



Education & Skills  
Funding Agency

# **Schools revenue funding 2021 to 2022**

## **Operational guide**

**Updated December 2020**

# Contents

Introduction	6
Expiry or review date	6
Who is this publication for?	6
Updates to the guidance	6
Changes in 2021 to 2022	7
Reviewing and consulting on the pre-16 formula	9
Delegated funding	11
Local authority funding formula factors for 2021 to 2022	11
Basic entitlement	12
Deprivation	12
Minimum per-pupil funding levels for primary and secondary schools	13
Low Prior attainment	15
Looked after children (LAC)	16
English as an additional language (EAL)	16
Pupil mobility	17
Sparsity	17
Example of a school not eligible for sparsity funding	19
Example of a school eligible for sparsity funding	19
Lump sum	21
London fringe	22
Split sites	23
Rates	24
Private finance initiative (PFI) contracts	24
Exceptional circumstances	25
Variations to pupil numbers	27
Minimum funding guarantee (MFG)	28
Capping and scaling	33
Redetermination of budget shares	34
Risk protection	34
Redetermination of budgets where pupils have been excluded	35

Deductions from the excluding school's budget	35
Additions to the admitting school's budget	37
Academies	37
Inter-authority funding transfers	38
Growth funding	39
Falling rolls fund	41
Movements between blocks	43
Movement from other blocks	47
DSG deficits and high needs safety valve funding	47
DSG management plans	49
Central school services block (CSSB)	51
Services for maintained schools	53
Grants for 2021 to 2022	55
School improvement monitoring and brokering grant	55
Pupil premium	55
Teachers' pay grant (TPG) and teachers' pension employer contribution grant (TPECG)	55
Other non-DSG grants	56
Free School Meal Supplementary Grant 2020 to 2021	56
De-delegated services	56
High needs funding	58
Early years funding	59
Completing the authority proforma tool (APT)	59
Treatment in the APT of new and growing schools	61
Funding of academies	63
Timetable	65
Local authority activity	65
1 October	65
11 October 2020	65
Mid-November 2020	65
20 November 2020	65

November 2020	66
Mid-January 2021	66
21 January 2021	66
28 February 2021	66
DfE or ESFA activity	66
July to September 2020	66
October to November 2020	66
December 2020	67
By 31 March 2021	67
April 2021	67
Summer 2021	67
Summer 2022	67
Additional support	67
Annex 1 – Funding for growing schools	69
Annex 1a – Funding for growing schools (text version)	70
Where the growing school is a new school	70
Where the growing school is not a new school	70
Where the school is not a growing school	70
Annex 2 – central services that may be funded with agreement of schools forums	72
Responsibilities held for all schools	72
Statutory and regulatory duties	72
Education welfare	72
Asset management	73
Other ongoing duties	73
Historic commitments	73
Responsibilities held for maintained schools only	73
Statutory and regulatory duties	73
Education welfare	74
Asset management	74
Central support services	75
Premature retirement and redundancy	75

Monitoring national curriculum assessment	75
Therapies	75
Additional note on central services	75
Annex 3 – schools forum approvals for centrally held funding	77
Schools forum approval is not required (although they should be consulted)	77
Schools forum approval is required on a line-by-line basis	77
Schools forum approval is required	77
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	78
Schools forum approval is required on a line-by-line basis, including approval of the criteria for allocating funds to schools	78

## Introduction

1. This guide helps local authorities, and their schools forums, to plan the local implementation of the funding system for the 2021 to 2022 financial year.
2. As the country moves through the coronavirus (COVID-19) pandemic, the Department for Education (DfE) acknowledges the essential role that local authorities are playing to support education. To ensure that funding can be delivered as smoothly as possible to schools, the department has made limited changes to funding arrangements in 2021 to 2022.
3. The department has used the national funding formula (NFF) to calculate the blocks within the [dedicated schools grant \(DSG\)](#), which has been updated with Oct 2020 census data allocated to local authorities.
4. The early years block forms part of the DSG but is determined by the separate national funding formula.

## Expiry or review date

5. This guidance is current for the 2021 to 2022 funding year. This is updated guidance to the version published in July 2020.

## Who is this publication for?

6. This guidance is for:
  - local authorities
  - schools forums

## Updates to the guidance

7. We have updated the July 2020 version of the guidance to reflect current policy and to finalise funding arrangements in 2021 to 2022. 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 2020 version of this guidance.
8. DSG funding allocations
  - 8.1. [confirmation of the DSG allocations.](#)
9. [Central school services block \(CSSB\)](#)

- 9.1. confirmation of [CSSB allocations in 2021 to 2022](#).
10. [School improvement:](#)
  - 10.1. we will publish further information on the School Improvement Monitoring and Brokering Grant for the 2021 to 2022 financial year in due course
11. [High needs funding:](#)
  - 11.1. we have published [guidance for high needs funding arrangements for 2021 to 2022](#)
12. [Early years funding:](#)
  - 12.1. we have published the [early years national funding formula \(EYNFF\) operational guide](#) that local authorities should follow when funding providers to deliver the early years entitlements in 2021 to 2022
13. [Completing the authority proforma tool \(APT\):](#)
  - 13.1. we have sent the revised APT tool to local authorities with data updated from the October census. We have published [guidance for local authorities on how to complete the APT](#)

## Changes in 2021 to 2022

14. The department has updated the NFF in 2021 to 2022 with new factor values and made some technical changes. These are detailed in the [NFF technical notes](#) and [NFF policy document](#) published in July 2020. Where these affect local formula arrangements, we also cover them in this guidance.
15. Key changes to the schools NFF in 2021 to 2022 are:
  - 15.1. the incorporation of the 2019 update to the Income Deprivation Affecting Children Index (IDACI), ensuring that the deprivation funding through the NFF continues to target schools most likely to need additional funding
  - 15.2. funding previously received through the Teachers' Pay Grant (TPG) and Teachers' Pension Employer Contribution Grants (TPECG), including the supplementary fund, to mainstream schools for pupils from reception to year 11 has been allocated through the schools NFF by adding to schools' baselines; by increasing the basic per pupil funding; and by increasing the minimum per pupil funding levels (MPPLs). This will streamline the way in

which the funding through the grants is delivered, as well as recognise the fact that these grants are part of schools' core funding

15.3. improving support under the NFF for small and remote schools, by increasing the maximum sparsity value from £26,000 to £45,000 for primary schools, and from £67,600 to £70,000 for secondary schools

15.4. the DfE published the [guidance for high needs funding arrangements for 2021 to 2022](#) in September 2020

16. The department has confirmed the following aspects of the high needs NFF:

16.1. the funding floor is set at 8% so each local authority has seen an increase of at least 8% per head of their 2 to 18 population (as estimated by the office of national statistics)

16.2. the gains cap is set at 12%, allowing local authorities to see gains up to this percentage increase under the formula, again calculated on a per-head basis of their 2 to 18 population

17. The following requirements have been removed from appendix 3 as they no longer need schools forum approval, following the [consultation on changing the dedicated schools grant](#):

17.1. 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

17.2. any brought forward deficit on de-delegated services which is to be met by the overall schools budget

18. In 2021 to 2022, as in previous years, each local authority will continue to set a local schools funding formula, in consultation with local schools. The government will put forward plans to move to a 'hard' NFF in the future, which will determine school funding allocations directly, rather than local funding formulae. The department will work closely with local authorities and other stakeholders in making this transition, and further information on that process will follow in due course.

19. Key features of local authority formulae arrangements in 2021 to 2022 are:

19.1. local funding formulae reflect the technical changes to the NFF to roll-in the TPG and TPECG, as far as possible. This is reflected in sections below on the basic per pupil entitlement, MPPLs, and the minimum funding guarantee (MFG)



- 19.2. local funding formulae incorporate the 2019 IDACI data, which is reflected in the deprivation section below
- 19.3. the MPPLs will remain mandatory, at the new NFF values, including additional funding the department has rolled in from the TPG and TPECG
- 19.4. local authorities have the freedom to set the MFG in local formulae between +0.5% and +2% per pupil and must add total funding from the TPG and TPECG to schools' baselines, as has been done in the NFF

20. Local authorities continue to be able to transfer up to 0.5% of their schools block to other blocks of the DSG, with schools forum approval. In 2021 to 2022, the total schools block available for such transfers must exclude the additional funding local authorities have been allocated for the TPG and TPECG, thereby guaranteeing that all of this funding remains with schools. A disapplication is required for transfers above 0.5%, or any amount without schools forum approval; this applies to any transfers even if the minister agreed an amount in previous years.

21. The department recognises that there may well be some local authorities which, despite their best efforts and the increased funding for the high needs block, will still not be able to pay off their historic deficit from the DSG over the next few years. In these cases, the department expects to work together with the local authority to agree a plan of action to enable the local authority to pay off its deficit over time. The department will need convincing evidence from the local authority that it would be impracticable to pay off a historic deficit from the DSG it would expect to receive in future years. The department will discuss the evidence requirement with selected local authorities and has provided a template to assist all local authorities report their plans for managing the DSG.

22. The department expects to approach selected local authorities to begin discussions with them during 2020. These discussions are likely to be detailed, and in order to make this process manageable it will be necessary to limit discussions during 2020 to 2021 to a small number of authorities. The department expects to expand the discussions to other local authorities during 2021 to 2022 and subsequent years.

23. Following the cancellation of assessments in summer 2020 due to coronavirus (COVID-19), local authorities will use 2019 assessment data as a proxy in funding formulae for the 2020 reception and year 6 cohort, which has been reflected in the data they receive from the department in the APT.

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

24. The department appreciates that there will be limitations in the way local authorities are currently able to work due to the coronavirus (COVID-19) situation.

25. However, local authorities must do their best, within the circumstances, to 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 principles adopted and any movement of funds between blocks.
26. DfE does not intend that changes to incorporate 2019 IDACI data or to roll-in TPG and TPECG funding, which mirror technical changes in the NFF, should require consultation with schools on their own. The department will reflect this in the school funding regulations.
27. Any consultation should include a demonstration of the effect of modelling such changes on individual maintained schools and academies.
28. We have issued an early modelling version of the APT to help decision making in December 2020.
29. Local authorities should communicate proposed formula changes to all bodies affected by the changes.
30. The local authority is responsible for making the final decisions on the formula; however, each local authority's process should have ensured that there was sufficient time to gain political approval before the APT deadline in January 2021.
31. Political approval means approval in line with the local 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.
32. Local authorities should, as much as is possible, 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.
33. Further information is included in the [movement between blocks](#) section of this guidance.
34. Schools forums can currently meet remotely, and this can continue after 31 March 2021 if necessary, while they are unable to meet physically in a room during the outbreak of coronavirus (COVID-19). This includes, but is not limited to, telephone conferencing, video conferencing, live webcast and live interactive streaming.

