no longer be able to set a primary weighting for low prior attainment because all results have been assessed under the new framework and there is therefore no longer a need to use a weighting.

7.4. The authority pro forma tool (APT) cap now has the functionality to vary the capping and scaling to apply the alternative gains cap used in the national funding formula, meaning that local authorities can allow schools to gain the greater of either 3% of their 2018 to 2019 baseline, or 20% of their remaining gains. More information on the alternative gains cap can be found in the [capping and scaling section of this guidance](#).

8. The minimum funding guarantee (MFG) for schools will continue, and local authorities continue to have the flexibility to set a local MFG between minus 1.5% and plus 0.5% per pupil.

9. Within the high needs block, the government has provided for at least a 0.5% increase adjusted for population changes in 2019 to 2020 and this is reflected in the allocations to local authorities through the high needs national funding formula.

9.1. We are protecting the high needs block against 2017 to 2018 baselines, subject to some adjustments explained in [the high needs section of this guidance](#).

10. The schools block will again be ring-fenced in 2019 to 2020. Local authorities are able to transfer up to 0.5% of their schools block funding out with the agreement of their schools forum. Transfers of more than 0.5% may be allowed in circumstances where the Secretary of State has previously allowed a transfer between blocks and where this is again agreed by the schools forum. Further information is included in [the Movement between blocks section of this guidance](#).

## Updates to the guidance

11. Updates have been made to the July 2018 version of this guidance to reflect current policy positions and the confirmations of funding arrangements in 2019 to 2020, following the School and Early Years Finance (England) (No 2) Regulations 2018<sup>1</sup> being laid. The updates in the guidance, additionally include changes in tense for activities which have already passed or where new information has been released following the July 2018 version of this guidance.

- Paragraph 2: we have published local authority level allocations for 2019 to 2020 for the schools, central school services and high needs blocks. The [2019 to 2020 dedicated schools grant allocations](#) were published on 17 December 2018.
- Paragraphs 2.1 to 2.3: removal of advice on illustrative local authority level budget allocations being published in the NFF tables for schools and high needs. Removal of advice that final allocations will be published in December 2018.
- Paragraph 17, point 3: confirmation of funding arrangements for prior attainment. Under the 2018 (No. 2) Regulations 2018, we require a weighting of 0.64 for year 7 pupils to be applied when calculating secondary prior attainment. This is additionally confirmed in paragraph 22.
- Paragraph 17, point 15: confirmation that we have published [theoretical baselines for schools which have opened, merged or split since 2017 to 2018](#).
- Paragraph 18.2: we have published a [technical specification for the 2019 to 2020 schools block datasets](#) alongside the updated datasets.
- Paragraph 33: confirmation that the sparsity taper mirroring the methodology used in the national funding formula is permissible and does not require a disapplication. As detailed in Schedule 3, paragraph 14 and 15; 2018 (No. 2) Regulations.
- Paragraph 103: confirmation that under regulation 21 of the 2018 (No. 2) Regulations, any deductions or increases relating to pupil exclusions must be excluded from both the current and previous year funding when applying the MFG.
- Paragraph 136.2: confirmation that we have updated the [section 251 benchmarking tables](#), for the latest section 251 budget data and January school census pupil data.

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<sup>1</sup> In future references to these regulations in this document, they will be referred to as the '2018 (No. 2) Regulations'.

- DSG Balances section: further detail provided on the implementation of the changes for reporting DSG deficits.
- Paragraph 163.1: inclusion of the following text 'The School Improvement Monitoring and Brokering Grant continues in financial year 2019 to 2020. In April 2019, we will pay the remaining £20 million for academic year 2018 to 2019. We will confirm the level of funding from September 2019 to the end of the financial year in due course.'
- High needs funding section: inclusion of links to published guidance for [high needs funding arrangements for 2019 to 2020](#).
- Paragraph 180: inclusion of the following text 'During 2019 we will continue a process of working through the NHS data, discussing that with hospital schools and local authorities and consulting on options.'
- Paragraph 200.2: confirmation that we have published [detailed guidance on how to complete the APT](#).



## Reviewing and consulting on the pre-16 funding formula

12. We expect local authorities to demonstrate to their schools forum that they have consulted locally with all maintained schools and academies when seeking agreement to transfer any funding out of the schools block.

12.1. There will be an exceptions process, which will require Secretary of State approval, for considering transfers above the 0.5% limit, and for transfers opposed by the schools forum.

13. Local authorities must engage in open and transparent consultation with all maintained schools and academies in their area, as well as with their schools forums, about any proposed changes to the local funding formula including the method, principles and rules adopted.

14. Any consultation should include a demonstration of the effect of modelling such changes on individual maintained schools and academies.

14.1. We have provided an updated APT to reflect 2019 to 2020 local formula changes, to help with this modelling.

14.2. Local authorities should communicate proposed formula changes to all bodies affected by the changes.

14.3. The local authority is responsible for making the final decisions on the formula, and each authority's process must ensure that there is sufficient time to gain political approval before the APT deadline in January 2019.

14.4. Political ratification means approval in line with the authority's local scheme of delegation, so this may be decisions made by the council cabinet, cabinet member or full council; the schools forum does not decide on the formula.

15. Local authorities should also ensure that they allow sufficient time for wider consultation with schools, agreement by their schools forum, and political approval if they wish to transfer funding out of the schools block, or submit a disapplication request.

15.1. We have provided more information on this in the [movements between blocks section of this guidance](#).

## Delegated funding

### Local authority funding formula factors for 2019 to 2020

16. We have made one addition to the list of allowable funding factors in local funding formulas in 2019 to 2020. This will enable local authorities to use a funding floor factor to mirror the increase of 1% per pupil against 2017 to 2018 baselines. We have included further information in the [funding floor factor section of this guidance](#).

17. The full list of allowable factors in 2019 to 2020 is set out in the following table:

Funding factor	Description and further information
<p><b>1. Basic entitlement</b> A compulsory factor</p>	<p>This factor assigns funding on the basis of individual pupils, with the number of pupils for each school or academy based on the October pupil census</p> <ul style="list-style-type: none"><li>• funding is allocated according to an age-weighted pupil unit (AWPU)</li><li>• there is a single rate for primary age pupils, which must be at least £2,000</li><li>• there can be different rates for KS3 and KS4, with a minimum of £3,000 for each</li><li>• local authorities can choose to increase the pupil number count for schools with higher reception pupil numbers in January 2018, rather than the October 2017 census</li><li>• we do not include reception uplift in the national funding formula; local authorities currently using a reception uplift factor should consider whether to do so in 2019 to 2020</li><li>• schools with reception uplift will not be financially disadvantaged in the national funding formula calculations, as the funding will remain in their baselines</li></ul>
<p><b>2. Deprivation</b> A compulsory factor</p>	<p>Local authorities can use free school meals (FSM), the income deprivation affecting children index (IDACI), or both, to calculate the deprivation factor</p> <ul style="list-style-type: none"><li>• we measure eligibility for current FSM using the previous October census, and Ever6 FSM (pupils entitled to free meals at any time in the last 6 years) from the previous January census</li><li>• local authorities using FSM to calculate deprivation can choose to use either current FSM, Ever6 FSM, or both</li></ul>

Funding factor	Description and further information
	<ul style="list-style-type: none"> <li>the IDACI measure uses 6 bands, and different values can be attached to each band; different unit values can be used for primary and secondary within each band</li> <li>we will automatically set the FSM Ever6 ratio equal to the current FSM ratio for schools where the FSM Ever6 rate is recorded as lower than the current FSM rate</li> </ul>
<p><b>3. Prior attainment</b> An optional factor (used by most local authorities)</p>	<p>The prior attainment factor acts as a proxy indicator for low level, high incidence, special educational needs</p> <ul style="list-style-type: none"> <li>under <a href="#">the 2018 (No. 2) Regulations</a>, we require a weighting of 0.64 for year 7 pupils to be applied when calculating secondary prior attainment</li> </ul> <p>We have included <a href="#">more information in the prior attainment section of this guidance</a>.</p>
<p><b>4. Looked-after children (LAC)</b> An optional factor</p>	<p>Local authorities can apply a single unit value for any child who has been looked after for one day or more, as recorded on the LA SSSDA903 return at 31 March 2018</p> <ul style="list-style-type: none"> <li>we map this data to schools using the January school census to identify the number of LAC in each school or academy</li> <li>we do not use a LAC factor in the national funding formula. Instead, we increased the pupil premium plus rate from 2018 to 2019 from £1,900 to £2,300. Local authorities currently using this factor should consider whether to do so in 2019 to 2020</li> </ul>
<p><b>5. English as an additional language (EAL)</b> An optional factor</p>	<p>Pupils identified in the October census with a first language other than English may attract funding for up to three years after they enter the statutory school system</p> <ul style="list-style-type: none"> <li>local authorities can choose to use indicators based on one, two, or three years, and there can be separate unit values for primary and secondary</li> <li>we have used three years in the national funding formula; local authorities should consider this when setting their local formula</li> </ul>
<p><b>6. Pupil mobility</b> An optional factor</p>	<p>This measure counts pupils who entered a school during the last three academic years, but did not start in August or September (or January for reception pupils)</p>

Funding factor	Description and further information
	<ul style="list-style-type: none"> <li>there is a 10% threshold, and funding is allocated based on the proportion above the threshold (for example, a school with 12% mobility will attract pupil mobility funding for 2% of pupils)</li> </ul>
<p><b>7. Sparsity</b> An optional factor</p>	<p>Schools that are eligible for sparsity funding must meet two criteria</p> <ul style="list-style-type: none"> <li>they are located in areas where pupils would have to travel a significant distance to an alternative should the school close</li> <li>they are small schools</li> </ul> <p>This factor now allows for a sparsity taper to mirror the methodology used as part of the national funding formula. We have included <a href="#">more information in the sparsity section of this guidance</a>.</p>
<p><b>8. Lump sum</b> An optional factor (used by all local authorities)</p>	<p>Local authorities can set a flat lump sum for all phases, or differentiate the sums for primary and secondary.</p> <ul style="list-style-type: none"> <li>local authorities should give middle schools a weighted average, based on the number of year groups in each phase</li> <li>the maximum lump sum is £175,000, even for schools that receive a London fringe uplift</li> </ul> <p>We have included <a href="#">more information in the lump sum section of this guidance</a>, including information for amalgamated schools.</p>
<p><b>9. Split sites</b> An optional factor</p>	<p>The purpose of this factor is to support schools that have unavoidable extra costs because the school buildings are on separate sites</p> <ul style="list-style-type: none"> <li>allocations must be based on objective criteria for the definition of a split site, and for how much is paid</li> </ul> <p>We have included <a href="#">more information in the split sites section of this guidance</a>.</p>
<p><b>10. Rates</b> An optional factor (used by all local authorities)</p>	<p>Local authorities must fund rates at their estimate of the actual cost. Local authorities can make adjustments to rates during the financial year, but this must be done outside of the funding formula</p> <ul style="list-style-type: none"> <li>for example, an additional allocation could be made to a school (funded by balances brought forward)</li> </ul>

Funding factor	Description and further information
	<ul style="list-style-type: none"> <li>• this should be reflected in the Section 251 outturn statement, and in each school's accounts</li> <li>• the effect on the school would be zero, since any rates adjustment will be offset by a change in the cost of the rates</li> </ul>
<p><b>11. Private finance initiative (PFI) contracts</b> An optional factor</p>	<p>The purpose of this factor is to support schools that have unavoidable extra premises costs, because they are a PFI school, and to cover situations where the PFI 'affordability gap' is delegated and paid back to the local authority.</p> <p>We have included <a href="#">more information in the PFI section of this guidance</a>.</p>
<p><b>12. London fringe</b> An optional factor, applicable only for five local authorities (Buckinghamshire, Essex, Hertfordshire, Kent, and West Sussex)</p>	<p>The purpose of this factor is to support schools that have higher costs because they are in the London fringe area, and only part of the local authority is in this area. The multiplier is applied to the 6 pupil-led factors, the lump sum factor, and the sparsity factor.</p> <p>The factor can be applied in one of two ways, not both</p> <ul style="list-style-type: none"> <li>• as a multiplier of 1.0156 <ul style="list-style-type: none"> <li>• details of these calculations are in the <a href="#">technical specification for the schools block dataset</a></li> </ul> </li> <li>• as a multiplier of the differential of the area cost adjustment of fringe and non-fringe zones within the local authority <ul style="list-style-type: none"> <li>• this mirrors the national funding formula calculation; the differentials are: <ul style="list-style-type: none"> <li>▪ Buckinghamshire: 1.0175</li> <li>▪ Essex: 1.0335</li> <li>▪ Hertfordshire: 1.0302</li> <li>▪ Kent: 1.0364</li> <li>▪ West Sussex: 1.0561</li> </ul> </li> </ul> </li> </ul>
<p><b>13. Exceptional premises factors</b> An optional factor</p>	<p>Local authorities can apply to ESFA to use exceptional factors relating to school premises, for example, for rents, or joint-use sports facilities</p> <ul style="list-style-type: none"> <li>• exceptional factors must relate to premises costs</li> <li>• local authorities should only submit applications where the value of the factor is more than 1% of a school's budget, and applies to fewer than 5% of the schools in the authority's area</li> </ul>

Funding factor	Description and further information
	<ul style="list-style-type: none"> <li>local authorities can use exceptional premises factors used in 2018 to 2019 (for pre-existing, and newly-qualifying schools) in 2019 to 2020, if the qualification criteria are still met</li> </ul>
<p><b>14. Minimum level of per pupil funding for primary and secondary schools</b> An optional factor</p>	<p>The purpose of this factor is to allow local authorities to provide amounts up to the minimum per pupil funding levels for primary and secondary schools</p> <ul style="list-style-type: none"> <li>where local authorities choose to use this factor, any capping and scaling cannot take the school below the minimum value set in the local formula</li> <li>local authorities should calculate the minimum per pupil level on the basis of the school's total funding; this will be set out in the APT guidance</li> <li>local authorities who wish to reflect the NFF calculation by excluding the premises factors that have been excluded from the NFF calculation can do so through the APT and will not need to submit a disapplication</li> </ul> <p>We have included the maximum rates for each phase, and <a href="#">more information on setting a minimum per pupil amount in the schools section of this guidance</a>.</p>
<p><b>15. Funding floor factor</b> An optional factor</p>	<p>The purpose of this factor is to allow local authorities to reflect the NFF calculation of a minimum 1% per pupil increase over 2017 to 2018 baselines</p> <ul style="list-style-type: none"> <li>if this factor is used all schools within the local authority must be protected against a baseline, even if they were not open in 2017 to 2018</li> <li>we have published <a href="#">theoretical baselines for schools which have opened, merged or split since 2017 to 2018</a>; local authorities wishing to amend these theoretical baselines, to take account of local knowledge can do so</li> <li>the local authority will need to calculate a baseline for new schools that do not have a theoretical baseline</li> </ul> <p>We have included more information in the <a href="#">funding floor section of this guidance</a>.</p>

**Table 1: Schools funding factors**

## Required proportion of funding allocated through pupil-led factors

Local authorities must allocate at least 80% of the delegated schools block funding through pupil-led factors (the factors in lines 1 to 6, 14 and 15 above, and London fringe uplift, where relevant).