## Delegated funding

### Local authority funding formula factors for 2021 to 2022

35. There are 14 allowable funding factors in 2021 to 2022:
- 35.1. [Basic entitlement – compulsory](#)
  - 35.2. [Deprivation – compulsory](#)
  - 35.3. [Minimum level of per-pupil funding for primary and secondary schools – compulsory](#)
  - 35.4. [Prior attainment – optional](#)
  - 35.5. [Looked after children \(LAC\) – optional](#)
  - 35.6. [English as an additional language \(EAL\) – optional](#)
  - 35.7. [Pupil mobility – optional](#)
  - 35.8. [Sparsity – optional](#)
  - 35.9. [Lump sum – optional](#)
  - 35.10. [London fringe \(only for eligible authorities\) – optional](#)
  - 35.11. [Split sites – optional](#)
  - 35.12. [Rates – optional](#)
  - 35.13. [Private finance initiative \(PFI\) contracts – optional](#)
  - 35.14. [Exceptional circumstances \(with ESFA agreement\) – optional](#)

#### **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 (factors 35.1 to 35.7 and 35.10 listed above).

36. DfE has provided an updated schools block dataset through the APT. Local authorities should use this dataset when setting their local funding formulae; this will ensure maintained schools and academies are funded on the same basis. The department has provided a [technical specification for the 2021 to 2022 schools block](#) alongside the updated datasets.

## Basic entitlement

37. This compulsory factor assigns funding on the basis of individual pupils, with the number of pupils for each maintained school or academy based on the October 2020 pupil census.
38. Funding is allocated according to a basic per-pupil rate.
39. There is a single rate for primary age pupils, which must be at least £2,000.
40. There can be different rates for KS3 and KS4, with a minimum of £3,000 for each.
41. In the NFF, the department has increased the basic per-pupil funding rates by £180 for primary and £265 for KS3 and KS4 as a result of rolling the TPG and TPECG into the NFF (this is in addition to increasing basic per-pupil funding rates by 3%). While not compulsory, the department would also expect local authorities to add these amounts to the basic per-pupil funding value they would otherwise have used in local funding formulae, to ensure that they mirror the rolling-in of grants for local schools.
42. Local authorities can choose to increase the pupil number count for schools with higher reception pupil numbers in the January 2020 census, rather than the October 2019 census.
43. The department does not include reception uplift in the NFF. Local authorities currently using a reception uplift factor should consider whether to do so in 2021 to 2022.

## Deprivation

44. This is a compulsory factor.
45. Local authorities can use one or all of free school meals (FSM), FSM Ever 6 (FSM6), and the income deprivation affecting children index (IDACI) to calculate the deprivation factor.
46. The department measures eligibility for current FSM using the previous October census, and FSM6 (pupils recorded as eligible for free school meals at any time in the last 6 years) from the previous January census.
47. Local authorities using FSM to calculate deprivation can choose to use either current FSM, FSM6, or both.
48. The IDACI measure uses 6 bands. Different values can be attached to each band and different unit values can be used for primary and secondary within each band. The Ministry for Housing, Communities and Local Government (MHCLG) published new [IDACI data on 26 September 2019](#).

49. The 2021 to 2022 NFF uses IDACI 2019 ranks to group each lower super output area (LSOAs, an area with typically about 1,500 residents) into one of six bands of decreasing deprivation. In the past IDACI bands have been defined on the basis of scores. The 2021 to 2022 NFF uses ranks instead of scores to define bands. For example, band A comprises the most deprived 2.5% of LSOAs. The table below shows how the bands are defined in the 2021 to 2022 NFF:

IDACI data	Ranks	Band
Pupils in the most deprived 2.5% of LSOAs	1 to 821	A
Pupils in the next 5% most deprived LSOAs	822 to 2463	B
Pupils in the next 5% most deprived LSOAs	2464 to 4105	C
Pupils in the next 5% most deprived LSOAs	4106 to 5747	D
Pupils in the next 10% most deprived LSOAs	5748 to 9032	E
Pupils in the next 10% most deprived LSOAs	9033 to 12316	F

## Minimum per-pupil funding levels for primary and secondary schools

50. This is a compulsory factor. It must be used in local funding formulae, at the NFF cash values, including the additional funding added from the TPG and TPECG.

51. The purpose of this factor is for local authorities to provide the NFF MPPLs to every school. All local authorities must implement the MPPLs by following the same methodology used in the NFF, summarised below and detailed in the [NFF technical notes](#).

52. To ensure consistency for all schools, including those with non-standard year groups, the DfE has simplified the calculation for a school's individual minimum per-pupil levels within the NFF. For all schools, the department now applies the calculation below:

$$\frac{(\text{number of primary year groups} \times \text{£}4,180) + (\text{number of KS3 year groups} \times \text{£}5,215) + (\text{number of KS4 year groups} \times \text{£}5,715)}{\text{Total number of year groups}}$$

53. This provides per-pupil funding of at least £4,180 for each primary school, and £5,415 for each secondary school with standard structures of seven and five year groups respectively, including additional funding from the TPG and TPECG. For middle schools, all-through schools and other schools with a non-standard year group structure, this will produce a specific minimum per-pupil value that relates to the number of year groups in each phase.

54. When calculating the MPPLs for individual schools, local authorities should take the number of year groups from the APT, which is the approach taken in the NFF. When completing the APT, local authorities should only list the number of year groups in each Key Stage which have pupils in them at present or will do so in the upcoming year. Where a school will have empty year groups in the upcoming year, for example a school which has recently opened, these should not be included in the APT.

55. The only factors not included in per-pupil funding for the purpose of the MPPL calculation are premises and growth funding. Any prior year adjustments local authorities have made should also be excluded from the calculation.

56. Any capping and scaling cannot take a school's per-pupil funding, defined above, below the MPPLs. The only further calculation that local authorities are able to make once their formula has provided the minimum levels is, for maintained schools only, to deduct funding for de-delegated central services if the schools forum has agreed this can be taken from their budget shares in 2021 to 2022. It should also be noted the risk protection arrangement (RPA) factor is also exempt from the MPPLs.

57. Local authorities have the option, as with other aspects of the school funding regulations, to request to disapply the use of the full NFF MPPL values. Such requests should be exceptional and only made on the grounds of affordability.

58. While the DfE will consider any individual request on its merits, it expects the commitment to MPPLs to be implemented in full locally, and both local authorities and schools should work on that basis. The department will scrutinise any disapplication requests in this context.

59. Disapplication requests may also be submitted to alter the NFF methodology, for specific schools only, where the local authority can show that the relevant MPPL value for that school is skewed significantly by unusual year group sizes. For example, a local

authority may want to provide a higher minimum per-pupil level for an all-through school with significantly larger secondary than primary year group sizes.

## Low Prior attainment

60. This is an optional factor used by most local authorities.

61. Local authorities can apply this factor for:

61.1. primary pupils identified as not achieving the expected level of development in the early years foundation stage profile (EYFSP)

61.2. secondary pupils not reaching the expected standard in KS2 at either reading or writing or maths

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

63. In 2021 to 2022, the department has carried forward the weightings it used in 2020 to 2021 for the year 7 to year 9 cohorts, so they will apply to the year 8 to year 10 cohorts respectively.

64. For the financial year 2021 to 2022, the weightings are<sup>1</sup>:

64.1. pupils in year 8 in October 2020: 65%

64.2. pupils in year 9 in October 2020: 64%

64.3. pupils in year 10 in October 2020: 58%

64.4. pupils in year 11 in October 2020: 48%

65. This is included under [Schedule 3, paragraph 4 of the 2020 Regulations](#).

66. Following the cancellation of assessments in summer 2020 due to coronavirus (COVID-19), local authorities will not be able to use this data as part of setting a low prior attainment factor in local funding formulae. Instead, local authorities will use 2019 assessment data as a proxy for the 2020 reception and year 6 cohort, which will be

---

<sup>1</sup> These weightings have been rounded.

reflected in the APT. The same national weighting of 65%<sup>2</sup> for pupils in year 8 should therefore also be used for those who are year 7 in the academic year 2020 to 2021.

67. The weightings will operate in the same way as in 2019: 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.

68. 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.

69. LPA funding has been 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.

70. 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.

## **Looked after children (LAC)**

71. This is an optional factor.

72. 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 SSDA903 return at 31 March 2020.

73. The department maps this data to schools using the January school census to identify the number of LAC in each school or academy.

74. DfE does not use a LAC factor in the NFF. Instead, the department increased the pupil premium plus rate from 2019 to 2020 from £1,900 to £2,300. Local authorities currently using this factor should consider whether to do so in 2021 to 2022.

## **English as an additional language (EAL)**

75. This is an optional factor.

76. 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.

---

<sup>2</sup> This figure has been rounded.



77. 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.

78. The department has used three years in the NFF. Local authorities should consider this when setting their local formula.

## Pupil mobility

79. This is an optional factor.

80. The mobility factor allocates funding to schools with a high proportion of pupils with an entry date in the last three years which is not typical. (For year groups 1 to 11, 'typical' means that the first census on which a pupil is recorded as attending the school (or its predecessors) is the October census. 'Not typical' means that the first census a pupil is recorded as attending the school is a January or May census. For the reception year, 'typical' means the first census in October or January.)

81. Rather than relying on a single census, this mobility methodology (introduced last year) involves tracking individual pupils using their unique pupil ID through censuses from the past 3 years. If the first census when the pupil was in the school was a spring or summer census, they are a mobile pupil. This excludes reception pupils who start in January. This methodology also excludes pupils who joined in the summer term after the summer census, or pupils who joined in October before the autumn census.

82. To be eligible for mobility funding, the proportion of mobile pupils in a school must be above the threshold of 6%. The DfE has allocated a per-pupil amount to all mobile pupils above that threshold. The department has published the NFF factor values for mobility as part of the 2021 to 2022 NFF publication.

83. Mobility will continue to be an optional factor for local authorities' formulae. The department has supplied local authorities with mobility data in the APT. Further information is available in the [NFF technical note](#).

## Sparsity

84. This is an optional factor.

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

85.1. they are located in areas where pupils would have to travel a significant distance to an alternative should the school close

85.2. they are small schools

86. This factor allows for a sparsity taper to mirror the methodology used as part of the NFF.

87. 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 compatible school. The mean distance for all pupils is then calculated.

88. As 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.

89. 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

90. Pupil numbers include reception to year 11 only, excluding nursery and sixth form pupils.

91. The maximum sparsity values in the 2021 to 2022 NFF are £45,000 for primary schools and £70,000 for secondary schools. The maximum permissible value for the sparsity factor in local funding formulae 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.

92. Different values and methodologies can be used for the primary, middle, all-through, and secondary phases.

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

---

<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.

$$\frac{((\text{maximum average group} - \text{actual average group}) / \text{maximum average group}) \times \text{maximum lump sum}}$$

94. Alternatively, the taper mirroring the methodology used in the NFF is permissible and does not require a disapplication.