18. The Department for Education will provide updated schools block datasets in December 2018.

18.1. Local authorities should use these datasets when setting their local funding formulas; this will ensure maintained schools and academies are funded on the same basis.

18.2. We have provided a [technical specification for the 2019 to 2020 schools block datasets](#) alongside the updated datasets.

## Prior attainment

19. Local authorities can apply this factor for:

- primary pupils identified as not achieving the expected level of development in the early years foundation stage profile (EYFSP)
- secondary pupils not reaching the expected standard in KS2 at either reading or writing or maths

20. The EYFSP changed in 2013, so from 2019 to 2020 there will be no need for a primary weighting as all primary year groups will represent results under the new framework. As this primary weighting is no longer applicable, local authorities that have been using a primary weighting should consider adjusting the unit value.

21. Since 2017 to 2018, we have weighted the low prior attainment factor for some secondary year groups so that those who have sat the more challenging KS2 tests (introduced in academic year 2015 to 2016) do not have a disproportionate influence within the total for the prior attainment factor in the mainstream formula.

21.1. In 2019 to 2020, we will carry forward the weightings we used in 2018 to 2019 for the year 7 and year 8 cohorts, so they will apply to the year 8 and

year 9 cohorts respectively. For the financial year 2019 to 2020, the weightings will be<sup>2</sup>:

- pupils in year 8 in October 2018: 58%
- pupils in year 9 in October 2018: 48%

22. We have set a national weighting for the new year 7 cohort of 0.64, under Schedule 3, paragraph 4 of the [2018 \(No. 2\) Regulations](#). We have calculated this weighting in the same way, by scaling back the proportion of year 7 pupils identified as having low prior attainment (LPA) to a level commensurate with the number of secondary-age pupils identified as LPA in October 2015; before the new, more challenging KS2 test was introduced.

23. The weightings will operate in the same way as last year; the number of pupils identified as having LPA in the data will be multiplied by the relevant weighting to determine the number of pupils eligible for the factor for funding purposes.

24. Local authorities will not be able to change the weighting, but will be able to adjust their secondary LPA unit value as in previous years. This will enable local authorities, in most cases, to maintain their LPA factor at previous levels without significant turbulence.

25. LPA funding will be allocated to all pupils identified as not reaching the expected standard at the previous phase, regardless of their year group. It does not only apply to those pupils in their first year of schooling.

26. As with current funding arrangements, pupils who have not undertaken the assessment are given the overall average attainment score of their year group, so are taken into account when calculating a school's LPA rate.

## Sparsity

27. Schools that are eligible for sparsity funding must meet two criteria:

- they are located in areas where pupils are a significant distance from an alternative should the school close
- they are small schools

28. For the pupils for whom the school is their closest compatible school<sup>3</sup>, the factor measures the distance (as the crow flies) from their home to their second nearest

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<sup>2</sup> These weightings have been rounded.

<sup>3</sup> A school is compatible if the pupil is within its age range and the school accepts pupils of this pupil's gender. Selective schools and those in Wales and Scotland are discounted when identifying the second nearest school.



compatible school and the mean distance for all pupils is then calculated. Since the pupil population changes each year, it is possible for a school to be eligible for sparsity funding in one year but not in the next.

29. The school eligibility criteria for sparsity funding are as follows:

School phase	Maximum average number of pupils per year group	Minimum average distance to second nearest compatible school
Primary	21.4	2 miles
Secondary	120	3 miles
Middle	69.2	2 miles
All-through	62.5	2 miles

**Table 2: Eligibility criteria for schools to attract sparsity funding**

30. Pupil numbers include reception to years 11 only; that is, excluding nursery and sixth form pupils.

31. The maximum value for the sparsity factor is £100,000 (including the London fringe uplift), which can be applied as a taper or as a lump sum. If a taper methodology is used, a school will attract sparsity funding in inverse proportion to its average year group size. Different values and methodologies can be used for the primary, middle, all-through, and secondary phases.

32. Local authorities can apply a full continuous taper by using the following formula:

$$((\text{max avg group} - \text{actual avg group}) \div \text{max avg group}) \times \text{max lump sum}$$

33. Alternatively, the taper mirroring the methodology used in the national funding formula is now permissible and does not require a disapplication (Schedule 3, paragraph 14 and 15; 2018 (No. 2) Regulations). Under the national funding formula methodology, schools with an average year group size of less than half the year group threshold receive 100% of the sparsity funding for their phase. Local authorities can apply this methodology by using the following formula:

$$(1 - ((\text{actual avg group} - \text{half of max avg group}) \div \text{half of max avg group})) \times \text{max lump sum}^4$$

34. Examples are provided below showing whether a school would receive sparsity funding and how much funding it would receive. These examples assume that the year group size and distance thresholds are as set out by ESFA, although local authorities can reduce the pupil numbers and increase the distance criteria if they wish.

- 34.1. School A is an infant school with 120 pupils spread across 3 year groups; the average number of pupils per year group size is therefore 40 (120 ÷ 3).
- 34.2. The average distance to the second nearest compatible school is 2.5 miles.
- 34.3. School A is not eligible for sparsity funding, as the average number of pupils per year group is too high.

School phase	Average number of pupils per year group	Average distance to second nearest compatible school	Eligible for sparsity funding?
Primary	40	2.5 miles	No

**Table 3: Example of a school not eligible for sparsity funding**

- 34.4. School B is a primary school with 120 pupils, spread across 7 year groups; the average number of pupils per year group is therefore 17.14 (120 ÷ 7).
- 34.5. The average distance to the second nearest compatible school is 2.2 miles.
- 34.6. School B is eligible for sparsity funding as the average number of pupils per year group is fewer than the maximum and the average distance is greater than the minimum.
- 34.7. If the sparsity value is £100,000, applied using the continuous taper methodology, the school will receive £20,000 (((21.4 - 17.14) ÷ 21.4) × 100,000) (allowing for rounding).

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<sup>4</sup> where actual average year group is less than 100% and more than 50% of the maximum year group

School phase	Average number of pupils per year group	Average distance to second nearest compatible school	Eligible for sparsity funding?
Primary	17.14	2.2 miles	Yes

**Table 4: Example of a school eligible for sparsity funding**

35. The sparsity distance for each school has been calculated as a crow flies distance. Local authorities are able to make exceptional applications for schools not meeting the distance criterion where they would have significantly higher mileage if road distances had been used.

36. Local authorities can also make an application to ESFA to include an exceptional factor of up to £50,000 for very small sparse secondary schools which would otherwise be unable to attract sufficient funding to remain viable. Local authorities can only apply for an exceptional factor where schools have:

- pupils in years 10 and 11
- 350 pupils or fewer
- a sparsity distance of 5 miles or more

37. Where approval was given in 2018 to 2019 to use an exceptional factor for very small sparse secondary schools, or to the road distance for individual schools, that approval can carry forward to 2019 to 2020 if the latest pupil data has not changed significantly.

38. ESFA will produce sparsity distances for all schools in the schools block dataset and make them available to each local authority.

- 38.1. If a school opens after the sparsity distances have been calculated, the local authority can make an exceptional application for the school.
- 38.2. The process is the same for schools that are affected by neighbouring schools closing.
- 38.3. We will not recalculate the figures during the year in these situations, as it should be possible for an estimate to be made for individual schools.
- 38.4. An existing school, qualifying for sparsity funding, would not lose the funding in-year if a new school opened nearby.
- 38.5. Local authorities should agree exceptional applications with their schools forum before submitting to ESFA for consideration.

## Lump sum

39. The lump sum may be different for primary and secondary schools and the maximum permitted value for either phase continues to be £175,000 (including the London fringe uplift) in local formulas. All-through schools will receive the secondary lump sum value and middle schools will receive an average lump sum value based on the number of primary and secondary year groups in the school.

39.1. This worked example shows how the lump sum amount for a middle school is calculated. In this example, the primary lump sum is set at £100,000, and the secondary lump sum is set at £120,000.

39.2. This middle school has a total of 5 year groups; 3 year groups (years 4 to 6) attracting the primary rate, and 2 year groups (years 7 to 8) attracting the secondary rate.

School phase rate	Lump sum amount
3 year groups at primary rate $((3 \div 5) \times £100,000)$	£60,000
2 year groups at secondary rate $((2 \div 5) \times £120,000)$	£48,000
<b>Total rate for all 5 year groups</b>	<b>£108,000</b>

**Table 5: Example of a middle school's lump sum calculation**

40. Where schools have amalgamated<sup>5</sup> during the financial year 2018 to 2019, or on 1 April 2019, they will retain the equivalent of 85% of the predecessor schools' lump sums for the financial year 2019 to 2020.

40.1. For example, assuming a lump sum of £100,000, the additional payment would be £70,000  $((100,000 \times 2) \times 85\% - 100,000)$ . Local authorities can apply to ESFA to reduce this in exceptional circumstances.

41. Where schools amalgamate after 1 April 2019, the new school will receive funding equivalent to the formula funding of the closing schools added together for the

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<sup>5</sup> The definition of an "amalgamated school" includes one that has extended its age range as a direct consequence of another closing (for example, an infant school closes and the junior school extends to become a primary school).

appropriate proportion of the year. This means that they receive the combined lump sum for the remainder of the year and 85% in the following year, as outlined above.

42. Local authorities may apply to ESFA to provide a second year of protection. Applications must specify the level of protection sought, although in general we would not expect the additional protection to exceed 70% of the combined lump sums. We will consider applications on a case-by-case basis.

## Split sites

43. A local authority formula can include a factor to provide additional funding to schools that operate on more than one site.

43.1. Criteria for providing extra funding should be clear and transparent, incorporating clear and objective trigger points, and a clear formula for allocating additional funding.

43.2. All schools and academies that meet the criteria will be eligible for split site funding.

43.3. Schools sharing facilities, federated schools and schools with remote sixth forms or remote early years provision are not eligible for split site funding.

44. Examples of clear trigger points are:

- the sites are a minimum distance apart, as the crow flies, and the sites are separated by a public highway
- the provision on the additional site does not qualify for an individual school budget share through the DSG
- the school has remote playing fields, separated from the school by a minimum distance, and there is no safe walking route for the pupils
- a percentage of staff are required to teach on both sites on a daily basis, to support the principle of a whole school policy and to maintain the integrity of the delivery of the national curriculum
- a minimum percentage of pupils are taught on each site on a daily basis

45. Examples of a clear formula for funding schools with split sites are:

- a lump sum payment
- a per pupil rate
- a rate per square metre of the additional site

46. Values for primary and secondary schools may be different. There may be one rate of payment for the first additional site, and a separate rate for each additional site. Payment rates may be stepped, for example as the distance between sites increases.

## Private finance initiative (PFI)

47. Methodologies for funding PFI schools must be objective and clear, and capable of being replicated for academies.

47.1. The purpose of the factor is to fund the additional costs to a school of being in a PFI contract, not necessarily the full cost as some costs may be covered within other factors.

47.2. An acceptable methodology would generally contain some of the features set out below.

47.3. These examples are intended to help local authorities formulate a clear process for funding; it is unlikely that a local authority would need to incorporate all of the features into its own policy.

47.4. If a PFI factor is used, all PFI schools should receive it; there may be different arrangements between contracts but, within a contract, all PFI schools should receive funding on an equivalent basis.

47.5. This does not necessarily mean all schools should receive the same amount per pupil, but they should be treated on a consistent basis.

48. Examples of a clear formula for funding PFI schools are:

- allocations are in accordance with an original governors' agreement
- allocations reflect the difference between the PFI contractual cost and the grant received by the local authority, less any local authority contribution

49. Methodologies for calculating allocations could include:

- a percentage of the school's budget share
- a per pupil rate
- a rate per square metre of floor area
- a historical lump sum previously agreed, and indexed by a percentage per year

50. Agreements can refer to proportions or elements of the school's budget share, which, due to changes in funding arrangements, may have changed significantly. Where this situation occurs, we would expect schools and local authorities to work together to agree an alternative arrangement, so that neither party is significantly disadvantaged.

## Requesting exceptional premises factors

51. Local authorities can request the inclusion of additional factors in their formula for exceptional circumstances.

51.1. ESFA may approve additional factors in cases where the nature of the school premises gives rise to significant additional costs greater than 1% of the school's total budget, and where such costs affect fewer than 5% of the schools (including academies) in the authority.

52. Where local authorities have already received approval for exceptional premises factors in the previous six years, they can continue to use the approved factors if the criteria are still being met.

52.1. Where an exceptional factor has already been approved for particular schools, it's permissible for a further school or schools to receive the factor where a change in circumstances meets the existing approved criteria, providing that the cost to the additional school exceeds 1% of its budget share (as calculated through the APT), and that the factor still applies to fewer than 5% of schools in the authority.

53. Local authorities should have applied to ESFA for any new exceptional premises factors in 2019 to 2020 by the disapplication deadline dates, setting out the rationale for the factor, and demonstrating that the criteria are met.

53.1. The date for local authorities to submit any application for exceptional factors was 28 September 2018. The purpose of this deadline was to get decisions back to authorities before the APT is issued in December. Any later requests must have been submitted before 20 November 2018 for them to be considered in order to meet the APT deadline.

53.2. Exceptional factors previously approved include:

- rents
- joint use of leisure facilities by contractual agreement
- building schools for the future (BSF) schemes (additional contribution to lifecycle maintenance costs)
- hire of PE facilities
- listed buildings
- school with a farm included as part of its educational provision

53.3. Each application is considered on its own merits and it should not be assumed that a future application would be successful simply because it falls into one of the categories shown above.

53.4. Local authorities are not obliged to request additional factors, but in considering whether to do so, they should look at the circumstances of academies and free schools as well as maintained schools.

53.5. Local authorities can apply for an exceptional factor by attaching the [disapplication proforma](#) to the [ESFA contact form](#).