95. Under the NFF 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.

96. Local authorities can apply this methodology by using the following formula:

$$(1 - ((\text{actual average group} - \text{half of maximum average group}) / \text{half of maximum average group})) \times \text{maximum lump sum}^4$$

### Example of a school not eligible for sparsity funding

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

97. 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).

98. The average distance to the second nearest compatible school is 2.5 miles.

99. School A is not eligible for sparsity funding, as the average number of pupils per year group is too high.

### Example of a school eligible for sparsity funding

School phase	Average number of pupils per year group	Average distance to second nearest compatible school	Eligible for sparsity funding?
--------------	---	--	--------------------------------

---

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

Primary	17.14	2.2 miles	Yes
---------	-------	-----------	-----

100. 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).

101. The average distance to the second nearest compatible school is 2.2 miles.

102. 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.

103. If the sparsity value is the maximum NFF's value of £45,000, applied using the continuous taper methodology, the school will receive £9,000  $((21.4 - 17.14) / 21.4) \times 45,000$  (allowing for rounding).

104. If the sparsity value is the maximum NFF's value of £45,000, applied using the NFF taper methodology, the school will receive £17,900  $(1 - ((17.14 - 10.7) / 10.7)) \times 45,000$  (allowing for rounding).

105. 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.

106. 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.

107. Local authorities can also make an application to ESFA to include an exceptional circumstance of up to £50,000 for very small sparse secondary schools, which would otherwise be unable to attract sufficient funding to remain viable.

108. Local authorities can only apply for an exceptional circumstance where schools have:

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

109. Where approval was given in 2020 to 2021 to use an exceptional circumstance for very small sparse secondary schools, or to the road distance for individual schools, that approval can carry forward to 2021 to 2022 if the latest pupil data has not changed significantly.

110. The department has produced sparsity distances for all schools in the schools block dataset and makes them available to each local authority.

111. If a school opens after the sparsity distances have been calculated, the local authority can make an exceptional application for the school.
112. The process is the same for schools that are affected by neighbouring schools closing.
113. The department 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.
114. An existing school, qualifying for sparsity funding, would not lose the funding in-year if a new school opened nearby.
115. Local authorities should agree exceptional applications with their schools forum before submitting to ESFA for consideration.

## **Lump sum**

116. This is an optional factor used by most local authorities.
117. Local authorities can set a flat lump sum for all phases or differentiate the sums for primary and secondary.
118. Local authorities should give middle schools a weighted average, based on the number of year groups in each phase.
119. The maximum lump sum is £175,000, even for schools that receive a London fringe uplift.
120. The lump sum may be different for primary and secondary schools, and the maximum permitted value for either phase in local formulae continues to be £175,000 (including the London fringe uplift).
121. 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.
122. 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.

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

123. 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.

124. Where schools have amalgamated during the financial year 2020 to 2021, or on 1 April 2021, they will retain the equivalent of 85% of the predecessor schools' lump sums for the financial year 2021 to 2022.

125. For example, assuming a lump sum of £100,000, the additional payment would be £70,000  $((100,000 \times 2) \times 85\% - 100,000)$ .

126. Local authorities can apply to ESFA to reduce this in exceptional circumstances.

127. Where schools amalgamate after 1 April 2021, the new school will receive funding equivalent to the formula funding of the closing schools added together for the 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.

128. Local authorities may apply to provide a second year of protection.

129. Applications must specify the level of protection sought, although in general the DfE would not expect the additional protection to exceed 70% of the combined lump sums. The department will consider applications on a case-by-case basis.

## London fringe

130. This is an optional factor applicable only to Buckinghamshire, Essex, Hertfordshire, Kent, and West Sussex.

131. 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 7 pupil-led factors, the lump sum factor, and the sparsity factor.

132. The factor can be applied as a multiplier of 1.0156, or as a multiplier of the differential of the area cost adjustment of London fringe and non-London fringe zones within the local authority.

133. The differentials are:

- Buckinghamshire: 1.0176
- Essex: 1.0339
- Hertfordshire: 1.0306
- Kent: 1.0368
- West Sussex: 1.0569

## Split sites

134. This is an optional factor.

135. The purpose of this factor is to support schools that have unavoidable extra costs because the school buildings are on separate sites. Allocations must be based on objective criteria for the definition of a split site, and for how much is paid.

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

137. Criteria for providing extra funding should be clear and transparent, incorporating clear and objective trigger points, and a clear formula for allocating additional funding. All schools and academies that meet the criteria will be eligible for split site funding.

138. 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

139. 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

140. 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.

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

## Rates

142. This is an optional factor used by all local authorities.

143. Local authorities must fund rates at their estimate of the actual cost.

144. Local authorities can make adjustments to rates during the financial year, but this must be done outside of the funding formula. For example, an additional allocation could be made to a school (funded by balances brought forward).

145. This should be reflected in the Section 251 outturn statement, and in each schools' accounts.

146. The effect on the school would be zero since any rates adjustment will be offset by a change in the cost of the rates.

## Private finance initiative (PFI) contracts

147. This is an optional factor.

148. 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.

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

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

- 150.1. 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



150.2. 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

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

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

151.1. allocations are in accordance with an original governors' agreement

151.2. allocations reflect the difference between the PFI contractual cost, and the grant received by the local authority, less any local authority contribution

152. Methodologies for calculating allocations could include:

152.1. a percentage of the school's budget share

152.2. a per-pupil rate

152.3. a rate per square metre of floor area

152.4. a historical lump sum previously agreed, and indexed by a percentage per year

153. 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, the department would expect schools and local authorities to work together to agree an alternative arrangement, so that neither party is significantly disadvantaged.

## **Exceptional circumstances**

154. This is an optional factor.

155. Local authorities can apply to ESFA to use exceptional circumstances relating to school premises. These may be for rents, or joint-use sports facilities, for example.

156. Exceptional circumstances must relate to premises costs.

157. 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 local authority's area.

158. Local authorities can use exceptional circumstances used in 2020 to 2021 (for pre-existing, and newly qualifying schools) in 2021 to 2022, if the qualification criteria are still met.

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

160. Where an exceptional circumstance 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 local authority area.

161. Local authorities should have applied for any new exceptional circumstances in 2021 to 2022 by the disapplication deadline dates, setting out the rationale for the factor, and demonstrating that the criteria are met.

162. The deadline date for local authorities to submit any application for exceptional circumstances was 20 November 2020. This is in order for the department to ensure decisions were communicated back to local authorities prior to the APT submission deadline.

163. Exceptional circumstances previously approved include:

163.1. rents

163.2. joint use of leisure facilities by contractual agreement

163.3. building schools for the future (BSF) schemes (additional contribution to lifecycle maintenance costs)

163.4. hire of PE facilities

163.5. listed buildings

163.6. school with a farm included as part of its educational provision

164. 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.

165. 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.

166. Local authorities can apply for an exceptional circumstance by sending the [disapplication proforma](#) to [LA.Disapplications@education.gov.uk](mailto:LA.Disapplications@education.gov.uk).

167. The department continues in 2021 to 2022 to use two different disapplication proformas, one for block movement requests and another for all other requests. These two proformas are published alongside this guidance.

168. These specific proformas will enable the ESFA to process and understand the details of each request more quickly.

## Variations to pupil numbers

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

169.1. there has been, or is going to be, a reorganisation

169.2. a school has changed, or is going to change, its admission limit

170. However, the department expects local authorities to present any pupil variations to their schools forum, to illustrate the impact to overall funding, and on specific schools' budgets.

171. In general terms, the department 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.

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

173. Under these regulations, local authorities must 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. Local authorities can adjust estimates each year, to take account of the actual pupil numbers in the previous funding period. The department has included more information in the treatment in the APT of new and growing schools section of this guidance.

174. All mainstream free schools are 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.

175. 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.

176. If pupil numbers are not adjusted upwards to reflect actual intake, the DfE will adjust amounts recouped to enable the department to properly fund academies and free schools affected by this.

177. The department has included more information in the flowchart at [Annex 1](#) about when to request a variation, and when to use the growth fund. A text version of the flowchart is at [Annex 1a](#).

## Minimum funding guarantee (MFG)

178. Local authorities will continue to set a pre-16 MFG in their local formulae, 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.

179. Local authorities will be able to set an MFG between +0.5% and +2% per pupil. Any local authorities wanting to set an MFG outside of these parameters must apply for exceptional permission using a [disapplication proforma](#).

180. Local authorities need to consult on any changes to the level of the MFG, as with the rest of the formula.

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

182. In 2021 to 2022, the department will also require local authorities to mirror the additional total funding added to schools' NFF baselines in schools' baselines used for the calculation of the MFG in local funding formulae. This will ensure that schools on the MFG can also have their pay and pensions grant funding protected. The adjustments required to schools' 2020 to 2021 baselines will be shown within the NFF COLLECT data made available to each local authority, and in the Authority Proforma Tool (APT). The additional grant funding will be added to the 2020 to 2021 schools budget share.

183. The following elements of funding need to be added to schools' budget shares before the MFG calculation:

- 183.1. funding deducted through the negative factor for schools entered into the risk protection arrangement under regulation 19 of [the Schools and Early Years Finance \(England\) Regulations 2020](#)

183.2. funding for de-delegated services that have been agreed with the schools forum under regulations 11(5) and 11(6)

183.3. negative adjustments for excluded pupils during the year under regulation 29

183.4. pay and pensions grant to the school during 2020 to 2021: this is added to the baseline only

184. The following elements of funding are automatically excluded from the MFG calculation, as not doing so would result in excessive protection, or would be inconsistent with other policies:

- the 2021 to 2022 lump sum: this is excluded from both the baseline and 2021 to 2022 funding so that schools are protected against significant change in the lump sum between years
- any higher lump sum paid under the regulations in 2020 to 2021 for amalgamated schools: this is excluded from the baseline only
- any higher lump sum to be paid under the regulations in 2021 to 2022 for amalgamating schools: this is excluded from the 2021 to 2022 funding only
- the 2021 to 2022 sparsity factor: this is excluded from both the baseline and 2021 to 2022 funding so that schools are protected against significant change in the sparsity value between years
- rates: these are excluded from both the baseline and 2021 to 2022 funding, at their respective values for each year
- any positive adjustments for excluded pupils during the year under regulation 29

185. The [school funding regulations](#) set out requirements for the MFG calculation in detail, under Schedule 4.

186. 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 a local 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

187. 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.

188. The majority of approvals to disapply the MFG for 2020 to 2021 were specific to that year, and the DfE does not expect these to be repeated. The department will not carry forward any previous approvals.

189. The deadline for local authorities to submit any applications to disapply the MFG for 2021 to 2022 was 11 October 2020. The purpose of this deadline is to get decisions back to local authorities before the APT is issued in December. Any later requests should have been submitted by 20 November 2020 for them to be considered in order to meet the APT submission deadline.