## The minimum per pupil funding level for schools

54. The national funding formula will provide local authorities with per pupil funding of at least £3,500 for each primary school, and £4,800 for each secondary school that has pupils in years 10 and 11, based on the school's total core funding.<sup>6</sup> We have increased the KS3 rate used to calculate the minimum for middle schools to £4,600 and will also use this rate for KS3 only schools. We have also introduced a new minimum amount of £5,100 for KS4 only schools.

55. Local authorities can choose to include a minimum per pupil factor in their formula to allow them to implement this policy locally.

56. The per pupil minimum funding levels are set out below.<sup>7</sup>

School phase	2019 to 2020 minimum per pupil funding level
<b>Primary school</b>	£3,500
<b>All-through school</b>	£4,042  A weighted average of the primary and secondary minimum per pupil funding levels that applies to every all-through school.  The calculation is  $(£3,500 \times 7) + (£4,800 \times 5)$  Divided by 12
<b>Secondary school</b> (with KS3 and KS4 pupils)	£4,800
<b>KS3 only schools</b>	£4,600
<b>KS4 only schools</b>	£5,100
<b>Middle schools</b>  (including secondary schools with primary year groups and exclusively)	Minimum per pupil funding level depends on the year groups in each school.

<sup>6</sup> Schools total core funding excludes funding for premises, mobility and growth.

<sup>7</sup> Secondary schools that are new and growing will receive the secondary school minimum amounts even if they do not yet have pupils in year 10 and 11.



School phase	2019 to 2020 minimum per pupil funding level
KS3 or KS4 secondary year groups)	<p>If the school does not have a KS4 number on roll, the calculation is as follows:</p> $(\text{£}3,500 \times \text{number of primary year groups}) + (\text{£}4,600 \times \text{number of KS3 year groups})$ <p>This number is then divided by the total number of primary and KS3 year groups.</p> <p>If the school has KS3 and KS4 number on roll, the calculation is as follows:</p> $(\text{£}3,500 \times \text{number of primary year groups}) + (\text{£}4,800 \times \text{number of secondary year groups})$ <p>This number is then divided by the total number of year groups.</p> <p>If the school does not have a KS3 number on roll, the calculation is as follows:</p> $(\text{£}3,500 \times \text{number of primary year groups}) + (\text{£}5,100 \times \text{number of KS4 year groups})$ <p>This number is then divided by total the number of primary and KS4 year groups.</p> <p>For some schools, we do not have year group counts. For example, new and growing schools, and splits or amalgamations. In these cases, we have applied the following values:</p> <ul style="list-style-type: none"> <li>• Primary: 7</li> <li>• KS3: 3</li> <li>• KS4: 2</li> </ul>

**Table 6: Minimum per pupil funding in 2019 to 2020**

57. Local authorities should calculate the minimum per pupil level on the basis of the school's total funding.

57.1. The technical detail of the calculations used in the national funding formula (NFF) to provide the minimum levels of per pupil funding are set out in the technical specifications document.

57.2. Local authorities which wish to reflect the NFF calculation by excluding the premises factors that have been excluded from the NFF calculation can do so through the APT and will not need to submit a disapplication.

57.3. Schools receiving the minimum per pupil factor are exempt from capping and scaling.

57.4. Once capping and scaling have been applied this should not take the budgets of other schools lower than the minimum per pupil level, if the authority is using this factor.

## Variations to pupil numbers

58. Local authorities are no longer expected to request approval to increase the pupil numbers used for calculating funding for specific schools where:

- there has been, or is going to be, a reorganisation
- a school has changed, or is going to change, its admission limit

58.1. However, we expect local authorities to present any pupil variations to their schools forum, to illustrate the impact to overall funding, and on specific schools' budgets.

59. In general terms, we would wish to continue to provide protection for all schools, including those with downward trends in pupil numbers, so any request for a negative adjustment would still require a disapplication, and need to include compelling evidence as to why this should be approved. Other increases not falling within the categories above would require a disapplication.

60. Where a new school is due to open, the regulations require that local authorities should estimate the pupil numbers expected to join the school in September and fund accordingly, again explaining the rationale underpinning the estimates.

61. Under these regulations, local authorities should estimate pupil numbers for all schools and academies, including free schools, where they have opened in the previous seven years, and are still adding year groups.

61.1. Local authorities can adjust estimates each year, to take account of the actual pupil numbers in the previous funding period.

61.2. We have included [more information in the treatment in the APT of new and growing schools section of this guidance.](#)

62. From 2017 to 2018, all mainstream free schools have been recoupable from the first year of opening. This means ESFA will provide funding directly to the free schools opening, and recoup the funding from local authorities from the estimated pupil numbers in the APT.

63. Whilst the [growth fund](#) is a suitable route for short-term increases in pupil numbers and bulge classes, local authorities should vary pupil numbers in situations where the scale of change in numbers is sufficiently great and permanent that it should be applied to all factors in the formula.

64. If pupil numbers are not adjusted upwards to reflect actual intake, we will adjust amounts recouped to enable us to properly fund academies and free schools affected by this.

64.1. We have included [more information in the flowchart at Annex 1 about when to request a variation, and when to use the growth fund.](#)

## Funding Floor Factor

65. The Secretary of State confirmed in July 2017 that the national funding formula (NFF) will provide for at least a 1% per pupil increase in respect of each school between its 2017 to 2018 baseline and 2019 to 2020.

65.1. We have reflected these increases in local authority level schools block allocations, based on aggregated individual notional school allocations.

66. We have created a new, optional factor to allow local authorities to mirror the funding floor protection against 2017 to 2018 used in the NFF. Local authorities will continue to have the flexibility to set a positive minimum funding guarantee (MFG). We have included [more information in the MFG section of this guidance](#).

67. The funding floor factor will ensure that the amount a school is allocated through the local formula is at least 1% greater than the school's 2017 to 2018 funding floor baseline. This increase will be exempt from any capping and scaling applied by the local authority through their formula.

67.1. This factor is fixed at a 1% increase. Local authorities will not be able to vary this percentage. If local authorities want to provide a positive increase to all schools but do not want to set this at 1% against 2017 to 2018, they should not use this factor and instead use their existing flexibility to set a positive MFG.

68. We have pre-populated the authority proforma tool (APT) with the 2017 to 2018 funding floor baselines used in the NFF.

68.1. These baselines include the pupil led funding the school received in 2017 to 2018 (except funding through the mobility factor), and the difference between the lump sum and sparsity funding they received in 2017 to 2018 and the lump sum and sparsity funding they attracted under the NFF in 2018 to 2019.

68.2. These baselines do not include funding the school received through the premises factors, the mobility factor, or any one-off funding in 2017 to 2018.

69. For most schools, the 2017 to 2018 funding floor baselines will be the same as those used in the NFF in 2018 to 2019. For a small number of schools, this is not the case. These schools include:

69.1. New schools that are included in the NFF for the first time in 2019 to 2020: we have calculated theoretical baselines for these schools using the average 2017 to 2018 baseline for schools of the same phase within the same local authority. [More information on how we have calculated these baselines is set out in the NFF schools block technical note](#).

69.2. Schools that have amalgamated since 2017 to 2018: We have added together the predecessor schools' baselines, but only using one lump sum, and divided this by the pupil count to create a per pupil baseline.

69.3. Schools that have split since 2017 to 2018: Where schools have split but are the same phase as their predecessor school, we have used the same 2017 to 2018 baseline as their predecessor school. Where schools have split into schools that are a different phase from their predecessor school, we have calculated a theoretical baseline using the same approach as for new schools.

70. If local authorities choose to use this factor, a baseline must be entered for all schools.

70.1. Where we have calculated a theoretical baseline, local authorities can amend this baseline without submitting a disapplication if this is more appropriate given their local knowledge. Local authorities should discuss this with the relevant school.

70.2. If local authorities are entering a new school on the APT that we have not provided a theoretical baseline for, they can mirror the methodology we have used by:

- multiplying the local authority specific primary or secondary baseline rate by the school's planned pupil numbers at full capacity (we will provide the baseline rates to local authorities)
- adding the lump sum that the local authority set in 2017 to 2018, subtracting the NFF lump sum (including area cost adjustment), then
- dividing the total by the school's planned pupil numbers at full capacity

70.3. In cases where the local authority has calculated a theoretical baseline, as above, they may amend this baseline, to take account of local knowledge, without submitting a disapplication. Local authorities should discuss this with the relevant school.

70.4. Local authorities will not be able to adjust actual 2017 to 2018 baselines, that is those that are not theoretical. This is because the baselines we have provided are those used in the NFF, and the purpose of this factor is to enable local authorities to mirror the formula precisely.

71. Funding through this factor will count towards the requirement for local authorities to spend a minimum of 80% of their funding through the pupil led factors.

## Interaction between the funding floor factor and the MFG

72. Local authorities that want to pass on gains through the NFF funding floor will generally be able to do so by setting a positive MFG, without needing to use the optional funding floor factor. This will also give local authorities the flexibility to manage affordability in the context of changing pupil characteristics, high needs budget transfers or growth funding top slices.

73. We anticipate that local authorities aiming to mirror the NFF may need to use the funding floor factor in scenarios where either:

- only some schools in the area are on the funding floor in the NFF, so setting a positive MFG would not achieve the same outcome as the funding floor
- the amount that schools received in 2018 to 2019 is very different from the amount they attracted under the national funding formula

74. We would recommend that local authorities model both options and consider the impact at a local level.

75. If a local authority does use the funding floor factor, they are still required to set an MFG. This is to ensure that schools are still protected against significant year-on-year changes. For a small number of schools, this may mean that the MFG brings the school above the level it has attracted through the 2019 to 2020 NFF.

## Minimum funding guarantee

76. Local authorities will continue to set a pre-16 MFG in their local formulas, to protect schools from excessive year-on-year changes and to allow changes in pupil characteristics (for example, reducing levels of deprivation in a school) to flow through.

76.1. Local authorities will continue to be able to set an MFG between minus 1.5% and plus 0.5% per pupil.

76.2. Local authorities will need to consult on the level of the MFG, as with the rest of the formula.

77. The MFG applies to pupils in reception to year 11. Early years pupils, and post-16 pupils are excluded from the calculation.

77.1. The following formula factors are automatically excluded from the MFG calculation, as not doing so would result in excessive protection, or would be inconsistent with other policies:

- the 2019 to 2020 lump sum; this is excluded from both the baseline and 2019 to 2020 funding so that schools are protected against significant change in the lump sum between years

- any higher lump sum paid under the regulations in 2018 to 2019 for amalgamated schools; this is excluded from the baseline only
- any higher lump sum to be paid under the regulations in 2019 to 2020 for amalgamating schools; this is excluded from the 2019 to 2020 funding only
- the 2019 to 2020 sparsity factor; this is excluded from both the baseline and 2019 to 2020 funding so that schools are protected against significant change in the sparsity value between years
- rates; these are excluded from both the baseline and 2019 to 2020 funding, at their respective values for each year

78. The regulations relating to the MFG allow for technical adjustments. These do not need approval from the Secretary of State but will need to be shown and explained in the tables contained within the APT. They include:

- where a budget was held centrally in the previous financial year and has now been delegated; this could include services that were previously funded centrally but have now been delegated, or additional funding released to schools as historic commitments have ended
- movement of funding from the schools block to the high needs block, but only where the high needs block is now responsible for funding amounts that had previously been met by a school's delegated budget; in other words, there is a transfer of funding responsibility, not just a transfer of funding between blocks to meet cost pressures
- where an authority has previously used the LAC factor in their local formula but is no longer doing so because the pupil premium plus funding has been increased rather than including a LAC factor in the NFF

79. All other funding will be in the MFG baseline and there will be no other automatic adjustments. Local authorities can, however, exclude other premises factors from the MFG without a disapplication, if they wish to mirror the NFF.

80. The majority of approvals to disapply the MFG for 2018 to 2019 were specific to that year, and ESFA does not expect these to be repeated; we will not carry forward any previous approvals.

80.1. The deadline for local authorities to submit any applications to disapply the MFG for 2019 to 2020 was 28 September 2018. The purpose of this deadline was to get decisions back to local authorities before the APT is issued in December. Any later requests must have been submitted by 20 November 2018 in order for them to be considered in order to meet the APT deadline.

80.2. Local authorities should provide information on the equality impact assessment for any disapplication request.

81. Exceptional requests to disapply the MFG will only be considered if there is a significant change in a school's circumstances or pupil numbers.

81.1. ESFA will only consider applications where the inclusion of a factor in the MFG will lead to significant inappropriate levels of protection.

81.2. Local authorities should provide detailed information on the financial impact of any request.

82. Examples of MFG disapplication requests that have been approved previously include:

- schools that previously qualified for a split site, PFI or exceptional factor, but are no longer eligible (or vice versa)
- where the normal operation of the MFG would produce perverse results for very small schools with falling or rising rolls
- secondary schools that are admitting primary age pupils who would otherwise be over protected at the secondary age weighted pupil unit of funding
- where over protection would otherwise occur, for example where additional funding has been distributed in the previous year and the authority can demonstrate that the funding is genuinely one-off

83. The worked example below shows how the MFG will be calculated (based on a MFG of minus 1.5%):

Line	Description	Items and calculation	Amount
1	School budget share (SBS) 2018 to 2019 (inclusive of any MFG and capping)		£2,115,000
2	2018 to 2019 rates		£90,000
3	2018 to 2019 additional lump sum for amalgamating schools		£70,000
4	2019 to 2020 lump sum		£100,000
5	2019 to 2020 sparsity value (including any additional sparsity funding for very small secondary schools)		£30,000
6	Agreed MFG exclusions and technical adjustments		£0
7	2018 to 2019 MFG baseline	1 - (2+3+4+5+6)	£1,825,000
8	Funded number on roll at October 2017		500



Line	Description	Items and calculation	Amount
9	MFG baseline value per pupil	$7 \div 8$	£3,650
10	MFG protected value per pupil	$9 \times 98.5\%^8$	£3,595
11	Formula funding 2019 to 2020		£1,983,200
12	2019 to 2020 rates		£95,600
13	2019 to 2020 lump sum		£100,000
14	2019 to 2020 sparsity value (including any additional sparsity funding for very small secondary schools)		£30,000
15	Agreed MFG exclusions and technical adjustments		£0
16	2019 to 2020 base funding	$11 - (12+13+14+15)$	£1,757,600
17	Funded number on roll October 2018		490
18	2019 to 2020 base funding per pupil	$16 \div 17$	£3,587
19	Guaranteed level of funding	$10 \times 17$	£1,761,673
20	MFG adjustment	$19 - 16$	£4,073
21	Final 2019 to 2020 SBS	$11 + 20$	£1,987,273

**Table 7: Example of a school's minimum funding guarantee calculation**

84. The MFG calculation for mainstream schools applies only to schools block funding. Funding from the early years block, high needs block or from ESFA for post-16 pupils are excluded from the calculation, so have not been shown here as they do not form part of the schools block formula funding.

85. We will provide a consistent methodology to those local authorities that have received approval to disapply the MFG because the profile of primary and secondary age pupils in a school is changing.

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<sup>8</sup> Assuming the local authority sets an MFG of -1.5%

## Capping and scaling

86. It is likely that protection will still be required in some areas as a result of changes to formulas so we will again allow overall gains for individual schools to be capped as well as scaled back to ensure that the formula is affordable.

86.1. Capping and scaling must be applied on the same basis to all schools. It no longer has to be applied only to the extent that it offsets the cost of the MFG since that could prevent local authorities from coming close to the NFF.

86.2. Local authorities and their schools forums will therefore need, as part of their formula modelling, to determine whether and how to limit gains. This remains a local decision and is not affected by the cap on gains in the NFF.

87. ESFA applies caps and scales to academy budgets on the same basis as for maintained schools, although the values may differ from those shown in the APT since the actual baseline position for the academy may not be the same as that shown in the dataset.

88. Capping and scaling factors must not be applied to schools that have opened in the last seven years, and have not reached their full number of year groups. This definition of new and growing schools does not include existing schools that are extending to include a new phase, and have empty year groups in the new phase. Where a local authority is using the minimum funding level factor or the funding floor factor, capping and scaling must not take a school below the level set by those factors.

89. In the 2019 to 2020 NFF illustrative figures, some schools gain more than 6.09% on their 2017 to 2018 baselines because an alternative gains cap methodology has been applied. Under this methodology, they would receive the maximum of either:

- 6.09% gain on their baseline
- 36% of their remaining cash gains under the fully implemented NFF

89.1. Therefore, if a school was due to receive a 10% increase in funding over their 2017 to 2018 baseline, they would receive a 6.09% gain on their transitional protection baseline, as this is greater than 36% of 10% (3.64%).

89.2. Alternatively, if a school was due to receive a 25% increase in funding over their 2017 to 2018 baseline, they would receive 36% of 25% (9.75%), as this is greater than 6.09%.

90. The APT allows local authorities to model this methodology, also checking that each school's funding per pupil is above the relevant minimum per pupil funding level or funding floor level and allocate additional funding if required. As the MFG is calculated against the funding a school received in 2018 to 2019 (rather than 2017 to 2018), the

method in the APT allocates 20% of the school's remaining cash gains under the fully implemented NFF.

91. The deadline for local authorities to submit any applications to use the alternative gains cap was 28 September 2018. In any case, other non-block movement disapplications must have been submitted before 20 November 2018 in order for them to be considered in order to meet the APT deadline.

## Other funding allocations

92. In addition to the mainstream schools budget share (or general annual grant for academies), schools and academies may receive other types of funding. The most common sources include:

- [early years funding](#)
- [high needs funding](#)
- [post-16 funding](#)
- [pupil premium](#)
- [PE and sport premium](#)
- [universal infant free school meals](#)

## Redetermination of budget shares

93. It's not permissible to make an in-year redetermination of schools' budget shares other than in the explicit circumstances allowed for within the [2018 \(No. 2\) Regulations](#), which relate to:

- sixth form funding
- early years funding
- reallocation of funding for excluded pupils
- rates

94. Any DSG underspend brought forward from the previous year can be used to support the growth or falling rolls fund in the schools block, the central school services block, the high needs block, or the early years block.

94.1. The local authority would need to consult its schools forum, and would have to approve allocations from the underspend to any central budgets, where amounts have to be approved by the forum.

94.1.1 We have included [more information in the schools forums approvals for centrally held funding section of this guidance](#).

95. Alternatively, local authorities can carry forward an underspend to the next funding period and allocate it to schools via the funding formula. In this situation, the local authority would again need to consult with its schools forum.

96. Local authorities can adjust rates outside of the funding formula; at year-end, those adjustments must be reflected as being part of the individual schools budget (ISB) in the S251 outturn statement and in the school's accounts.

96.1. The effect on the school will be zero since any change in reported funding will be offset by an equal and opposite change in the cost of the rates.

## **Redetermination of budgets where pupils have been excluded**

97. Where pupils are excluded, funding should flow in-year from the school that has excluded the pupil to the provision that takes responsibility for the pupil.

97.1. If a school subsequently admits a pupil who has been permanently excluded during that financial year, it should then receive additional funding.

97.2. The provisions here also apply to pupils who leave a mainstream school for reasons other than permanent exclusion, and are receiving education funded by the local authority other than at a school.

97.3. The provisions also act independently of whether a particular pupil has been on the census in the first place, and whether the school has received funding for them.

## **Deductions from the excluding school's budget**

98. The finance regulations apply specifically to mainstream maintained schools.

98.1. When a pupil is excluded from a mainstream maintained school, the local authority must deduct from the school's budget in-year the amount within the formula relating to the age and personal circumstances of that pupil, pro rata to the number of complete weeks remaining in the financial year from the 'relevant date'.

98.2. This means the deduction should cover not just the basic entitlement but also the relevant amounts for pupil-led factors, such as free school meals or English as an additional language, where the pupil would attract funding through those criteria.

98.3. Where the pupil is funded according to the post-16 formula, the amount attributable to the pupil is £4,000.

98.4. The 'relevant date' is the sixth school day following the date of permanent exclusion.

99. The following worked example demonstrates how the deduction from the excluding school's budget should be calculated, where the 'relevant date' is 1 October, with 26 weeks remaining in the financial year.

<b>Funding formula factor</b>	<b>Amount</b>
Basic entitlement	£4,000
Free school meals	£500
English as an additional language	£300
Sub-total	£4,800
Pro-rata total for 26 weeks	£2,400
<b>Deduction from excluding school's budget</b>	<b>£2,400</b>

**Table 8: Example of calculating the deduction from a school's budget for a pupil excluded in-year.**

100. The only exception to using the number of weeks remaining in the financial year is where the exclusion takes place after 1 April, in a school year where the pupil would normally have left at the end of that school year.

100.1. In that case, the calculation is based just on the number of weeks left until the end of the school year.

101. Where the excluded pupil is eligible for the pupil premium, the budget must be adjusted on the same basis as the calculations above.

102. The deduction should also include the amount of a financial adjustment order as made under regulation 25(5)(b) of the [School Discipline \(Pupil Exclusions and Reviews\) \(England\) Regulations 2012](#), where this is relevant.

103. The adjustment for a particular exclusion relates only to the current financial year and cannot be applied to subsequent years. Under regulation 21 of the 2018 (No. 2) Regulations, any deductions or increases relating to pupil exclusions must be excluded from both the current and previous year funding when applying the MFG.

### **Additions to the admitting school's budget**

104. Where a mainstream maintained school admits a pupil who has previously been permanently excluded, then the authority must increase the school's budget in-year.

104.1. The increase must be at least the amount of the deduction taken off the excluding school, multiplied by the number of complete weeks remaining in the financial year, and divided by the number of complete weeks remaining in the financial year from the 'relevant date'.

105. In the example above, if a school then admitted the pupil from 1 January, this is with 13 weeks of the financial year remaining. As this is half the 26 weeks originally remaining, the admitting school should have its budget increased by at least £1,200.

106. Where the pupil is eligible for the pupil premium, the same principles apply as set out above.

107. The principles also apply where the school's governing body subsequently reinstates a permanently excluded pupil.

108. The increase can also include an amount up to the amount of the financial adjustment order where this was applied to the excluding school.

## Academies

109. Most academies have provisions in their funding agreement that require the same adjustments to their budgets if requested to do so by their local authority. The wording in model funding agreements states:

"If asked to by a local authority, the academy trust must enter into an agreement with that local authority that has the effect that where:

- the academy admits a pupil who has been permanently excluded from a maintained school, the academy itself, or another academy with which the local authority has a similar agreement; or
- the academy trust permanently excludes a pupil from the academy

the arrangements for payment will be the same as if the academy were a maintained school, under regulations made under section 47 of the School Standards and Framework Act 1998."

110. As the wording relates to the [2018 \(No. 2\) Regulations](#), the adjustments should also relate to the local authority financial year; local authorities can change this to the academy financial year, by local agreement.

111. Some of the oldest academies do not have any provisions in their funding agreement. In these situations, any adjustments would have to be by agreement between the local authority and academy.

## Inter-authority funding transfers

112. There is a separate set of regulations covering the movement of excluded pupils across local authority boundaries. These are the:

- [Education \(Amount to Follow Permanently Excluded Pupil\) Regulations 1999](#)
- [Education \(Amount to Follow Permanently Excluded Pupil\) \(Amendment\) \(England\) Regulations 2001](#)

112.1. These regulations cover situations where a pupil is excluded from a maintained school in one authority, and is either:

- subsequently provided with education in the same financial year at a maintained school, or otherwise than at school in a second authority
- subsequently provided with education in the same financial year at a pupil referral unit, or otherwise than at school in a second authority, and then at a maintained school or otherwise than at school in a third authority

113. The calculation is on the same basis described in the [deductions from the excluding school's budget section](#), using the number of weeks remaining in the financial year from the 'relevant date', but the payments are between the authorities concerned. There would also be a proportional repayment if the pupil was subsequently reinstated by the governing body.

## Growth fund

114. Growth funding is within local authorities' schools block NFF allocations. For 2019 to 2020, growth funding has been allocated to local authorities using a new formulaic method based on lagged growth data. Details of this are set out in the [policy document](#). The change in the method of funding local authorities has not changed the way in which authorities can allocate funding locally.

114.1. As it is within the schools block, a movement of funding from the schools formula into the growth fund would not be treated as a transfer between blocks. The schools forum would still need to agree the total growth fund.

115. The growth fund can only be used only to:

- support growth in pre-16 pupil numbers to meet basic need
- support additional classes needed to meet the infant class size regulation
- meet the costs of new schools

116. Local authorities are responsible for funding these growth needs for all schools in their area, for new and existing maintained schools and academies.

116.1. Local authorities should fund all schools on the same criteria, discussed below.

116.2. Where growth occurs in academies that are funded by ESFA on estimates, ESFA will use the pupil number adjustment process to ensure the academy is only funded for the growth once.

117. The costs of new schools will include the lead-in costs, for example to fund the appointment of staff and the purchase of any goods or services necessary in order to admit pupils.

117.1. They will also include post start-up and diseconomy of scale costs. These pre and post start-up costs should be provided for academies where they are created to meet basic need.

117.2. ESFA will continue to fund start-up and diseconomy costs for new free schools where they are not being opened to meet the need for a new school as referred to in [section 6A of the Education and Inspections Act 2006](#).

118. The growth fund may not be used to support:

- schools in financial difficulty; any such support for maintained schools should be provided from a de-delegated contingency
- general growth due to popularity; which is managed through lagged funding

119. The growth fund may not be the most appropriate source of funding for growing schools and local authorities should consider varying pupil numbers where there is a more permanent and significant change to numbers, and where it's appropriate for the change to be reflected in the funding formula.

119.1. Local authorities will not need to submit a disapplication request for an increase to numbers where this is due to a change to the admission limit or a local reorganisation.

120. Local authorities are required to produce criteria on which any growth funding is to be allocated, which must be agreed by the schools forum.

120.1. The schools forum must also be consulted on the total size of the growth fund from each phase, and should receive regular updates on the use of the funding.

120.2. ESFA will check the criteria for compliance with the [2018 \(No. 2\) Regulations](#).

121. The criteria should provide a transparent and consistent basis for the allocation of funding, which may be different for each phase.



121.1. Criteria for allocating growth funds should contain clear objective trigger points for qualification, and a clear formula for calculating allocations with these criteria applying to all schools on the same basis.

121.2. Compliant criteria would generally contain some of the features set out below:

- support where a school or academy has agreed with the authority to provide an extra class in order to meet basic need in the area (either as a bulge class or as an ongoing commitment)
- additional support where a school has extended its age range (the majority of funding would be paid through the funding formula where the local authority should seek a variation in pupil numbers)
- support where a school has temporarily increased its pupil admission numbers (PAN), by a minimum number of pupils, in agreement with the authority
- support for KS1 classes where overall pupil numbers exceed a multiple of 30, by a minimum number of pupils
- pre-opening costs, initial equipping allowance, or diseconomy of scale allowance, for new maintained schools and academies; including new academies where the school is opening in response to basic need

122. Methodologies for distributing funding could include:

- a lump sum payment with clear parameters for calculation (usually based on the estimated cost of making additional provision for a new class, or the estimated start-up costs)
- a per pupil rate (usually based on AWPU, and reflecting the proportion of the year which is not funded within the school's budget share)
- a per pupil rate, with a maximum ceiling

123. Where growth funding is payable to academies, the local authority should fund the increase for the period from the additional September intake through until the following August.

123.1. Local authorities should enter the cost of growth funding for the April to August period, along with appropriate justification, on the recoupment tab of the APT so that the recoupment calculation can be adjusted accordingly.

124. ESFA will not make growth fund recoupment adjustments for diseconomy of scale, or start-up funding; local authorities should not enter these on the recoupment tab of the APT.

124.1. This funding will continue to be met from the local authority's growth fund.

125. Where schools have agreed an expansion in pupil numbers with the local authority, the school should ensure that they understand the methodology for funding the increase and are content that the expansion is deliverable within the funding available.

126. Local authorities should report any unspent growth funding remaining at the year-end to the schools forum.

126.1. Funding may be carried forward to the following funding period, as with any other centrally retained budget, and local authorities can choose to use it specifically for growth.

127. Any overspent growth funding will form part of the overall DSG surplus or deficit balance.

## **Falling rolls fund**

128. Local authorities may set aside schools block funding to create a small fund to support good schools with falling rolls, where local planning data shows that the surplus places will be needed within the next three financial years.

128.1. The schools forum should agree both the value of the fund and the criteria for allocation, and the local authority should regularly update the schools forum on the use of the funding.

128.2. As with the growth fund, the falling rolls fund is also within the national funding formula schools block.

129. Criteria for allocating falling rolls funding should contain clear objective trigger points for qualification, and a clear formula for calculating allocations. Differences in allocation methodology are permitted between phases.