190. There are now [separate proformas for block movement requests and general requests](#). It is important for local authorities to use the specific proformas and send them to [LA.Disapplications@education.gov.uk](mailto:LA.Disapplications@education.gov.uk), rather than using the old forms or system. This will enable the department to process and understand the details of each request more quickly.

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

192. Exceptional requests to disapply the MFG will only be considered if there is a significant change in a school's circumstances or pupil numbers. The department will only consider applications where the inclusion of a factor in the MFG will lead to significant inappropriate levels of protection. Local authorities should provide detailed information on the financial impact of any request.

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

- schools that previously qualified for a split site, PFI or exceptional circumstance 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 local authority can demonstrate that the funding is genuinely one-off

194. The worked example below shows how the MFG will be calculated (based on an MFG of a positive 0.5%):

Line	Description	Items and calculation	Amount
1	School budget share (SBS) 2020 to 2021 (inclusive of any MFG and capping)		£2,115,000
2	2020 to 2021 rates		£90,000
3	2021 to 2022 additional lump sum for amalgamating schools		£70,000
4	2021 to 2022 lump sum		£100,000
5	2021 to 2022 sparsity value (including any additional sparsity funding for very small secondary schools)		£30,000
6	Agreed MFG exclusions and technical adjustments		£0
7	2020 to 2021 MFG baseline (including TPG and TPECG funding provided in the APT)	1 - (2 + 3 + 4 + 5 + 6)	£1,825,000
8	Funded number on roll at October 2019		500
9	MFG baseline value per pupil	7 / 8	£3,650

Line	Description	Items and calculation	Amount
10	MFG protected value per pupil	$9 \times 100.5\%^5$	£3,668.25
11	Formula funding 2021 to 2022		£1,983,200
12	2021 to 2022 rates		£95,600
13	2021 to 2022 lump sum		£100,000
14	2021 to 2022 sparsity value (including any additional sparsity funding for very small secondary schools)		£30,000
15	Agreed MFG exclusions and technical adjustments		£0
16	2021 to 2022 base funding	$11 - (12 + 13 + 14 + 15)$	£1,757,600
17	Funded number on roll October 2020		£490
18	2021 to 2022 base funding per pupil	$16 / 17$	£3,586.94
19	Guaranteed level of funding	$10 \times 17$	£1,797,442.50
20	MFG adjustment	$19 - 16$	£39,842.50
21	Final 2021 to 2022 SBS	$11 + 20$	£2,023,042.50

---

<sup>5</sup> Assuming the local authority sets an MFG of +0.5%.



195. 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 is excluded from the calculation, so has not been shown here as it does not form part of the schools block formula funding.

196. The department 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.

## Capping and scaling

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

198. It is worth noting that the schools NFF will not include a gains cap or alternative gains cap in 2021 to 2022. Therefore, the department will not be accepting disapplications to use the alternative gains cap, as local authorities wishing to mirror the NFF will not need to use it.

199. Local authorities can continue to choose to cap any gains schools receive through the 2021 to 2022 local formula, unlike the NFF where no gains cap is applied. Capping and scaling must be applied on the same basis to all schools.

200. 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.

201. The department 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.

202. 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.

203. Capping and scaling will not take a school below the MPPLs. The 2020 to 2021 APT allowed negative MFG thresholds; the gains cap threshold was applied from the maximum of either zero or the MFG threshold (so if an MFG threshold of 0.5% and a cap of 0.1% was entered all schools would keep gains up to 0.6%).

204. Should local authorities elect to apply a gains cap in 2021 to 2022, the cap must be set at least as high as the MFG threshold. Schools will always retain all gains up to the MFG threshold even where a cap is applied.

## **Redetermination of budget shares**

205. It's not permissible to make an in-year redetermination of schools' budget shares other than in the explicit circumstances allowed for within [the Schools and Early Years Finance \(England\) Regulations 2020](#) which relate to:

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

206. Therefore, any in-year underspends that are not covered by the clauses above should be carried forward to the next funding year.

207. 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.

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

209. 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 will again need to consult with its schools forum. In-year reallocations to schools cannot be made as these do not comply with the Schools and Early Years Finance (England) Regulations.

210. 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. 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.

## **Risk protection**

211. From April 2020 local authority maintained schools have been able to join the risk protection arrangement (RPA), which has previously only been available to academies.

212. Local authorities may de-delegate funding to primary and/or secondary schools for schools entered into the RPA.

213. Local authorities are alternatively able to opt schools into the RPA on a school by school basis, and will need to do this for special schools and pupil referral units (PRUs).

214. The department is operating a process whereby a deduction is made for the appropriate value, from the local authorities DSG, as membership becomes known through an online form. Further guidance can be found in the [Risk protection arrangement \(RPA\) for schools](#).

215. If local authorities are signing up any or all of their maintained schools for a particular phase to become RPA members from the start of the new financial year 2021 to 2022, they must enrol schools through the link above to ensure the correct schools are assigned the correct RPA scheme rules. Appropriate deductions will then be made to DSG payments to local authorities to reflect the RPA membership.

216. In this situation, local authorities must include a factor that enables them (for their maintained schools) to determine and, if necessary, redetermine the schools budgets to take account of the cost of the RPA. The [RPA contribution rate for the year 2021 to 2022](#) has been published.

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

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

218. 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.

219. 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**

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

221. 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'.

222. 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.

223. Where the pupil is funded according to the post-16 formula, the amount attributable to the pupil is £4,188 base rate. Therefore, £4,188 per pupil can be deducted from the excluding school's budget. The finance regulations, however, only apply to mainstream maintained schools. The local authority can have an agreement with a 14 to 16 provider to pass funding from an excluded pupil to a new provider.

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

225. 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.

Funding formula factor	Amount
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>

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

227. Where the excluded pupil is eligible for the pupil premium, the pupil premium itself cannot be recovered from the school from which a pupil is excluded, but the budget share must be adjusted for the pupil premium on the same basis as the calculations above.

228. 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.

229. The adjustment for a particular exclusion relates only to the current financial year and cannot be applied to subsequent years. Under regulation 22 of the [School and Early Years Finance \(England\) Regulations 2020](#), any deductions or increases relating to pupil exclusions are not included in the MFG. A deduction can be made even if it reduces the budget share below the MFG and an increase will be in addition to the MFG.

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

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

231. 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'.

232. 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.

233. Where the pupil is eligible for the pupil premium, the same principles apply as set out above. The principles also apply where the school's governing body subsequently reinstates a permanently excluded pupil. 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**

234. 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.”

235. The adjustments should also relate to the local authority financial year. Local authorities can change this to the academy financial year, by local agreement.

236. The schools forum may also agree to make adjustments in line with the school or academy’s funding period, with academy adjustments being made on an academic year and maintained school’s adjustments being made on a financial year, and these amounts are no greater than those specified in the operational guide, this would constitute a local agreement and would need to be agreed with individual academies.

237. 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

238. There are regulations covering the movement of excluded pupils across local authority boundaries:

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

239. These regulations cover situations where a pupil is excluded from a maintained school in one local 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 local authority
- subsequently provided with education in the same financial year at a pupil referral unit, or otherwise than at school in a second local authority, and then at a maintained school or otherwise than at school in a third local authority

240. 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.

241. There would also be a proportional repayment if the pupil was subsequently reinstated by the governing body.

## Growth funding

242. Growth funding is within local authorities' schools block DSG allocations.

243. For 2021 to 2022, it has been calculated using the same methodology as in 2020 to 2021, based on the growth in pupil numbers between the October 2019 and October 2020 censuses. This is detailed in [the schools NFF technical note](#).

244. To support local authorities to plan ahead of their growth allocation in the DSG settlement, the department has sent information allowing them to input their own forecast of pupil numbers in the October 2020 census and estimate the growth funding they could expect to receive in 2021 to 2022. Growth allocations have been communicated to each local authority within their [DSG settlement](#).

245. Local authorities that received growth funding protection in 2020 to 2021 have continued to receive protection in 2021 to 2022, meaning the maximum reduction in growth funding for these local authorities will be set at -0.5% of their total DSG schools block allocation in 2020 to 2021.

246. 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 still needs to be consulted on the total growth fund.

247. The growth fund can only be used 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

248. Local authorities are responsible for funding these growth needs for all schools in their area, for new and existing maintained schools and academies. Local authorities should fund all schools on the same criteria, discussed below. Where growth occurs in academies that are funded on estimates, the department will use the pupil number adjustment process to ensure the academy is only funded for the growth once.

249. 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. 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.

250. The department 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](#).

251. The growth fund must 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; this is managed through lagged funding

252. The growth fund may not be the most appropriate source of funding for growing schools, and the department expects local authorities to use 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.

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

254. The schools forum must also be consulted on the total size of the growth fund and criteria, from each phase, and should receive regular updates on the use of the funding. Any in-year reduction to the growth fund needs to be agreed with the schools forum or Secretary of State if appropriate.

255. The department will check the criteria for compliance with the [School and Early Years Finance \(England\) Regulations 2020](#). The criteria should provide a transparent and consistent basis for the allocation of funding, which may be different for each phase.

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

- support where a school or academy has agreed with the local 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 local 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

257. 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 age-weighted pupil unit (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

258. The department has published further [guidance for local authorities setting up funds for growth, including examples of approved growth fund criteria from 2019 to 2020](#).

259. 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. 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.

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

261. 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.

262. Local authorities should report any unspent growth funding remaining at the year-end to the schools forum. 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. Any overspent growth funding will form part of the overall DSG surplus or deficit balance.

## Falling rolls fund

263. 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.

264. 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. As with the growth fund, the falling rolls fund is also within the NFF schools block. Any in-year reduction to the falling rolls fund needs to be agreed with the schools forum or Secretary of State if appropriate.

265. 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.

266. 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

267. 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)

268. 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.

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

270. 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.

271. The department has published [guidance detailing best practice examples of falling rolls \(and growth funding\) criteria.](#)

## Movements between blocks

272. Local authorities' DSG consists of 4 blocks of funding:

273.1. schools block

273.2. central school services block (CSSB)

273.3. high needs block

273.4. early years block

273. The schools block is ring-fenced in 2021 to 2022, but local authorities can transfer up to 0.5% of their schools block funding into another block, with the approval of their schools forum. However, in view of the significant increases in funding the DfE has provided, there are a number of important constraints on movements away from the schools block.

274. In 2021 to 2022, such block transfers cannot include the additional funding local authorities have been allocated for the teachers' pay and pension grants, thereby guaranteeing that all of this funding remains with schools. Local authorities will be required, through the DSG conditions of grant, to discount additional funding identified as 'protected pay and pensions funding' in the NFF and DSG tables, from the total schools block amount from which they calculate the total that they are allowed to transfer. The calculation for the amount that a local authority will be able to transfer from the schools block, with schools forum approval, is therefore:

$$(A \times (1 - B) + C + D) \times 0.005$$

Where:

A = total schools block funding in 2021 to 2022 (excluding funding through the growth factor) \*

B = percentage protected teachers' pay and pensions grant funding

C = actual premises funding

D = growth funding\*\*

\*This figure will be provisional in the NFF tables

\*\*Local authorities' growth funding will be included in DSG allocations. Before then, authorities can use estimate allocations using forecasted pupil numbers – see paragraph 220.