129.1. Compliant criteria would generally contain some of the features set out below:

- support is available only for schools judged good or outstanding at their last Ofsted inspection (this is a mandatory requirement)
- surplus capacity exceeds a minimum number of pupils, or a percentage of the published admission number
- local planning data shows a requirement for a minimum percentage of the surplus places within the next three years
- formula funding available to the school will not support provision of an appropriate curriculum for the existing cohort
- the school will need to make redundancies in order to contain spending within its formula budget

129.2. Methodologies for distributing funding could include:

- a rate per vacant place, up to a specified maximum number of places (place value likely to be based on AWPU)
- a lump sum payment with clear parameters for calculation (for example, the estimated cost of providing an appropriate curriculum, or estimated salary costs equivalent to the number of staff who would otherwise be made redundant)

130. Where falling rolls funding is payable to academies, the local authority should fund the increase for the period from the additional September intake through until the following August.

131. Local authorities should report any falling rolls funds remaining at the end of the financial year to the schools forum.

131.1. Funding may be carried forward to the following funding period, as with any other centrally retained budget, and local authorities can choose to use it specifically for falling rolls.

## Movements between blocks

132. From April 2018 local authorities' DSG has consisted of 4 blocks of funding:

- schools block
- central school services block
- high needs block
- early years block

132.1. The schools block will again be ring-fenced in 2019 to 2020, but local authorities will retain limited flexibility as outlined below.

132.2. Local authorities may transfer up to 0.5% of their schools block funding into another block, with the approval of their schools forum.

132.3. In cases where ESFA notified the local authority that they could transfer an amount more than 0.5% for 2018 to 2019, the local authority will be able to replicate this with schools forum approval for 2019 to 2020, and do not need to submit another request to transfer the same percentage amount or less.

132.4. Local authorities wishing to make a transfer should consult with all local maintained schools and academies, and the schools forum should take into account the views of the schools responding before giving their approval.

133. Local authorities must submit a disapplication request using the [disapplication proforma](#) to the Secretary of State in cases where:

- the local authority wishes to move more than 0.5% of the schools block, except in cases where a transfer of more than 0.5% was approved by Ministers in 2018 to 2019 and the local authority wish to make the same or a reduced transfer in 2019 to 2020 and have schools forum approval
- the schools forum has turned down a proposal from the authority to move funding out of the schools block, but the authority wishes to proceed with the transfer

134. The deadline for local authorities submitting a school block movement disapplication was 30 November 2018.

134.1. The purpose of this deadline is to enable us to communicate decisions back, in time for local authorities to submit the APT within the deadline, and provide maintained schools with their budget shares. Schools forum meetings should be arranged so that requests can be considered prior to the deadline for submission.

135. It's possible that there may be exceptional situations where authorities need to amend their request, for example:

- the demand for high needs provision has changed significantly and unexpectedly
- the final pupil numbers in the October census are significantly different from the expected numbers

135.1. Local authorities will therefore be allowed to amend disapplication requests already submitted where there are significant changes. We have included [more information on the implications for APT submissions in the completing the authority proforma tool section of this guidance](#).

135.2. Local authorities should submit the amended disapplication request by 16 January 2019 at the latest.

135.3. In these circumstances, local authorities will need to consider how they manage the timetable for setting their school budgets so that the notifications to schools of their budget shares, and the parallel ESFA process for notification of academy grants, are not delayed.

135.4. We suggest timetabling schools forum meetings to discuss budgets in November, December, and January, in case of any amendments to disapplications that need to be made. This is to ensure time for schools forum to be informed and vote on proposed changes. Further to this, arrangements for political ratification should be timetabled to take account of this later date for amended requests.

135.5. We will only consider new disapplication requests in exceptional circumstances.

136. We expect that most proposals by local authorities to move funding from their schools block will arise as a result of pressures on their high needs budgets. All local authorities are expected to keep their local offer of special provision under review, and to plan ahead strategically to ensure good quality provision can be developed and sustained in line with available resources. It is particularly important that mainstream schools are clear about how they contribute to the local offer, and how the extent of that contribution can affect the need for more specialist provision and the costs that local authorities consequently have to meet from their high needs budgets.

136.1. Further help and guidance has been offered, including capital funding, the opportunity to express interest in opening new special free schools, and a benchmarking tool to facilitate a better understanding of how a local authority's expenditure on high needs compares with that of other authorities, and to prompt local discussion of how current spending patterns might need to change.

136.2. We have updated the [section 251 benchmarking data tables](#), for the latest section 251 budget data and January school census pupil data.

137. Any proposal to transfer funding from the schools block should be presented along with a range of evidence to back up the proposal, both to schools as part of the local consultation and to the schools forum in seeking their approval. Schools forum discussions should include appropriate representation from special schools and other specialist providers.

138. We expect the evidence presented to the schools forum to include:

- details of any previous movements between blocks, what pressures those movements covered, and why those transfers have not been adequate to counter the new cost pressures; for example, if mainstream school exclusions have increased leading to more expenditure on alternative provision
- a full breakdown of the specific budget pressures that have led to the requirement for a transfer
  - this should include the changes in demand for special provision over the last three years, and how the local authority has met that demand by commissioning places in all sectors (mainstream and special schools, further education and sixth form colleges, independent specialist provision and alternative provision)
  - it's particularly important that any changes in the provision for mainstream school pupils with high needs are highlighted so that those schools can understand both why a transfer of funds from the

schools block might be needed, and how future transfers might be avoided

- a strategic financial plan setting out how the local authority intends to bring high needs expenditure to levels that can be sustained within anticipated future high needs funding levels
  - the local authority should demonstrate an assessment and understanding of why the high needs costs are at a level that exceeds the expected final high needs funding allocation, and that plans are in place to change the pattern of provision where this is necessary, as well as to achieve greater efficiency in other ways
  - the schools forum can only give approval for a one-off transfer of funding out of the 2019 to 2020 schools block
  - the local authority should give details of whether the cost pressure is such that they would anticipate the need to seek schools forum approval for a transfer in subsequent years, if this is permitted, and how they are planning ahead to avoid such transfers in the longer term
- as part of the review and planning process, the extent to which collaborative working is being developed as a means of securing suitable high needs placements at a cost that can be afforded
  - we expect effective partnership between the local authority, those institutions offering special and alternative provision (including mainstream schools), and parents; and between the local authority and neighbouring authorities
- any contributions from health and social care budgets towards the cost of specialist places
- how any additional high needs funding would be targeted to good and outstanding primary and secondary schools that provide an excellent education for a larger than average number of pupils with high needs, or to support the inclusion of children with special educational needs in mainstream schools
  - examples of schools that illustrate how the local authority would support such inclusive practice are also useful
- details of the impact of the proposed transfer on individual schools' budgets as a result of the reduction in the available funding to be distributed through the local schools funding formula
- the extent to which schools more generally support the proposal, including details of the outcome of local school consultations, the options or proposals that were subject to consultation, how many schools agreed, disagreed or did not respond

139. Any disapplication request to the Secretary of State, seeking approval either to exceed the 0.5% transfer limit (except in cases where the Secretary of State has previously approved a larger transfer in 2018 to 2019), or to override a schools forum

rejection of their proposed transfer, should be accompanied by the information outlined above. This information should be as presented in published papers considered by the schools forum, alongside the published minutes of relevant schools forum meetings, recording the discussion at the meetings, and details of the vote leading to the forum decision. We suggest planning schools forum meetings dates with this in mind. Failure to provide this documentation will result in a delay to the decision.

140. The department will take the following into account:

- the information presented to schools in the consultation and the details of how schools responded to the consultation
- the information presented to the schools forum, and how they responded to what the local authority was seeking
- any evidence of a marked and recent transfer of responsibility for children with high needs from mainstream schools to the local authority. Such evidence could be a significant increase in school exclusions requiring more alternative provision, or a significant decrease in the proportion of children with education, health and care plans in mainstream schools, since the schools and high needs blocks were baselined against the authority's planned spending in 2017 to 2018. If the local authority can quantify the additional pressure on their high needs budget, this may strengthen the case for transferring funds

141. Movements from the central school services block to the schools block, or from the high needs block to any other block, are not subject to any limit and can be made in consultation with the schools forum.

142. Movement from the early years block can be made in compliance with the early years pass through rate conditions, and in consultation with the schools forum.

143. Any local authority considering a transfer of funding out of the high needs, or early years, funding blocks should ensure adequate consultation, both with the relevant representatives on the schools forum (including any relevant sub-groups), and with any providers likely to be affected by the transfer.

## **DSG Balances**

144. An increasing number of local authorities are now incurring a deficit on their overall DSG account, largely because of overspends on the high needs block.

145. With effect from 2019 to 2020 the department intends to tighten up the rules under which local authorities have to explain to us their plans for bringing the DSG account back into balance.

146. We will require a report from any local authority that has a DSG deficit of more than 1% as at 31 March 2019. The 1% calculation will be based on the latest published DSG allocations for 2018 to 2019, gross of recoupmnt, as at the end of the 2018 to 2019 financial year.

147. This report will need to be discussed with the schools forum and set out the authority's plans for bringing the DSG account back into balance. The Chief Finance Officer (CFO) must also review and sign off the report before submitting to the department.

148. We consulted local authority representatives in November about the detailed implementation of these new rules. A summary of the guidance is now set out below, we will publish our response to the consultation and further guidance, including an example recovery plan template, in early 2019.

148.1. Where a local authority has a cumulative overspend of more than 1%, producing a deficit on its DSG reserve, its recovery plan should look to bring the overall DSG account into balance within a maximum of three years. We recognise that this may prove difficult for some local authorities. Where this is the case, we would be open to receipt of evidence explaining the problem, and may accept a recovery plan that leaves some or all of the deficit accumulated to date outstanding. This means that the local authority would carry forward the amount agreed as a deficit, but we would not require this to be recovered within the three-year period. In all cases, we will expect local authorities' recovery plans to demonstrate how they will bring in-year spending in line with in-year resources within three years at most.

148.2. Any local authorities that propose to leave part or all of their accumulated DSG deficit outstanding will need to provide a clear explanation as to why their deficits could not be recovered in the short term and provide thorough evidence to support their proposals. They will also need agreement from their CFO.

148.3. We expect a range of evidence to support local authority recovery plans. We would expect this to have already been presented to schools forums. We are aware that DSG deficits are usually caused by high needs pressures, and in these cases the evidence required in the recovery plans will typically include what we already look for in block movement disapplication requests. Local authorities will, however, need to address whatever the main causes of overspending on the DSG have been.

149. The evidence should include:

149.1. A full breakdown of specific budget pressures locally that have led to the local authority incurring a cumulative DSG deficit of over 1%. Where this



has resulted from high needs pressures, information should include the changes in demand for special provision over the last three years, how the local authority has met that demand by commissioning places in different sectors (mainstream and special schools, further education and sixth form colleges, independent specialist provision and alternative provision), and if there have been any reductions in the provision for mainstream school pupils with high needs.

- 149.2. Where the deficit has resulted from high needs pressures, an assessment and understanding of the specific local factors that have caused an increase in high needs costs to a level that has exceeded the local authority's high needs funding allocations; and a plan to change the pattern of provision where this is necessary, as well as to achieve greater efficiency and better value for money in other ways; together with evidence of the extent to which the plan is supported by schools and other stakeholders.
- 149.3. A detailed recovery plan showing how the authority intends to bring its DSG reserve back into balance within three years, showing clearly how expenditure will be contained within future funding levels.
- 149.4. If the authority judges that it cannot recover the whole of its cumulative DSG deficit within three years, it must explain the reasons for this. If the authority wishes to defer recovery of some of the cumulative deficit, it must show in its recovery plan that it is able to at least contain its expected in-year expenditure within its expected in-year DSG income by the end of the three-year period.
- 149.5. Details of any previous movements between blocks, what pressures those movements covered, and why those transfers have not been adequate to counter the new cost pressures. [Further information is included in the movement between blocks section of this guidance.](#)
- 149.6. Assumptions on future transfers between blocks of the DSG, if permitted in future years, and evidence of support from the schools forum and wider school community for these.

150. Following discussion with the Ministry of Housing, Communities & Local Government (MHCLG), we believe that there are currently inconsistencies in the way local authorities report their DSG reserves or deficits in the statistical returns that are submitted to MHCLG. We have agreed that DSG reserves or deficits should in future be reported as a separate ring-fenced reserve in RO returns, and MHCLG are changing guidance to reflect this. What this means for local authorities is that DSG deficits will not need to be covered by an equivalent amount in local authorities' general reserves. Consequently, new lines will be added to the 2018/19 RO returns and local authorities will be expected to state what their cumulative DSG deficit is every year. This should

reconcile to the section 251 returns that local authorities submit to DfE every year. These changes will ensure that the full extent of DSG deficits is reported consistently across the sector on an annual basis.

# Central school services block (CSSB)

## Introduction

151. In 2019 to 2020, ongoing responsibilities will continue to be funded in broadly the same way as previously with updated baselines in line with the 2018 to 2019 DSG allocations. The [CSSB technical note](#) sets out the formula in more detail including rates for gains and floors.

152. Funding for historic commitments will be allocated at the same level as in 2018 to 2019. Our expectation remains that expenditure from DSG will reduce over time as contracts and other commitments reach their end points and we will continue to monitor this expenditure year-on-year. We will seek explanations of expenditure recorded on section 251 returns where this is not reducing as expected.

153. From 2020 to 2021, we expect to start to reduce the historic commitments element of the CSSB where local authorities' expenditure has not reduced. We do not believe it is fair to indefinitely maintain significant differences in funding between local authorities which reflect historic decisions.

154. However, at this stage we are not proposing any changes to the regulations. Current regulations require local authorities to spend no more on historic commitments than they did in the previous year and require such expenditure to have the approval of the schools forum. Therefore, local authorities would still be able to maintain spending on historic commitments at current levels, using other funding.

155. The [duties included in the CSSB are set out in the left hand column of table 9](#) which is followed by [more information about school improvement](#).

156. Where local authorities hold duties in relation to all schools (as set out in schedule 2, parts 1 to 5 of the [2018 \(No. 2\) Regulations](#)), all schools must be treated on an equivalent basis.

156.1. Local authorities should not be treating voluntary aided schools, foundation schools or academies, differently from maintained schools in the services they provide to them; this is set out in the DSG conditions of grant.

156.2. Schools such as voluntary aided schools, foundation schools and academies, cannot therefore be charged for services that are provided free of charge to community and voluntary controlled schools, and paid for out of the centrally held DSG. For example, although admissions appeals are not a duty that the local authority holds in relation to all schools, we would still expect all schools to be treated fairly and equitably by the local authority.

156.3. This does not include funding that has been retained centrally from maintained school budgets only (as set out in schedule 2, parts 6 and 7), where some statutory duties relate to community and voluntary controlled schools only. However, in these situations authorities should not charge voluntary aided and foundation schools if requested to provide services to these schools and where there is no charge to community and voluntary controlled schools for the same service.

## **Services for maintained schools**

157. Local authorities can fund some services relating to maintained schools only from maintained school budget shares, with the agreement of maintained school members of the schools forum.

158. The relevant maintained schools members of the schools forum (primary, secondary, special, and pupil referral units (PRUs)) should agree the amount the local authority will retain.

158.1. If the local authority and schools forum are unable to reach a consensus on the amount to be retained by the local authority, the matter can be referred to the Secretary of State.

159. Local authorities should set a single rate per 5- to 16-year-old pupils for all mainstream maintained schools, both primary and secondary; in the interests of simplicity, this should be deducted from basic entitlement funding.

159.1. We will not allow adjustments to other factors, and the rate will not include early years or post-16 pupils, who are funded through different formula.

159.2. Local authorities can choose to establish differential rates for special schools and PRUs if the cost of fulfilling the duty is substantially different for these schools. The rate will be expressed per-place rather than per-pupil for special schools and PRUs<sup>9</sup>.

160. As with de-delegation, the amount to be held by the local authority will be determined after MFG has been applied.

161. If a school converts to academy status, ESFA will recoup the amount retained for that school from the local authority's DSG for the remaining months of the financial year that the school is an academy.

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<sup>9</sup> The multipliers used in ESG previously were 3.75 for PRUs, and 4.25 for special schools.

161.1. The academy will be reimbursed in its monthly general annual grant (GAG) payment from the point of conversion.

161.2. Unlike for [de-delegated services](#), there will be no phased transfer of funding following conversion so there will be immediate recoupment of this part of the budget.

161.3. For example, if a school converts on 1 January 2020 (three months prior to the end of the financial year), ESFA will recoup three twelfths of the retained amount relating to that school.

162. Local authorities should provide sufficient evidence to their schools forum to enable them to make an informed decision on the amount of funding to be held centrally. This could include:

- planned total spending for 2019 to 2020 on each of the headings set out in [tables 9a to 9i below](#)
- spending shown to at least the level of detail provided in the 2019 to 2020 section 251 budget statement
- comparable figures for previous years' spending, split where relevant between those relating to all schools, and those for maintained schools only
- consequences for the funding and delivery of each of the services provided, if the request was not approved
- the impact on individual school budgets, and their overall financial position
- the impact on the local authority if the amount was not held centrally
- detail of the results of the equalities impact assessment carried out to assess the impact of the central retention of the funding on children or other people who have one or more of the protected characteristics under the Equality Act 2010

## **Central services that may be funded with agreement of schools forums**

163. The split of services between responsibilities local authorities hold for all schools, and those that relate to maintained schools only are shown in the tables below.

163.1. Responsibilities held by local authorities for all schools (shown in the first column) are funded from the central schools services block, with the agreement of schools forums.

163.2. Responsibilities held by local authorities for maintained schools only (shown in the second column) are funded from maintained schools budgets only, with agreement of the maintained schools members of schools forums.

163.3. We have included references to the relevant schedules in the [2018 \(No. 2\) Regulations](#).

### Statutory and regulatory duties

Responsibilities held for all schools	Responsibilities held for maintained schools only
<ul style="list-style-type: none"> <li>• Director of children’s services and personal staff for director (Sch 2, 15a)</li> <li>• Planning for the education service as a whole (Sch 2, 15b)</li> <li>• Revenue budget preparation, preparation of information on income and expenditure relating to education, and external audit relating to education (Sch 2, 22)</li> <li>• Authorisation and monitoring of expenditure not met from schools’ budget shares (Sch 2, 15c)</li> <li>• Formulation and review of local authority schools funding formula (Sch 2, 15d)</li> <li>• Internal audit and other tasks related to the authority’s chief finance officer’s responsibilities under Section 151 of LGA 1972 except duties specifically related to maintained schools (Sch 2, 15e)</li> <li>• Consultation costs relating to non-staffing issues (Sch 2, 19)</li> <li>• Plans involving collaboration with other LA services or public or voluntary bodies (Sch 2, 15f)</li> <li>• Standing Advisory Committees for Religious Education (SACREs) (Sch 2, 17)</li> <li>• Provision of information to or at the request of the Crown other than relating specifically to maintained schools (Sch 2, 21)</li> </ul>	<ul style="list-style-type: none"> <li>• Functions of LA related to best value and provision of advice to governing bodies in procuring goods and services (Sch 2, 57)</li> <li>• Budgeting and accounting functions relating to maintained schools (Sch 2, 74)</li> <li>• Authorisation and monitoring of expenditure in respect of schools which do not have delegated budgets, and related financial administration (Sch 2, 58)</li> <li>• Monitoring of compliance with requirements in relation to the scheme for financing schools and the provision of community facilities by governing bodies (Sch 2, 59)</li> <li>• Internal audit and other tasks related to the authority’s chief finance officer’s responsibilities under Section 151 of LGA 1972 for maintained schools (Sch 2, 60)</li> <li>• Functions made under Section 44 of the 2002 Act (Consistent Financial Reporting) (Sch 2, 61)</li> <li>• Investigations of employees or potential employees, with or without remuneration to work at or for schools under the direct management of the headteacher or governing body (Sch 2, 62)</li> <li>• Functions related to local government pensions and administration of teachers’ pensions in relation to staff working at maintained schools under the</li> </ul>

Responsibilities held for all schools	Responsibilities held for maintained schools only
	<p>direct management of the headteacher or governing body (Sch 2, 63)</p> <ul style="list-style-type: none"> <li>• Retrospective membership of pension schemes where it would not be appropriate to expect a school to meet the cost (Sch 2, 76)</li> <li>• HR duties, including: advice to schools on the management of staff, pay alterations, conditions of service and composition or organisation of staff (Sch 2, 64); determination of conditions of service for non-teaching staff (Sch 2, 65); appointment or dismissal of employee functions (Sch 2, 66)</li> <li>• Consultation costs relating to staffing (Sch 2, 67)</li> <li>• Compliance with duties under Health and Safety at Work Act (Sch 2, 68)</li> <li>• Provision of information to or at the request of the Crown relating to schools (Sch 2, 69)</li> <li>• School companies (Sch 2, 70)</li> <li>• Functions under the Equality Act 2010 (Sch 2, 71)</li> <li>• Establish and maintaining computer systems, including data storage (Sch 2, 72)</li> <li>• Appointment of governors and payment of governor expenses (Sch 2, 73)</li> </ul>

**Table 9a: Central services responsibilities held by local authorities (statutory and regulatory duties)**

## Education welfare

Responsibilities held for all schools	Responsibilities held for maintained schools only
<ul style="list-style-type: none"> <li>• Functions in relation to the exclusion of pupils from schools, excluding any provision of education to excluded pupils (Sch 2, 20)</li> <li>• School attendance (Sch 2, 16)</li> <li>• Responsibilities regarding the employment of children (Sch 2, 18)</li> </ul>	<ul style="list-style-type: none"> <li>• Inspection of attendance registers (Sch 2, 79)</li> </ul>

**Table 9b: Central services responsibilities held by local authorities (education welfare)**

## Asset management

Responsibilities held for all schools	Responsibilities held for maintained schools only
<ul style="list-style-type: none"> <li>• Management of the LA's capital programme including preparation and review of an asset management plan, and negotiation and management of private finance transactions (Sch 2, 14a)</li> <li>• General landlord duties for all buildings owned by the local authority, including those leased to academies (Sch 2, 14b)</li> </ul>	<ul style="list-style-type: none"> <li>• General landlord duties for all maintained schools (Sch 2, 77a &amp; b (section 542(2)) Education Act 1996; School Premises Regulations 2012) to ensure that school buildings have:             <ul style="list-style-type: none"> <li>• appropriate facilities for pupils and staff (including medical and accommodation)</li> <li>• the ability to sustain appropriate loads</li> <li>• reasonable weather resistance</li> <li>• safe escape routes</li> <li>• appropriate acoustic levels</li> <li>• lighting, heating and ventilation which meets the required standards</li> <li>• adequate water supplies and drainage</li> <li>• playing fields of the appropriate standards</li> </ul> </li> <li>• General health and safety duty as an employer for employees and</li> </ul>



Responsibilities held for all schools	Responsibilities held for maintained schools only
	<p>others who may be affected (Health and Safety at Work etc. Act 1974)</p> <ul style="list-style-type: none"> <li>• Management of the risk from asbestos in community school buildings (Control of Asbestos Regulations 2012)</li> </ul>

**Table 9c: Central services responsibilities held by local authorities (asset management)**

### Central support services

Responsibilities held for all schools	Responsibilities held for maintained schools only
<ul style="list-style-type: none"> <li>• No functions</li> </ul>	<ul style="list-style-type: none"> <li>• Clothing grants (Sch 2, 53)</li> <li>• Provision of tuition in music, or on other music-related activities (Sch 2, 54)</li> <li>• Visual, creative and performing arts (Sch 2, 55)</li> <li>• Outdoor education centres (but not centres mainly for the provision of organised games, swimming or athletics) (Sch 2, 56)</li> </ul>

**Table 9d: Central services responsibilities held by local authorities (central support services)**

### Premature retirement and redundancy

Responsibilities held for all schools	Responsibilities held for maintained schools only
<ul style="list-style-type: none"> <li>• No functions</li> </ul>	<ul style="list-style-type: none"> <li>• Dismissal or premature retirement when costs cannot be charged to maintained schools (Sch 2, 78)</li> </ul>

**Table 9e: Central services responsibilities held by local authorities (premature retirement and redundancy)**

## Monitoring national curriculum assessment

Responsibilities held for all schools	Responsibilities held for maintained schools only
<ul style="list-style-type: none"> <li>No functions</li> </ul>	<ul style="list-style-type: none"> <li>Monitoring of National Curriculum assessments (Sch 2, 75)</li> </ul>

**Table 9f: Central services responsibilities held by local authorities (monitoring national curriculum assessment)**

## Therapies

Responsibilities held for all schools	Responsibilities held for maintained schools only
<ul style="list-style-type: none"> <li>No functions</li> </ul>	<ul style="list-style-type: none"> <li>This is now covered in the high needs section of the regulations and does not require schools forum approval</li> </ul>

**Table 9g: Central services responsibilities held by local authorities (therapies)**

## Other ongoing duties

Responsibilities held for all schools	Responsibilities held for maintained schools only
<ul style="list-style-type: none"> <li>Licences negotiated centrally by the Secretary of State for all publicly funded schools (Sch 2, 8); this does not require schools forum approval</li> <li>Admissions (Sch 2, 9)</li> <li>Places in independent schools for non-SEN pupils (Sch 2, 10)</li> <li>Remission of boarding fees at maintained schools and academies (Sch 2, 11)</li> <li>Servicing of schools forums (Sch 2, 12)</li> <li>Back-pay for equal pay claims (Sch 2, 13)</li> <li>Writing to parents of year 9 pupils about schools with an atypical age of admission, such as UTCs and</li> </ul>	<ul style="list-style-type: none"> <li>No functions</li> </ul>

Responsibilities held for all schools	Responsibilities held for maintained schools only
studio schools, within a reasonable travelling distance <sup>10</sup> (Sch 2, 23)	

**Table 9h: Central services responsibilities held by local authorities (other ongoing duties)**

### Historic commitments

Responsibilities held for all schools	Responsibilities held for maintained schools only
<ul style="list-style-type: none"> <li>• Capital expenditure funded from revenue (Sch 2, 1)</li> <li>• Prudential borrowing costs (Sch 2, 2(a))</li> <li>• Termination of employment costs (Sch 2, 2(b))</li> <li>• Contribution to combined budgets (Sch 2, 2(c))</li> </ul>	<ul style="list-style-type: none"> <li>• No functions</li> </ul>

**Table 9i: Central services responsibilities held by local authorities (historic commitments)**

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<sup>10</sup>Funding for this duty was previously delivered to local authorities via a s.31 grant. Additional funding was added to the CSSB baseline for this from 2018 to 2019.

## Additional note on central services

Services set out in the tables above will also include administrative costs and overheads relating to these services (regulation 1(4)) for:

- expenditure related to functions imposed by or under chapter 4 of part 2 of the 1998 Act (financing of maintained schools), the administration of grants to the authority (including preparation of applications) and, where it's the authority's duty to do so, ensuring payments are made in respect of taxation, national insurance and superannuation contributions
- expenditure on recruitment, training, continuing professional development, performance management and personnel management of staff who are funded by expenditure not met from schools' budget shares and who are paid for services
- expenditure in relation to the investigation and resolution of complaints
- expenditure on legal services

164. School improvement is not included in the arrangements set out in the above tables; local authorities currently receive a separate grant covering their statutory intervention functions and monitoring and commissioning of school improvement support.

164.1. The School Improvement Monitoring and Brokering Grant continues in financial year 2019 to 2020. In April 2019, we will pay the remaining £20 million for academic year 2018 to 2019. We will confirm the level of funding from September 2019 to the end of the financial year in due course.

164.2. This grant is up to £50 million per full year, allocated to local authorities based on the number of maintained schools, an area cost adjustment, and top-up, to ensure each local authority receives a minimum allocation of £50,000.

164.3. Further information on this fund is available in the [published school improvement grant guidance](#).

164.4. Schools forums can agree to de-delegate further funding for additional school improvement provision, in 2019 to 2020; we have included [more information in the de-delegated services section of this guidance](#).

## Schools forum approvals for centrally held funding

165. A number of the services that are covered by funding that is held centrally are subject to a limitation of no new commitments or increases in expenditure from 2018 to 2019.

165.1. This limit does not now apply to admissions or the servicing of schools forums.

165.2. Schools forum approval is required each year to confirm the amounts on each line.

165.3. The following table sets out the level of approval required for each service and for funding of brought forward deficits.

166. When using centrally held funding, local authorities must treat maintained schools and academies on an equivalent basis.