275. If local authorities wish to transfer funding out of the schools block in 2021 to 2022, the department expects to see evidence of recent discussion and the vote with the

schools forum. This includes cases where schools forums have already agreed DSG recovery/management plans that assume future year transfers.

276. Local authorities wishing to make a transfer should also consult local maintained schools and academies, and the schools forum should take these views into account before making their decision. It is important that any consultation sets out the full amount of the proposed transfer, not just further proposed transfers in addition to 0.5% or previous years' transfers. For example, if a local authority wants to move 1%, the consultation documents must clearly state this. A document showing 0.5% on top of the 0.5% the schools forum is able to approve is not acceptable.

277. Most proposals by local authorities to move funding from their schools block arise as a result of pressures on their high needs budgets. The department expects local authorities to take the significant increase in high needs funding in 2021 to 2022, on top of increases in the previous year, into consideration when making decisions on block movements, and for these to have been appropriately discussed at schools forum meetings.

278. All local authorities are expected to keep their local offer of special provision under review, and to have a plan to ensure good quality provision can be developed and sustained in line with available resources.

279. The department therefore expects to see DSG management plans, in light of additional high needs funding, when proposing block movement transfers. Local authorities may wish to use the department's [high needs benchmarking tool](#) to compare their patterns of provision and expenditure with similar authorities.

280. It is particularly important that mainstream schools are clear about how they contribute to the local offer, and how that can affect the need for more specialist provision and the costs that local authorities consequently have to meet from their high needs budgets.

281. The DfE also expects schools forum discussions to include appropriate representation from special schools and other specialist providers. The department has made a [DSG management plan template](#) available to assist local authorities in reporting to forums and consulting with schools.

282. Local authorities must submit disapplication requests to the Secretary of State, using the proforma provided by the ESFA, in cases where:

- the local authority wishes to move more than 0.5% of the schools block, regardless of any previously agreed transfer amounts

- the schools forum has turned down a proposal from the local authority to move any amount of funding out of the schools block, but the local authority wishes to proceed with the transfer

283. The deadline for local authorities to submit a block movement disapplication request was 20 November 2020. This deadline enables the department to communicate decisions back in time for local authorities to submit the APT and provide maintained schools with their budget shares.

284. Schools forum meetings should be arranged so that requests for block movements have been considered prior to the disapplication deadline. Incomplete applications may lead to a delay in the block movement consideration which will have an impact on local authorities' ability to set school budgets on time.

285. The department recognises there may be exceptional situations where local authorities need to amend their request, where circumstances change significantly. 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

286. In these circumstances, local authorities should submit the amended disapplication request by 15 January 2021 at the latest. The department has included more information on the implications for APT submissions in the [completing the authority proforma tool](#) section of this guidance.

287. In such circumstances, local authorities should also have considered 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 allocations, are not delayed. The department suggests timetabling schools forum meetings to discuss budgets in November and December, to agree the process should any amendments to disapplications need to be made. This allows for schools forum to be informed and vote on proposed changes. Further to this, arrangements for political approval should be timetabled to take account of this later date for amended requests.

288. When submitting disapplication requests for transfers from the schools block, local authorities should provide the evidence detailed in the proforma provided by the ESFA. This includes evidence of:

- previous block movements, including those that did not require a disapplication request, and the pressures those movements were designed to address
- breakdown of specific budget pressures justifying a transfer, including changes in demand for special provision over the last 3 years, and how the local authority has

met that demand by commissioning places in all sectors. This information should be quantified where possible

- assessment of why the high needs costs are exceeding funding levels, and plans to change the pattern of provision where necessary
- assessment of the need to seek schools forum approval for further transfers in future, and consideration of plans to avoid this if possible
- 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 coming from the health and social care budgets towards the cost of specialist places
- consideration of how additional high needs funding would be targeted to good and outstanding mainstream 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 SEND in mainstream schools
- details of the effect that any transfer would have on individual schools' budgets funded from the schools block
- information presented to the schools forum, and to all schools through consultation, and details of responses to the transfer proposal

289. The above 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.

290. Each request will be considered on a case-by-case basis, however the department will look at the following criteria in determining whether the local authority has a strong case:

- strong evidence that, in addition to the significant increases to high needs funding in 2021 to 2022 and any past transfers, a further transfer remains necessary to address significant cost pressures
- specific and detailed plans which demonstrate that the transferred funding would contribute to addressing cost pressures in a sustainable way, such as 'invest to save' options
- strong evidence of a marked and recent transfer of financial responsibility for children with high needs from the schools block to the high needs block, for example through a significant increase in permanent exclusions requiring the local authority to make more alternative provision, or a significant increase in the proportion of children with education, health, and care plans placed in specialist settings rather than mainstream schools

- good level of support from local schools and the schools forum for a transfer, including outcomes of local consultations
- mitigated impact on local mainstream schools, and in particular the local authority's ability to implement the NFF where possible

291. Local authorities are required to comply with the duty under [section 149 of the Equality Act 2010](#) when making decisions about disapplication proposals. Section 149 places a duty on local authorities to have due regard to how their proposal will have the impacts specified in section 149. The department expects local authorities to have considered, consulted, and explained the specific impacts their proposals might have in the disapplication request.

292. If no Equality Impact Assessment has been completed or provided to support the disapplication proforma, the disapplication request will remain on hold until such information has been made available.

## **Movement from other blocks**

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

294. 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.

295. Any local authority considering a transfer of funding out of the high needs block should have ensured 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 deficits and high needs safety valve funding**

296. On 30 January 2020 the department published the government [response to the consultation](#) undertaken in Autumn 2019, about clarifying the specific grant and ring-fenced status of the DSG.

297. The department has made changes to the School and Early Years (Finance) (England) Regulations 2020, in regulation 8, regulation 31 and schedule 2, to give statutory backing to a new process for handling DSG deficits.

298. A local authority must now:

- carry all of the deficit forward to set against the schools budget in the next financial year; or
- carry part of the deficit forward to set against the schools budget in the next financial year and carry the rest of it forward to the following financial year; or
- not set any of the deficit against the schools budget in the next financial year, but carry all of the deficit forward to the following financial year

299. These provisions will be repeated in future regulations so that part or all of the deficit can be carried forward further a year at a time, to be dealt with through DSG that will be received in future years.

300. If the local authority sets any part of the deficit against the schools budget for the next financial year, it must plan to eliminate that part of the deficit through funding from the DSG that it will receive during that financial year.

301. If the local authority carries any part of the deficit forward to the following financial year, that means it is not planning to eliminate that part of the deficit from DSG received in the next financial year, but will need to eliminate it from DSG received in future years.

302. Beginning in 2020 to 2021 financial year, if a local authority with a DSG deficit wishes to use general funds to eliminate any part of the deficit, or otherwise to add general funds to its schools budget, it must apply to the Secretary of State under regulation 31(1)(b) to disregard the requirement to carry deficits forward under regulation 8(7), to the extent of the amount of general funds that it wishes to use. Such [disapplication requests](#) should be sent to [LA.DISAPPLICATIONS@education.gov.uk](mailto:LA.DISAPPLICATIONS@education.gov.uk).

303. The Ministry of Housing, Communities and Local Government (MHCLG) laid the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2020 on 6 November 2020, which then came into force on 29 November 2020. These regulations, with their explanatory memorandum, can be found at [legislation.gov.uk](#). The regulations provide that any DSG deficit at the end of 2020 to 2021 must not be charged to a general fund but must be charged to a separate fund established, charged, and used solely for the purpose of recognising deficits in respect of the schools budget. This has the effect of separating any such deficit from a local authority's general fund. The same arrangements will apply in 2021 to 2022 and 2022 to 2023. The Chartered Institute of Public Finance & Accountancy (CIPFA) guidance can be found on the [CIPFA website](#).

304. In 2020 to 2021 the high needs block of the DSG increased by an average of 12%, and in 2021 to 2022 it will increase by an average of 10%. Overall funding for schools and high needs, compared with 2019 to 2020, is increasing by £2.6bn in 2020 to 2021, £4.8bn in 2021 to 2022 and £7.1bn in 2022 to 2023.

305. The government response to the consultation indicated that DfE recognises that there may well be some authorities which, despite their best efforts, will still not be able



to pay off their historic deficit from the DSG over the next few years. In these cases, DfE expects to work together with the local authority to agree a plan of action to enable the local authority to pay off its deficit over time. The department will need convincing evidence from the local authority that it would be impracticable to pay off a historic deficit from the DSG it would expect to receive in future years.

306. The agreed action plan would be designed to secure the most efficient use of resources, and depending on the situation and context could include for example:

- changes to local SEND policy or practice
- additional challenge and support to the local authority in its management of high needs and/or management change
- sign off of budget plans by DfE
- additional conditions of grant

307. It would also cover any movement of DSG from the schools block. As part of an appropriate agreed package of measures, the department will, if necessary, make funds available from within the overall total of DSG so that the local authority can pay off its deficit over time.

308. The department expects to approach selected local authorities to begin discussions with them during 2020. These discussions are likely to be detailed, and in order to make this process manageable it will be necessary to limit discussions during 2020 to 2021 to a fairly small number of authorities. The department expects to expand the discussions to other local authorities during 2021 to 2022 and subsequent years.

309. The government response also acknowledged that local authorities could experience cash flow difficulties in actually financing in-year spending as a result of a DSG deficit. By this, the department means that the local authority has actual difficulty in accessing cash, not that it has incurred loss of interest because it has had to make use of the cash. If a local authority is able to prove that it is facing such cash flow problems, specifically because of the DSG deficit, the department will consider providing funding which would then be subtracted from future years' DSG allocations. Again, this would be subject to appropriate additional conditions of grant to secure the most efficient use of resources. Adjusting the timing of funding in this way would not improve the local authority's accounting position since it would have to make provision for the future reduction in DSG. If a local authority thinks it may be eligible for this kind of arrangement, it should contact [Financial.MANAGEMENT@education.gov.uk](mailto:Financial.MANAGEMENT@education.gov.uk).

## **DSG management plans**

310. An increasing number of local authorities have been incurring a deficit on their overall DSG account, largely because of overspends on the high needs block.

311. In 2019 to 2020, local authorities with a cumulative deficit of 1% or more at the end of the financial year (31 March 2019), were required to submit a recovery plan to the department to outline their plan to manage their DSG spend.