Centrally retained service	Approval required
<ul style="list-style-type: none"> <li>• high needs block provision</li> <li>• central licences negotiated by the Secretary of State</li> </ul>	<p>Schools forum approval is not required (although they should be consulted)</p>
<ul style="list-style-type: none"> <li>• funding to enable all schools to meet the infant class size requirement</li> <li>• back pay for equal pay claims</li> <li>• remission of boarding fees at maintained schools and academies</li> <li>• places in independent schools for non-SEN pupils</li> <li>• admissions</li> <li>• servicing of schools forum</li> <li>• contribution to responsibilities that local authorities hold for all schools</li> <li>• contribution to responsibilities that local authorities hold for maintained schools (voted on by relevant maintained school members of the forum only)</li> <li>• de-delegated services from the schools block (voted on by the relevant maintained school members of the forum only)</li> </ul>	<p>Schools forum approval is required on a line-by-line basis</p>
<ul style="list-style-type: none"> <li>• central early years block provision</li> <li>• any movement of funding out of the schools block</li> <li>• any deficit from the previous funding period that is being brought forward and is to be funded from the new financial year's schools budget (this should be specifically agreed at</li> </ul>	<p>Schools forum approval is required</p>

Centrally retained service	Approval required
<p>the time the budget is set, using the latest estimated outturn position)</p> <ul style="list-style-type: none"> <li>any brought forward deficit on de-delegated services which is to be met by the overall schools budget</li> </ul>	
<ul style="list-style-type: none"> <li>capital expenditure funded from revenue <ul style="list-style-type: none"> <li>projects must have been planned and decided on prior to April 2013; no new projects can be charged</li> <li>details of the remaining costs should be presented</li> </ul> </li> <li>contribution to combined budgets <ul style="list-style-type: none"> <li>where the schools forum agreed prior to April 2013 a contribution from the schools budget to services which would otherwise be funded from other sources</li> </ul> </li> <li>existing termination of employment costs <ul style="list-style-type: none"> <li>costs for specific individuals must have been approved prior to April 2013; no new redundancy costs can be charged</li> </ul> </li> <li>prudential borrowing costs <ul style="list-style-type: none"> <li>the commitment must have been approved prior to April 2013</li> <li>details of the remaining costs should be presented</li> </ul> </li> <li>SEN transport where the schools forum agreed prior to April 2013 a contribution from the schools budget (this is now treated as part of the high needs block but still requires schools forum approval as a historic commitment)</li> </ul>	<p>Schools forum approval is required on a line-by-line basis. The budget cannot exceed the value agreed in the previous funding period, and no new commitments can be entered into.</p> <p>Read <a href="#">establishing local authority DSG baselines</a> for more information.</p>
<ul style="list-style-type: none"> <li>funding for significant pre-16 <a href="#">pupil growth</a>, including new schools set up to meet basic need, whether maintained or academy</li> </ul>	<p>Schools forum approval is required on a line-by-line basis, including approval of the criteria for allocating funds to schools</p>

Centrally retained service	Approval required
<ul style="list-style-type: none"> <li>• funding for good or outstanding schools with <a href="#">falling rolls</a> where growth in pupil numbers is expected within three years</li> </ul>	

**Table 10: Level of approval required for centrally retained services**

## De-delegated services

167. De-delegated services are for maintained schools only; funding for de-delegated services must be allocated through the formula but can be passed back, or ‘de-delegated’, for maintained mainstream primary and secondary schools with schools forum approval.

167.1. De-delegation does not apply to special schools, nursery schools, or PRUs.

167.2. Where de-delegation has been agreed for maintained primary and secondary schools, our presumption is that the local authority will offer the service on a buy-back basis to those schools and academies in their area which are not covered by the de-delegation.

167.3. In the case of special schools and PRUs, the funding to buy such services will be included in any top-up payments.

168. Any decisions made to de-delegate in 2018 to 2019 related to that year only; new decisions will be required for any service to be de-delegated in 2019 to 2020.

169. From 2017 to 2018, schools forums have been able to agree to de-delegate further funding for additional school improvement provision for maintained schools.

169.1. This provision sits alongside the school improvement grant for statutory local authority intervention functions. This grant commenced in September 2017.

169.2. We have included [more information in the school improvement grant section of this guidance](#).

170. Schools forum members for primary maintained schools and secondary maintained schools must decide separately for each phase whether the service should be provided centrally; the decision will apply to all maintained mainstream schools in that phase.

170.1. They must decide on fixed contributions for these services so that funding can then be removed from the formula before school budgets are issued.

170.2. There may be different decisions for each phase.

170.3. The services which may be de-delegated are:

- additional school improvement services
- contingencies (including schools in financial difficulties and deficits of closing schools)
- behaviour support services
- support to underperforming ethnic groups and bilingual learners
- free school meals eligibility
- insurance
- museum and library services
- staff costs supply cover (for example, long-term sickness, maternity, trade union and public duties)
- licences and subscriptions; except for the following, which are paid for by DfE:
  - Christian Copyright Licensing International (CCLI)
  - Copyright Licensing Agency (CLA)
  - Education Recording Agency (ERA)
  - Filmbank Distributors Ltd. (for the PVSL)
  - Mechanical Copyright Protection Society (MCPS)
  - Motion Picture Licensing Company (MPLC)
  - Newspaper Licensing Authority (NLA)
  - Performing Rights Society (PRS)
  - Phonographic Performance Limited (PPL)
  - Schools Printed Music Licence (SPML)

171. Local authorities should make a clear statement of how the funding is being taken out of the formula for each de-delegated service. For example:

- primary insurance £20 per pupil
- secondary behaviour support services £30 per FSM pupil

171.1. There should be a clear statement of how contingencies and other resources will be allocated.

171.2. Academies will continue to receive a share of funding for these services in their delegated budget.

172. Where de-delegation is agreed, middle schools will potentially be subject to two different decisions, and the unit value for de-delegation can be different for primary and secondary age pupils.

172.1. For example, if the primary sector agreed to de-delegate a service but the secondary sector did not, middle schools in the authority would have their formula allocation reduced only for their primary pupils at the agreed primary school rate.



173. 2019 to 2020 de-delegation arrangements for schools converting to academy status are shown in the following table:

Academy conversion date	De-delegation arrangements
On, or before, 1 April 2019	No de-delegation
2 April 2019 to 1 September 2019	Local authority retains any de-delegated funding until 1 September 2019
2 September 2019 to 21 March 2020	Local authority retains any de-delegated funding until 31 March 2020

**Table 11: De-delegation arrangements for schools converting to academy status**

174. After the dates specified, the academy will receive the full formula allocation and ESFA will recoup this from the local authority.

175. The local authority should continue to provide the services to new academies where funding is de-delegated, if they are asked to do so.

175.1. If the local authority is unable to provide the requested service, we expect the local authority and the academy to come to an arrangement to pay the funding directly to the academy.

176. Where there has been agreement that a school is entitled to receive an allocation from a de-delegated contingency fund, that agreement should be honoured if the school converts to an academy at any point in the year.

176.1. Where a school converts to an academy in the period 2 April to 1 September 2019, local authorities will have an opportunity to present an evidence based case to ESFA to request a recoupment adjustment for the period 2 September 2019 to 31 March 2020.

177. Local authorities should report any unspent de-delegated funding remaining at year-end to their schools forum.

177.1. Local authorities can carry funding forward to the following funding period as with any other centrally retained budget, and can choose to use it specifically for de-delegated services.

178. If there is a brought forward overspend on de-delegated services from 2018 to 2019, the schools forum has to specifically approve funding of this overspend, from the 2019 to 2020 schools budget, as a separate decision from any decisions on the overall underspend or overspend on central expenditure.

## High needs funding

179. Last year, we set out the details of the high needs national funding formula for 2018 to 2019 and 2019 to 2020. We explained that, as well as including relevant data updates, two key aspects of the formula would enable local authorities to see further increases in their high needs funding allocations in 2019 to 2020, subject to changes in pupil and student numbers and their movement between local authorities (captured by the basic entitlement factor update, and import export adjustment). These two elements in the formula are:

- the funding floor: the funding floor will increase so all authorities will attract at least a 1% gain per head of population, subject to changes in estimated population, against their 2017 to 2018 baselines
- gains under the formula: the gains cap will increase to 6.09% compared to 2017 to 2018 baselines. We have used compounded figures so that underfunded local authorities can gain a further 3% on top of the 3% they gained in 2018 to 2019

180. Further details on the methodology used for the high needs formula are set out in the [high needs block NFF: technical note](#).

181. We are also taking forward a number of technical changes to high needs funding, some of which have implications for the high needs national funding formula, including:

- funding for special free schools places to be included in local authorities' high needs allocations, with the method of determining the free schools' place funding aligned to the process for special academies, more information has been published in [changes to special free schools funding](#)
- developing a better method of allocating funding for hospital education, by combining local authority spending data with NHS data to develop a new, formulaic hospital education factor in the high needs national funding formula, which better responds to the number of patients needing education. During 2019 we will continue a process of working through the NHS data, discussing that with hospital schools and local authorities and consulting on options. It is unlikely that there will be changes for 2019 to 2020 but, if there are following consultation, they will be incorporated into the final high needs allocations through the formula as part of the updates and adjustments to the provisional high needs allocations
- progressing a number of changes to the way post-16 high needs funding is allocated

182. More information on these changes and proposals can be found in the [national funding formula for schools and high needs 2019 to 2020](#) and the [high needs funding 2019 to 2020: operational guide](#).

183. The high needs block supports provision for pupils and students with special educational needs (SEN) and disabilities (SEND), from age 0 to 25, and alternative provision (AP) for pupils who, because of exclusion, illness or other reasons, cannot receive their education in mainstream schools.

184. The [high needs funding 2019 to 2020: operational guide](#) provides more information on how the funding arrangements work for all types of provision.

185. Details of the [new national funding formula for high needs](#) were published last year. [Provisional high needs block allocations for 2019 to 2020](#) were published, alongside technical notes explaining the calculations, and [updated DSG allocations for 2019 to 2020](#) have been published.

186. For 2019 to 2020, the funding formula includes a funding floor that provides a minimum 1.0% increase to the amount of its DSG that it planned to spend on high needs in 2017 to 2018 on a per-head of population basis. This will apply to every local authority that is not receiving more than that level of increase under the rest of the formula. It is important to note that the funding floor and gains calculations do not take account of changes to the basic entitlement factor amounts as a result of pupil number changes, or of the import export adjustments. Both of these elements of the formula have been updated and will be subject to further updates in the first half of 2019 as follows:

186.1. An adjustment will be made to reflect changes between the 2017 to 2018 and 2018 to 2019 academic years in the number of pupils and students in maintained special schools and special academies. This adjustment will be made through an update of the pupil and student numbers used in the basic entitlement factor in the high needs national funding formula. This factor generates £4,000 in respect of each pupil or student in these types of specialist provision, so if the total number in a local authority changes, this affects the amount of funding in their high needs block allocation.

186.2. There is also an import and export adjustment in the high needs national funding formula. This is a net adjustment of £6,000 per pupil or student which reflects any imbalance between the number of pupils and students who live outside the local authority area but attend schools and colleges in the area, and those who live in the local authority area but who are placed by the authority in schools or colleges elsewhere.

187. Details of these adjustments are available in the high needs national funding formula tables and are available in the [high needs block NFF: technical note](#). The underlying data used in the latest 2018 to 2019 adjustments is available to local authorities via document exchange.

188. Further information about these adjustments is available in the [high needs funding 2019 to 2020: operational guide](#).

189. To prepare for academic year 2019 to 2020 allocations of high needs place funding to institutions, local authorities should have consulted with their maintained schools, local academies, special free schools, and FE institutions. Local authorities also need to consider the availability of provision in centrally funded institutions (non-maintained special schools and special post-16 institutions) when planning for 2019 to 2020.

190. ESFA ask local authorities to provide information about the number of high needs places in academies, special free schools, and FE institutions to be funded in the following academic year.

191. Although ESFA ask the local authority in whose area the academy or FE institution is located to make the return, it is a requirement that the place numbers include places commissioned by other local authorities because the import and export adjustment compensates local authorities for placements of pupils and students on a lagged basis.

192. The adjustments outlined above will reflect the funding distribution in those local authorities where the academies, special free schools and FE institutions in their area have a significant number of pupils or students who live in other local authority areas; communication with institutions and other local authorities to confirm the number of places they intend to use is therefore important. So is the need to review the data which underpins the import export adjustments because it shows the number of places commissioned by other local authorities for the institutions located in a local authority area. [The high needs place change notification: 2019 to 2020](#) provides more information about the arrangements for notifying ESFA of place numbers in the case of academy and FE institutions.

193. In the case of AP, local schools' commissioning activity and plans should also be considered.

194. Place numbers should reflect both recent commissioning activity and strategic planning to secure suitable SEND provision and AP in line with local authorities' and schools' statutory responsibilities.

195. ESFA issued information in October 2018 about the [process for notification of changes to place numbers for the 2019 to 2020 academic year](#), at institutions funded directly by ESFA, including academies, special free schools and FE colleges.

196. Local authorities will continue to be able to make changes to the number of pre- and post-16 places funded in maintained schools and PRUs at a local level without the need to notify ESFA in advance.

197. If a school or PRU intends to become an academy, to ensure the academy receives the correct place funding direct from ESFA, local authorities should notify the project lead of the agreed number of places for 2018 to 2019, and 2019 to 2020, before conversion.

198. As in previous years, following the publication of information about local authorities' DSG allocations in December 2018, ESFA will deduct from local authorities' overall high needs allocations the amount required to fund the places in those institutions that receive place funding direct from ESFA.

199. The amount deducted will include adjustments to reflect changes to place numbers notified to ESFA.

## Completing the authority proforma tool (APT)

200. Local authorities must report their local funding formula to ESFA on a combined modelling tool and proforma, the APT.

200.1. ESFA will calculate academy budgets based on the formula set out in the proforma.

200.2. While local authorities can use their own spreadsheet modelling for their formula, we strongly recommend the APT is populated alongside their own models to ensure consistency between them and avoid unnecessary delay in the submission process.

200.3. To help local authorities plan and model their funding formula, we have provided an APT formulated with the 2018 to 2019 dataset, this is for planning purposes only.

200.4. The final APT was made available in December with information from the October census, and the DSG settlement announced.

200.5. Local authorities must submit their final APT by 21 January 2019.

200.6. Where a local authority has made a significant change to a disapplication request for a movement from the schools block by 16 January 2019, we recognise that we will need to extend its APT deadline.

200.7. We will aim to make final decisions in time to allow the local authorities concerned to submit their APT by 21 February 2019. Local authorities considering this should ensure that they have procedures in place to meet the requirement to calculate maintained school budgets by 28 February 2019; this includes gaining political ratification of budgets.

201. The APT is an integrated tool which contains a range of information, including the underpinning data for school level allocations, details of how split site and PFI allocations have been calculated, and the methods used for de-delegation of services.

201.1. The APT contains a range of validation checks to identify inconsistencies in the data local authorities have entered, and to highlight where required data and information may be missing.

201.2. Local authorities should ensure that all validation checks are passed before submitting the APT; we have issued [detailed guidance on how to complete the APT](#), and can work with local authorities individually where needed.