312. In 2020 to 2021, DfE extended the rules under the [DSG conditions of grant](#) so any local authority with an overall deficit on its DSG account at the end of the 2019 to 2020 financial year, or whose DSG surplus has substantially reduced during the year, must co-operate with the department in handling that situation by:

- providing information as and when requested by the department about its plans for managing its DSG account in the 2020 to 2021 financial year and subsequently
- providing information as and when requested by the department about pressures and potential savings on its high needs budget
- meet with officials of the department as and when they request to discuss the local authority's plans and financial situation
- keep the schools forum regularly updated about the local authority's DSG account and plans for handling it, including high needs pressures and potential savings

313. DSG management plans will need to be discussed with the schools forum and should set out the local authority's plans for bringing the DSG spend back into balance. The department expects the chief financial officer and appropriate special education needs (SEN) colleagues to review and sign off the report periodically.

314. Where a local authority has a substantial in-year overspend or cumulative DSG deficit balance at the end of the financial year, its management plan should look to bring the overall DSG account into balance within a timely period.

315. The department recognises that this may prove difficult for some local authorities, particularly where they are accelerating moving their schools to mirror the NFF allocations in full.

316. Where this is the case, the department would be open to receipt of evidence explaining the pressures and will consider management plans that leave some or all of the deficit accumulated to date outstanding.

317. In all cases, the department expects local authorities' management plans to focus on how they will bring in-year spending in line with in-year resources.

318. DfE expects a range of evidence to support local authority management plans. The department will continue to review the management plan process and has provided a template [DSG deficit management plan](#) for local authorities to use. DfE expects all evidence to have been presented to schools forums.

319. The department is aware that DSG deficits are usually caused by high needs pressures, and in these cases the evidence required in the management plans will typically include what the department already looks for in block movement disapplication requests.

320. Local authorities will, however, need to address whatever the main causes of overspending on the DSG have been.

321. The evidence should include:

- A full breakdown of specific budget pressures locally that have led to the local authority's current DSG position. Where this has resulted from high needs pressures, information should include the changes in demand for special provision over the last 3 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.
- 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.
- Evidence of how the local authority intends to bring its DSG account back into balance within a timely period, clearly showing clearly how expenditure will be contained within future funding levels. This should also show how the additional funding provided in 2020 to 2021 is intended to be spent to support the local authority to balance its in year spend.
- Details of any previous movements between blocks and any proposed block movements. A detailed explanation of why these have not been sufficient in the past and why they will be needed going forward to meet the local authority's high needs pressures is required. Further information is included in the movements between blocks section of this guidance.

## **Central school services block (CSSB)**

322. The CSSB continues to provide funding for local authorities to carry out central functions on behalf of maintained schools and academies, comprising 2 distinct elements:

- ongoing responsibilities

- historic commitments

323. Further details on the methodology used for the CSSB are set out in the [2021 to 2022 NFF technical note](#).

324. In 2021 to 2022, the department has increased the total funding for the ongoing responsibilities by 3.8%. This funds all local authorities for the functions they have a statutory duty to deliver for all pupils in maintained schools and academies.

325. Local authorities will continue to be protected so that the maximum per-pupil year-on-year reduction in funding for ongoing responsibilities is -2.5%, while the year-on-year gains cap will be set at the highest affordable rate of 6.45%.

326. As previously stated, the department has reduced the element of funding with CSSB that some local authorities receive for historic commitments made prior to 2013 to 2014.

327. In 2021 to 2022, for those local authorities that receive it, historic commitments funding has been reduced by 20%.

328. The department has protected any local authority from having a reduction that takes their total historic commitments funding below the total value of their ongoing prudential borrowing and termination of employment costs, in recognition of the lead in times required for such costs to unwind. DfE will consider the evidence local authorities submitted for this same protection last year and invites any other local authority in this position to contact the department at [FundingPolicy.QUERIES@education.gov.uk](mailto:FundingPolicy.QUERIES@education.gov.uk).

329. DfE has made the necessary adjustments for 2021 to 2022 in the DSG allocations. The department is not proposing any changes to the regulations, which require local authorities to have the approval of the schools forum for such expenditures, nor is DfE changing the requirement in regulations that local authorities spend no more on these commitments than they did in the previous year. With the approval of the schools forum, a local authority can maintain spending in this area using other funding sources if they wish to.

330. The duties included in the CSSB are set out in [Annex 2](#), which also includes maintained school only functions.

331. Where local authorities hold duties in relation to all schools (as set out in schedule 2, parts 1 to 5 of the [School and Early Years Finance \(England\) Regulations 2020](#), all schools must be treated on an equivalent basis.

332. Local authorities should not treat 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.

333. 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.

334. For example, although admissions appeals are not a duty that the local authority holds in relation to all schools, the department would still expect all schools to be treated fairly and equitably by the local authority.

335. 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.

336. However, in these situations, local 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**

337. 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.

338. 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.

339. 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.

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

341. The department will not allow adjustments to other factors, and the rate will not include early years or post-16 pupils, who are funded through different formulas.

342. 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>6</sup>.

343. As with de-delegation, the amount to be held by the local authority will be determined after MFG has been applied. If a school converts to academy status, the department 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. The academy will be reimbursed in its monthly general annual grant payment from the point of conversion.

344. 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. For example, if a school converts on 1 January 2020 (3 months prior to the end of the financial year), the department will recoup three twelfths of the retained amount relating to that school.

345. 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 2021 to 2022 on each of the headings set out in Annex 3, which also covers all central expenditure
- spending shown to at least the level of detail provided in the 2021 to 2022 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/education functions of the funding on children or other people who have one or more of the protected characteristics under the Equality Act 2010

---

<sup>6</sup> The multipliers used in ESG previously were 3.75 for PRUs, and 4.25 for special schools.

## Grants for 2021 to 2022

### School improvement monitoring and brokering grant

346. School improvement is not included in the arrangements set out above. Local authorities currently receive the school improvement monitoring and brokering grant covering their statutory intervention functions and monitoring and commissioning of school improvement support.

347. Further information on this fund is available in the published [school improvement monitoring and brokering grant guidance](#). The department has confirmed funding for September 2020 to March 2021. Funding for financial year 2021 to 2022 will be confirmed in due course.

348. Schools forums can agree to de-delegate further funding for additional school improvement provision in 2021 to 2022.

### Pupil premium

349. The pupil premium will continue in the 2021 to 2022 financial year.

350. Funding rates for the Pupil Premium in financial year 2021 to 2022 will stay the same as for 2020 to 2021.

351. For 2021 to 2022 October 2020 school census data will be used to allocate the pupil premium. Further information about this will be provided in the new year.

### Teachers' pay grant (TPG) and teachers' pension employer contribution grant (TPECG)

352. In the 2021 to 2022 financial year, the TPG and TPECG have been rolled into DSG funding through the schools and high needs national funding formula. The TPG and TPECG will continue to be paid for mainstream academies to August 2021 for their academic year. Details of the grant are set out in the [TPG methodology document](#) and the [TPECG methodology document](#). The department has published updated rates and allocations, as well as arrangements for 16 to 19 and early years elements of the grants.

## Other non-DSG grants

### Free School Meal Supplementary Grant 2020 to 2021

353. We can confirm that the Free School Meal (FSM) Supplementary Grant will be extended for a year to 2020 to 2021. This is for increases in FSM pupil numbers between October 2019 and October 2020, at a per pupil rate of £450. Allocations will be made in February 2021.

354. Information about other grants for 2021 to 2022 will be issued during 2021.

### De-delegated services

355. 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.

356. De-delegation does not apply to special schools, nursery schools, or PRUs. Where de-delegation has been agreed for maintained primary and secondary schools, the department's 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.

357. In the case of special schools and PRUs, the funding to buy such services will be included in any top-up payments. Any decisions made to de-delegate in 2020 to 2021 related to that year only, new decisions will be required for any service to be de-delegated in 2021 to 2022.

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

359. This provision sits alongside the [school improvement monitoring and brokering grant](#) for statutory local authority intervention functions. This grant commenced in September 2017.

360. 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.

361. They must decide on fixed contributions for these services so that funding can then be removed from the formula before school budgets are issued. There may be different decisions for each phase.



362. 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
- RPA
- 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 the department:
  - 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)

363. 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

364. There should be a clear statement of how contingencies and other resources will be allocated. Academies will continue to receive a share of funding for these services in their delegated budget.

365. Where de-delegation is agreed, middle schools will potentially be subject to 2 different decisions, and the unit value for de-delegation can be different for primary and secondary age pupils. For example, if the primary sector agreed to de-delegate a service but the secondary sector did not, middle schools in the local authority would have their formula allocation reduced only for their primary pupils at the agreed primary school rate.

366. 2021 to 2022 de-delegation arrangements for schools converting to academy status are as follows:

- conversion date on or before 1 April 2021 – no de-delegation
- conversion date between 2 April 2021 and 1 September 2021 – local authority retains any de-delegated funding until 1 September 2021
- conversion date between 2 September 2021 to 21 March 2022 – local authority retains any de-delegated funding until 31 March 2022

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

368. The local authority should continue to provide the services to new academies where funding is de-delegated, if they are asked to do so. If the local authority is unable to provide the requested service, the department expects the local authority and the academy to come to an arrangement to pay the funding directly to the academy.

369. Exceptions to this would be in cases where contractual arrangement to pay services in advance have already been made, and the local authority does not have the ability to continue to provide this service.

370. 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.

371. Where a school converts to an academy in the period 2 April 2021 to 1 September 2021, local authorities will have an opportunity to present an evidence based case to request a recoupment adjustment for the period 2 September 2021 to 31 March 2022.

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

373. 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.

## **High needs funding**

374. The high needs block supports provision for pupils and students with SEND, from ages 0 to 25, and alternative provision for pupils who, because of exclusion, illness or other reasons, cannot receive their education in mainstream schools.

375. The department can confirm the following aspects of the high needs NFF:

376. The funding floor has been set at 8% so each local authority can plan for an increase of at least that percentage, taking into account changes in their 2 to 18 population (as estimated by the ONS).

377. The gains cap has been set at 12%, allowing local authorities to see gains up to that percentage, on the basis of their 2 to 18 population as above.

378. Details of the high needs allocations and supporting information is set out in the following documents:

- provisional [high needs block allocations for 2021 to 2022 and supporting technical note](#) explaining the calculations
- The [NFF policy document](#), which provides more details of the changes

379. The [2021 to 2022 DSG allocations](#) have been published. However, operational aspects of high needs funding and the process for finalising local authority allocations of high needs funding and institutions' allocations of place funding remain largely unchanged from 2020 to 2021. Details are available in the [high needs operational guide](#), published in September 2020.

## Early years funding

380. The [Early years national funding formula operational guide](#), published for 2021 to 2022, is current guidance which local authorities should follow when funding providers to deliver the early years entitlements.

381. The guidance covers funding for:

- the 15 hours entitlement for disadvantaged 2-year-olds
- the universal 15 hours entitlement for all 3 and 4-year-olds
- the additional 15 hours entitlement for eligible working parents of 3 and 4-year-olds
- supplementary funding for maintained nursery schools
- the early years pupil premium
- the disability access fund

## Completing the authority proforma tool (APT)

382. Local authorities must report their local funding formula to ESFA on a combined modelling tool and proforma, the APT. The department will calculate academy budgets based on the formula set out in the proforma.

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

384. To help local authorities plan and model their funding formula, the department has provided a final APT with information from the October census, which includes the changes announced in the DSG settlement. Local authorities must have submitted their final APT by 21 January 2021.

385. Where in exceptional circumstances a local authority has made a significant change to a disapplication request for a movement from the schools block, the department recognises that it cannot finalise the APT until a decision on the disapplication has been reached.

386. The department will aim to make final decisions in time to allow the local authorities concerned to submit their final APT by 12 February 2021. Local authorities considering this should ensure that they have procedures in place to meet the requirement to calculate maintained school budgets by 28 February 2021. This includes gaining political approval of budgets.

387. 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.

388. 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.

389. Local authorities should have ensured that all validation checks have passed before submitting the APT. The department has provided detailed [guidance on how to use the APT](#), and can work with local authorities individually where needed.

390. 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. The department appreciates 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.

391. To speed up the approval process, once the DSG and pupil numbers are known, the department strongly advises 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. 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

392. Regulations require local authorities to provide estimated numbers on the APT for new schools and schools that have opened in the last 7 years that do not yet have pupils in every year group. This means it is not necessary for local authorities to apply for a pupil number variation in these situations.

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

394. The department needs 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).

395. Local authorities should work with the schools concerned to provide the most accurate and realistic estimate based on the latest admissions and demographic data. The regulations are not prescriptive about how future numbers on roll should be calculated however, methodologies could include:

**[October 2020 NOR (from APT) x 5/12] + [October 2021 estimated NOR x 7/12]**

**[October 2020 NOR (from APT)] + [7/12 October 2021 estimated intake in new year group]**

396. 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.

397. The 2021 to 2022 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.

398. For a school to be classed as a growing school, it has to have opened in the last 7 years, and not have all year groups present yet. Academies with predecessor schools are not considered as new schools for this purpose.

399. If a school has opened in the last 7 years and is already taking in pupils in all year groups, there is no requirement to estimate numbers.

400. 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 7 years.

401. The regulations allow retrospective adjustments in the following financial year so that schools are appropriately funded if actual numbers are different from the estimates. This is a matter for local decision, but the department would generally expect such a mechanism.

402. Local authorities can choose whether to use a threshold. All mainstream free schools are now recoupable from the first year of opening. Local authorities should estimate pupil numbers and characteristics for these schools, as was the case already for those opened under the presumption arrangements.

403. To help local authorities estimate the recoupment amounts for these schools, the department included a dataset of free schools predicted to open in the next year, with expected pupil numbers, when the department sends out the final APT in December 2020.

404. DfE has asked 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. The department will recoup for newly opening free schools based on the information local authorities have provided in their APT.

405. If the actual pupil numbers at newly opening free schools differed from the estimates provided in the 2020 to 2021 APT, local authorities should make a retrospective adjustment on the 2021 to 2022 APT, unless the local authority guaranteed the pupil numbers in the previous year.

406. If local authorities did not show a new free school in the 2020 to 2021 APT and it opens before March 2021, local authorities should show this as a retrospective adjustment in the 2021 to 2022 APT, and the department will recoup accordingly.

407. DfE will check for required amendments by cross-referring to October 2020 school census data when validating the 2021 to 2022 APT. The department will adjust recoupment in 2021 to 2022 for any new free schools where a local authority fails to show, or incorrectly shows, a retrospective adjustment.

408. The 'New ISB' worksheet in the APT should reflect funding for the period in the year that the new free schools are open, and DfE will therefore recoup the figure shown on the APT in full. The department will not pro-rate the calculation in respect of these academies.

## Funding of academies

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

410. 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.

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

412. Local authorities can choose how to estimate numbers for the APT, and whether and how to use a retrospective adjustment. It is therefore possible that the numbers the academy is funded on, and the subsequent adjustment, may differ.

413. 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.

414. 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.

415. The department will adjust recoupment in 2021 to 2022 for any academy where a local authority fails to show, or incorrectly shows, basic need growth.

416. 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. In this case, the department may 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.

417. The APT guidance has been updated to cover the situation where there is a need to adjust pupil numbers for more than one year. If this is the case, the academic year calculation will be incorrect, as the APT cannot handle adjustments for more than one year.

418. In these circumstances, local authorities should add an additional spreadsheet to the commentary sheet providing a full breakdown of the calculation. Further details are available in the [APT guidance](#).

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

420. 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.

421. DfE will ensure through the pupil number adjustments process that the academy is only funded for the growth once. The department will adjust recoupment in 2021 to 2022 for any academy where a local authority fails to show, or incorrectly shows, basic need growth.

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

423. 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 may not have the same effect on the academies' budgets.

424. 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

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

### Local authority activity

#### 1 October

- School census day

#### 11 October 2020

- Deadline for submitting disapplication requests (for response by December) for:
  - MFG exclusions
  - exceptional circumstances
  - sparsity factors
  - lump sum variations for amalgamating schools
  - pupil number reductions

#### Mid-November 2020

- Closing date for submission of the 2021 to 2022 high needs place change workbooks

#### 20 November 2020

- Deadline for submitting disapplication requests (for response by the APT deadline) for:
  - MFG exclusions
  - exceptional circumstances
  - sparsity factors
  - lump sum variations for amalgamating schools
  - pupil number reductions
- Deadline for submitting disapplication requests if the local authority wishes to move more than 0.5% of the schools block
- A request must also be submitted if the schools forum has turned down a proposal from the local authority to move funding out of the schools block, but the local authority wishes to proceed with the transfer—the department aims to issue decisions before the APT deadline

## **November 2020**

- School census database closed
- Check and validate school census

## **Mid-January 2021**

- Schools forum consultation and political approval required for final 2021 to 2022 funding formula
- 16 January schools block disapplication submission amendment date

## **21 January 2021**

- Deadline for submission of final 2021 to 2022 APT to ESFA

## **28 February 2021**

- Deadline for confirmation of schools budget shares to mainstream maintained schools

## **DfE or ESFA activity**

### **July to September 2020**

- NFF arrangements for 2021 to 2022 for schools, central school services and high needs published (illustrative allocations, PUFs, SUFs, policy document, technical notes)
- Operational guidance published setting out arrangements for 5 to 16 mainstream schools implementation for 2021 to 2022
- High needs funding operational guide for 2021 to 2022 issued to local authorities
- Further information to illustrate 2021 to 2022 growth funding allocations has been provided to local authorities

### **October to November 2020**

- Publish 2021 to 2022 high needs place change notification: technical note.
- Check and validate school census
- We have issued an early modelling version of the APT to help decision making

## December 2020

- Final APT issued to local authorities, containing October 2020 census-based pupil data and factors
- Publication of 2021 to 2022 DSG schools block (prior to academies recoupment), central school services block, initial early years block allocations and initial high needs block allocations for 2021 to 2022

## By 31 March 2021

- Confirmation of 2021 to 2022 general annual grant for academies open by 9 January 2021
- 2021 to 2022 allocation statements issued to post-16 institutions, academies, and NMSS
- Publication of 2021 to 2022 high needs place numbers at institution level

## April 2021

- First DSG payments to local authorities based on 2021 to 2022 allocations, including academies recoupment (DSG allocations updated termly for in-year academy conversions), FE high needs place funding deductions, and other adjustments

## Summer 2021

- Early years block updated for January 2021 early years pupil numbers

## Summer 2022

- Early years block updated for January 2022 early years pupil numbers (pro rata seven twelfths, as this relates only to the period September 2020 to March 2021)

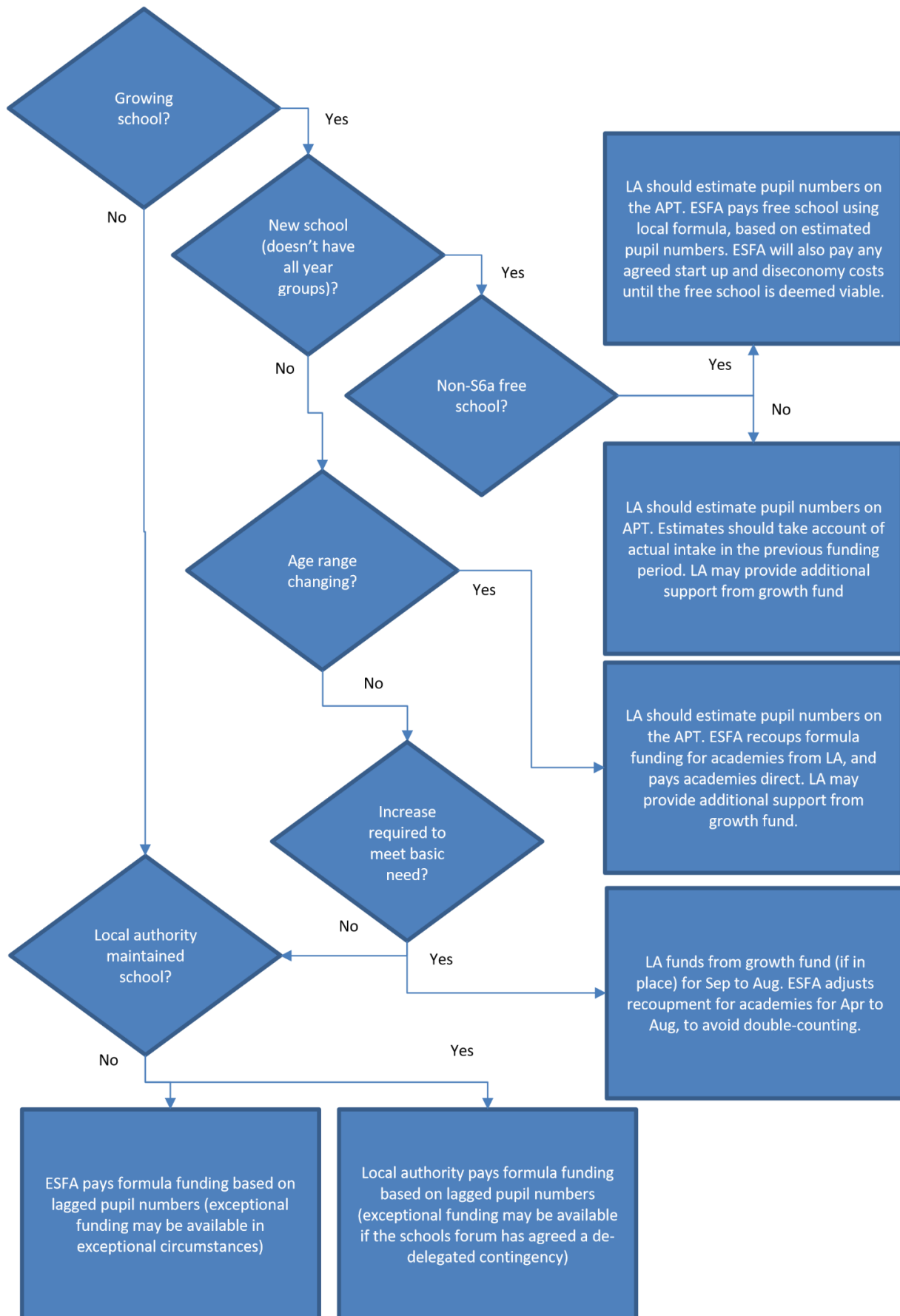
## Additional support

426. The department will continue to offer support to local authorities, where possible, as they continue to implement the funding reforms. The department is interested in seeing local authority proposals as they are developed and is happy to offer advice through the process.