202. Local authorities must ensure they have built the relevant political approval into their planning as the [deadlines shown in the timetable](#) below are critical to achieving the advantages of issuing earlier budgets.

- 202.1. We appreciate that formulas often have to be approved by the local authority's cabinet or lead member, so it is important that the forward plan takes account of this.
- 202.2. To speed up the approval process in January, once the DSG and pupil numbers are known, we strongly advise that local authorities obtain earlier approval for the principles they will use to balance the budget if pupil numbers turn out differently to the estimates they used.
- 202.3. Examples could include scaling back the basic per-pupil entitlement across all key stages or carrying forward any marginal shortfall on DSG to the following financial year.

## **Treatment in the APT of new and growing schools**

203. Regulations require local authorities to provide estimated numbers on the APT for new schools and schools that have opened in the last seven years that do not yet have pupils in every year group.

203.1. This means it is not necessary for local authorities to apply for a pupil number variation in these situations.

204. As the APT covers the financial year, and year groups join at the start of an academic year, we would generally expect the estimated numbers to reflect seven twelfths of the financial year.

204.1. We need to understand details of the academic year numbers as well so that relevant academies can be funded on that basis (this also applies to variations in pupil numbers where there are changes in age range).

204.2. Local authorities should work with the schools concerned to provide the most accurate and realistic estimate based on the latest admissions and demographic data.

205. The regulations are not prescriptive about how future numbers on roll should be calculated, however methodologies could include:

- $[\text{October 2018 NOR (from APT)} \times 5/12] + [\text{October 2019 estimated NOR} \times 7/12]$
- $\text{October 2018 NOR (from APT)} + 7/12 \text{ October 2019 estimated intake in new year group}$

206. Where a school is filling a large number of empty places in existing year groups, it may be more appropriate to consider the estimated number on roll of the whole school rather than simply considering the size of the new cohort.

207. The 2019 to 2020 APT will automatically convert the financial year estimated pupil numbers to pupil numbers expected in the academic year and local authorities should assure themselves that these are correct.

208. For a school to be classed as a growing school, it has to have opened in the last seven years, and not have all year groups present yet.

208.1. Academies with predecessor schools are not considered as new schools for this purpose.

208.2. If a school has opened in the last seven years and is already taking in pupils in all year groups, there is no requirement to estimate numbers.

208.3. Existing schools which are extending their age range or becoming all-through are unlikely to be classed as growing, unless they also opened in the last seven years.

209. The regulations allow retrospective adjustments in the following financial year so that schools are appropriately funded if actual numbers are different from the estimates.

209.1. This is a matter for local decision, but we would generally expect such a mechanism.

209.2. Local authorities can choose whether to use a threshold.

210. All mainstream free schools are now recoupable from the first year of opening.

210.1. Local authorities should estimate pupil numbers and characteristics for these schools, as was the case already for those opened under the presumption arrangements.

211. To help local authorities estimate the recoupment amounts for these schools, ESFA will again include a dataset of free schools predicted to open in the next year (with expected pupil numbers) when we send out the final APT in December.

211.1. We will ask local authorities, when submitting the APT, to combine the data provided with their own local knowledge to determine the most accurate estimate of the number of pupils for new free schools.

212. ESFA will recoup for newly opening free schools based on the information local authorities have provided in their APT

212.1. If the actual pupil numbers at newly opening free schools differ from the estimates provided in the 2018 to 2019 APT, local authorities should make a retrospective adjustment on the 2019 to 2020 APT, unless the local authority guaranteed the pupil numbers in the previous year.



212.2. If local authorities did not show a new free school in the 2018 to 2019 APT and it opens before March 2019, local authorities should show this as a retrospective adjustment in the 2019 to 2020 APT, and we will recoup accordingly.

213. ESFA will check for required amendments by cross-referring to October 2018 school census data when validating the 2019 to 2020 APT.

213.1. We will adjust recoupment in 2019 to 2020 for any new free schools where an authority fails to show, or incorrectly shows, a retrospective adjustment.

214. The ISB should reflect funding for the period in the year that the new free schools are open, and we will therefore recoup the figure shown on the APT in full.

214.1. We will not pro-rata the calculation in respect of these academies.

## **Funding of academies**

215. Most academies are funded on census in the same way as maintained schools are.

215.1. Academies that meet the definition of a new school will be funded on their estimates, rather than the census, because this is the provision in their funding agreements.

215.2. There is then a retrospective pupil number adjustment applied by ESFA in the following year.

216. Local authorities can choose how to estimate numbers for the APT, and whether and how to use a retrospective adjustment.

216.1. It is therefore possible that the numbers the academy is funded on, and the subsequent adjustment, may differ. This is essentially no different to other variations which may occur between the amount recouped and the amount funded because of different baselines being used.

216.2. However, where the academy is taking on basic need growth, such as through a bulge class, the local authority should allocate funding to the academy in the same way as it would for a maintained school, and according to the same criteria.

216.3. We will adjust recoupment in 2019 to 2020 for any academy where an authority fails to show, or incorrectly shows, basic need growth.

217. Where the local authority has agreed a guaranteed number of pupils to a new academy to ensure viability, this should be indicated in the APT.

217.1. In this case, ESFA will use the APT estimate to fund the new academy, instead of the normal estimate process; the local authority should provide commentary on the APT to explain their rationale.

218. The APT guidance has been updated to cover the situation where there is a need to adjust pupil numbers for more than one year.

218.1. If this is the case then the academic year calculation will be incorrect, as the APT cannot handle adjustments for more than one year.

218.2. In these circumstances, local authorities should add an additional spreadsheet to the commentary sheet providing a full breakdown of the calculation; further details will be provided in the APT guidance.

219. Several older academies will also be funded on estimates because of a clause in their funding agreement.

219.1. Most of these academies will have all year groups present now (or may always have had them) so there would normally be no need for local authorities to vary pupil numbers on the APT; unless there was a change of age range, major restructuring, or the addition of extra classes to meet basic need.

219.2. In this case, the local authority should allocate funding to the academy according to its growth criteria in the same way as it would for a maintained school; this could be through amendments to the pupil numbers on the APT, or through specific funding from the growth fund.

219.3. ESFA will ensure through the pupil number adjustments process that the academy is only funded for the growth once.

219.4. We will adjust recoupmnt in 2019 to 2020 for any academy where an authority fails to show, or incorrectly shows, basic need growth.

220. Where academies are funded based on the census, we will use any approved variations to pupil numbers submitted by the local authority, as with age range changes for established schools.

220.1. It is imperative that local authorities make all maintained schools and academies aware of the consequences for their budget of any variations to pupil numbers; details of the effect on individual schools should be sent out with a clear explanation.

221. Where academies are funded on estimates, and there is a variation to pupil numbers on the APT, local authorities need to be clear in their communications to them that their APT modelling is for their own budgeting purposes only and will not have the same effect on the academies' budgets.

222. Where a local authority makes additional funding available to schools during the course of the year from central funds outside the formula, for example, to settle equal pay liabilities, it must treat academies in the same way as maintained schools.

## Timetable

223. The timetable for the data checking and calculation of the blocks is shown below:

Date	DfE or ESFA activity	Local authority activity
July 2018	<p>Operational guidance published setting out arrangements for 5 to 16 mainstream schools implementation for 2019 to 2020.</p> <p>NFF arrangements for 2019 to 2020 for schools, central school services and high needs published</p> <p>Draft APT issued to local authorities.</p>	
September 2018	<p>High needs funding operational guide for 2019 to 2020 issued to local authorities.</p> <p>Further information to illustrate 2019 to 2020 growth allocations will be provided to local authorities.</p>	
28 September 2018		<p>Deadline for submitting requests (for response by December) for:</p> <ul style="list-style-type: none"> <li>• MFG exclusions</li> <li>• exceptional premises factors</li> <li>• sparsity factors</li> <li>• lump sum variations for amalgamating schools</li> <li>• pupil number reductions</li> </ul>
4 October 2018	School census day.	School census day.
October to November 2018	Check and validate school census.	Check and validate school census.
20 November 2018		<p>Deadline for submitting requests (for response by the APT deadline) for:</p>

Date	DfE or ESFA activity	Local authority activity
		<ul style="list-style-type: none"> <li>• MFG exclusions</li> <li>• exceptional premises factors</li> <li>• sparsity factors</li> <li>• lump sum variations for amalgamating schools</li> <li>• pupil number reductions</li> </ul>
28 November 2018	School census database closed.	
30 November 2018		<p>Deadline for submitting requests for:</p> <ul style="list-style-type: none"> <li>• movement of funding out of the schools block which is above the limit of 0.5%, or which the schools forum has not approved, or both</li> </ul>
Mid-December 2018	<p>Final APT issued to local authorities, containing October 2018 census-based pupil data and factors.</p> <p>Publication of 2019 to 2020 DSG schools block (prior to academies recoupment), central school services block and revised high needs block allocations for 2019 to 2020.</p>	
Late 2018	Publication of initial early years block allocations.	
Mid-January 2019		Schools forum consultation and political approval required for final 2019 to 2020 funding formula.
21 January 2019		Deadline for submission of final 2019 to 2020 APT to ESFA.
28 February 2019		Deadline for confirmation of schools budget shares to

Date	DfE or ESFA activity	Local authority activity
		mainstream maintained schools.
February to March 2019	2019 to 2020 allocation statements issued to post-16 institutions, academies, and NMSS.	
February 2019	Publication of 2019 to 2020 high needs place numbers at institution level.	
29 March 2019	Confirmation of 2019 to 2020 general annual grant for academies open by 9 January 2019.	
April 2019	First DSG payments to local authorities based on 2019 to 2020 allocations, including academies recoupment (DSG allocations updated termly for in-year academy conversions), FE high needs place funding deductions, and other adjustments.	
Summer 2019	Early years block updated for January 2019 early years pupil numbers.	
Summer 2020	Early years block updated for January 2020 early years pupil numbers (pro rata seven twelfths, as this relates only to the period September 2019 to March 2020)	

**Table 12: Timetable for data checking, and calculation of funding blocks**

## Additional support

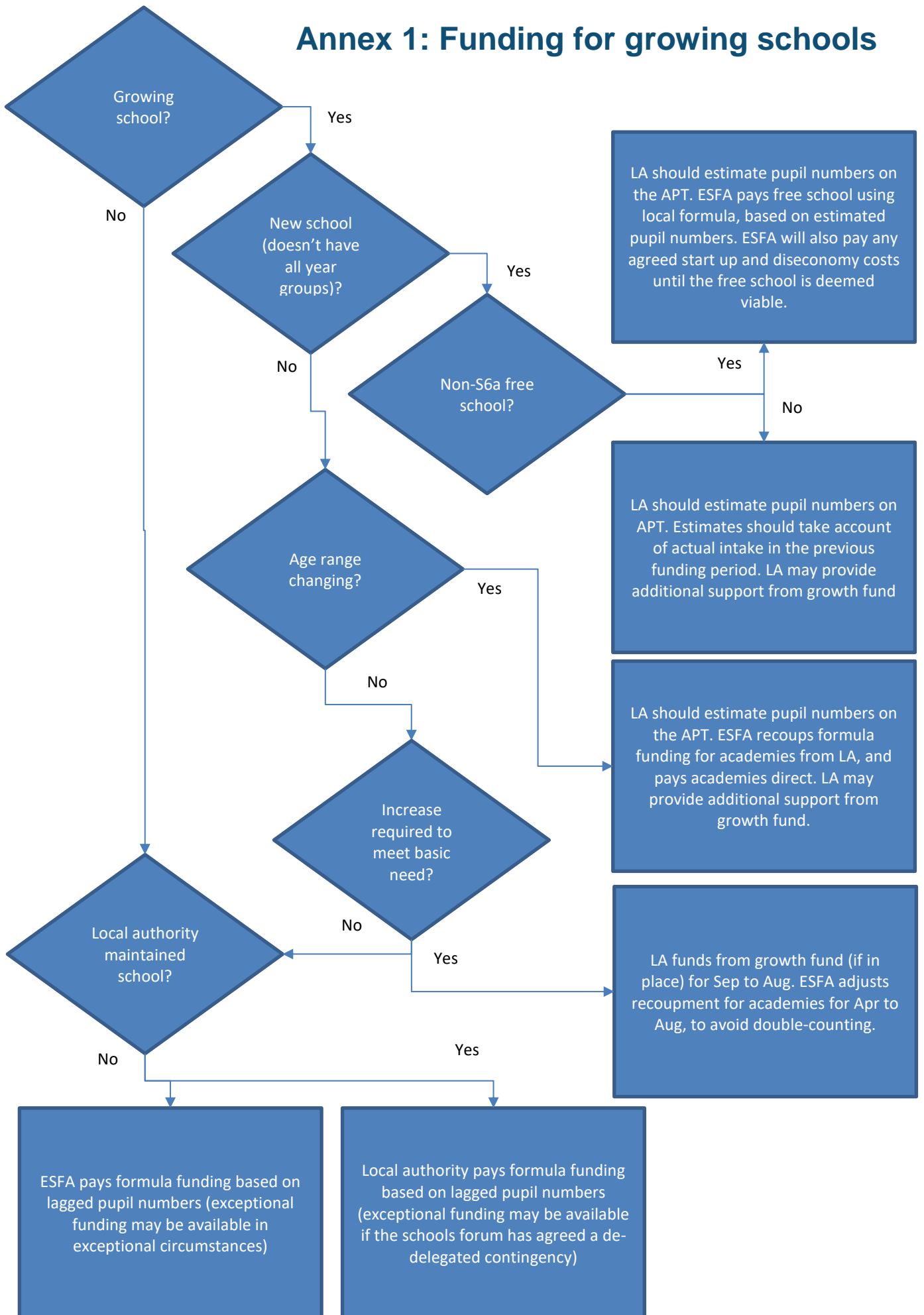
224. We'll continue to offer support to local authorities, where possible, as they continue to implement the funding reforms. We are interested in seeing local authority proposals as they are developed and are happy to offer advice through the process.

225. In most cases, local authorities should submit any questions about the detail and practical implications of implementation by using the [ESFA enquiry form](#).

226. Local authorities should submit applications for MFG exclusions, exceptional factors, or disapplication of the regulations using the [disapplication proforma](#) attached to the [ESFA enquiry form](#).

227. ESFA values the regional meetings of local authority finance officers, which provide the opportunity to discuss practical issues and share best practice. Please make every effort to attend, and we'll ensure that officials continue to attend these meetings.

# Annex 1: Funding for growing schools







Education & Skills  
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