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

428. DfE 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 the department will ensure that officials continue to attend these meetings.

# Annex 1 – Funding for growing schools



## **Annex 1a – Funding for growing schools (text version)**

### **Where the growing school is a new school**

If the growing school is a new school (so does not have all year groups), and is a non-S6a free school, the local authority should estimate pupil numbers on the APT. ESFA pays free schools using local formula, based on estimated pupil numbers. ESFA will also pay any agreed start up and diseconomy costs until the free school is deemed viable.

If the growing school is a new school (so does not have all year groups), and is a not a non-S6a free school, the local authority should estimate pupil numbers on the APT. Estimates should take account of actual intake in the previous funding period. The local authority may provide additional support from the growth fund.

### **Where the growing school is not a new school**

If the growing school is not a new school but the age range is changing, the local authority should estimate pupil numbers on the APT. ESFA recoups formula funding for academies from the local authority and pays academies direct. The local authority may provide additional support from the growth fund.

If the growing school is not a new school and the age range is not changing but the increase is required to meet basic need, the local authority funds from the growth fund (if in place) for September to August. ESFA adjusts recoupment for academies for April to August to avoid double-counting.

If the growing school is not a new school, the age range is not changing and increase is not required to meet basic need, then:

- local authority maintained schools are paid by the local authority for formula funding based on lagged pupil numbers. Exceptional funding may be available if the schools forum has agreed a de-delegated contingency.
- non-local authority maintained schools are paid by ESFA for formula funding based on lagged pupil numbers. Exceptional funding may be available in certain circumstances.

### **Where the school is not a growing school**

If the school is local authority maintained and not a growing school then ESFA pays formula funding based on lagged pupil numbers. Exceptional funding may be available in certain circumstances.

If the school is not local authority maintained, and not a growing school, then the local authority pays formula funding based on lagged pupil numbers. Exceptional funding may be available if the schools forum has agreed a de-delegated contingency.

## **Annex 2 – central services that may be funded with agreement of schools forums**

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

Responsibilities held by local authorities for all schools are funded from the central school services block, with the agreement of schools forums.

Responsibilities held by local authorities for maintained schools only are funded from maintained schools budgets only, with agreement of the maintained schools members of schools forums.

The department has included references to the relevant schedules in the [School and Early Years Finance \(England\) Regulations 2020](#).

### **Responsibilities held for all schools**

#### **Statutory and regulatory duties**

- Director of children’s services and personal staff for director (Sch 2, 15a)
- Planning for the education service as a whole (Sch 2, 15b)
- Revenue budget preparation, preparation of information on income and expenditure relating to education, and external audit relating to education (Sch 2, 22)
- Authorisation and monitoring of expenditure not met from schools’ budget shares (Sch 2, 15c)
- Formulation and review of local authority schools funding formula (Sch 2, 15d)
- Internal audit and other tasks related to the local authority’s chief finance officer’s responsibilities under Section 151 of LGA 1972 except duties specifically related to maintained schools (Sch 2, 15e)
- Consultation costs relating to non-staffing issues (Sch 2, 19)
- Plans involving collaboration with other LA services or public or voluntary bodies (Sch 2, 15f)
- Standing Advisory Committees for Religious Education (SACREs) (Sch 2, 17)
- Provision of information to or at the request of the Crown other than relating specifically to maintained schools (Sch 2, 21)

#### **Education welfare**

- Functions in relation to the exclusion of pupils from schools, excluding any provision of education to excluded pupils (Sch 2, 20)



- School attendance (Sch 2, 16)
- Responsibilities regarding the employment of children (Sch 2, 18)

## **Asset management**

- 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)
- General landlord duties for all buildings owned by the local authority, including those leased to academies (Sch 2, 14b)

## **Other ongoing duties**

- Licences negotiated centrally by the Secretary of State for all publicly funded schools (Sch 2, 8); this does not require schools forum approval
- Admissions (Sch 2, 9)
- Places in independent schools for non-SEN pupils (Sch 2, 10)
- Remission of boarding fees at maintained schools and academies (Sch 2, 11)
- Servicing of schools forums (Sch 2, 12)
- Back-pay for equal pay claims (Sch 2, 13)
- Writing to parents of year 9 pupils about schools with an atypical age of admission, such as UTCs and studio schools, within a reasonable travelling distance (Sch 2, 23)

## **Historic commitments**

- Capital expenditure funded from revenue (Sch 2, 1)
- Prudential borrowing costs (Sch 2, 2(a))
- Termination of employment costs (Sch 2, 2(b))
- Contribution to combined budgets (Sch 2, 2(c))

## **Responsibilities held for maintained schools only**

### **Statutory and regulatory duties**

- Functions of LA related to best value and provision of advice to governing bodies in procuring goods and services (Sch 2, 58)
- Budgeting and accounting functions relating to maintained schools (Sch 2, 74)
- Authorisation and monitoring of expenditure in respect of schools which do not have delegated budgets, and related financial administration (Sch 2, 59)

- Monitoring of compliance with requirements in relation to the scheme for financing schools and the provision of community facilities by governing bodies (Sch 2, 60)
- Internal audit and other tasks related to the local authority's chief finance officer's responsibilities under Section 151 of LGA 1972 for maintained schools (Sch 2, 61)
- Functions made under Section 44 of the 2002 Act (Consistent Financial Reporting) (Sch 2, 62)
- 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, 63)
- Functions related to local government pensions and administration of teachers' pensions in relation to staff working at maintained schools under the direct management of the headteacher or governing body (Sch 2, 64)
- Retrospective membership of pension schemes where it would not be appropriate to expect a school to meet the cost (Sch 2, 77)
- HR duties, including advice to schools on the management of staff, pay alterations, conditions of service and composition or organisation of staff (Sch 2, 65), determination of conditions of service for non-teaching staff (Sch 2, 66); appointment or dismissal of employee functions (Sch 2, 66)
- Consultation costs relating to staffing (Sch 2, 68)
- Compliance with duties under Health and Safety at Work Act (Sch 2, 69)
- Provision of information to or at the request of the Crown relating to schools (Sch 2, 70)
- School companies (Sch 2, 71)
- Functions under the Equality Act 2010 (Sch 2, 72)
- Establish and maintaining computer systems, including data storage (Sch 2, 73)
- Appointment of governors and payment of governor expenses (Sch 2, 74)

## **Education welfare**

- Inspection of attendance registers (Sch 2, 80)

## **Asset management**

- General landlord duties for all maintained schools (Sch 2, 78a & b (section 542(2)) Education Act 1996; School Premises Regulations 2012) to ensure that school buildings have:
  - appropriate facilities for pupils and staff (including medical and accommodation)
  - the ability to sustain appropriate loads
  - reasonable weather resistance
  - safe escape routes
  - appropriate acoustic levels

- lighting, heating and ventilation which meets the required standards
- adequate water supplies and drainage
- playing fields of the appropriate standards
- General health and safety duty as an employer for employees and others who may be affected (Health and Safety at Work etc. Act 1974)
- Management of the risk from asbestos in community school buildings (Control of Asbestos Regulations 2012)

## **Central support services**

- Clothing grants (Sch 2, 54)
- Provision of tuition in music, or on other music-related activities (Sch 2, 55)
- Visual, creative and performing arts (Sch 2, 56)
- Outdoor education centres (but not centres mainly for the provision of organised games, swimming or athletics) (Sch 2, 57)

## **Premature retirement and redundancy**

- Dismissal or premature retirement when costs cannot be charged to maintained schools (Sch 2, 79)

## **Monitoring national curriculum assessment**

- Monitoring of National Curriculum assessments (Sch 2, 76)

## **Therapies**

- This is now covered in the high needs section of the regulations and does not require schools forum approval

## **Additional note on central services**

Services set out 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 local authority (including preparation of applications) and, where it's the local 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 service

## **Annex 3 – schools forum approvals for centrally held funding**

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 2020 to 2021.

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

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

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

The following sections set out the level of approval required for each centrally retained service.

### **Schools forum approval is not required (although they should be consulted)**

- high needs block provision
- central licences negotiated by the Secretary of State
- funding of brought forward deficits

### **Schools forum approval is required on a line-by-line basis**

- funding to enable all schools to meet the infant class size requirement
- back pay for equal pay claims
- remission of boarding fees at maintained schools and academies
- places in independent schools for non-SEN pupils
- admissions
- servicing of schools forum
- contribution to responsibilities that local authorities hold for all schools
- contribution to responsibilities that local authorities hold for maintained schools (voted on by relevant maintained school members of the forum only)
- de-delegated services from the schools block (voted on by the relevant maintained school members of the forum only)

### **Schools forum approval is required**

- central early years block provision
- any movement of funding out of the schools block

**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**

- capital expenditure funded from revenue
- projects must have been planned and decided on prior to April 2013; no new projects can be charged
- details of the remaining costs should be presented
- contribution to combined budgets
- 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
- existing termination of employment costs
- costs for specific individuals must have been approved prior to April 2013; no new redundancy costs can be charged
- prudential borrowing costs
- the commitment must have been approved prior to April 2013
- details of the remaining costs should be presented
- 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)

**Schools forum approval is required on a line-by-line basis, including approval of the criteria for allocating funds to schools**

- funding for significant pre-16 pupil growth, including new schools set up to meet basic need, whether maintained or academy
- funding for good or outstanding schools with falling rolls where growth in pupil numbers is expected within 3 years



Education & Skills  
Funding Agency

© Crown copyright 2020

This publication (not including logos) is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. Where we have identified any third party copyright information you will need to obtain permission from the copyright holders concerned.

To view this licence:

visit [www.nationalarchives.gov.uk/doc/open-government-licence/version/3](http://www.nationalarchives.gov.uk/doc/open-government-licence/version/3)

email [psi@nationalarchives.gsi.gov.uk](mailto:psi@nationalarchives.gsi.gov.uk)

write to Information Policy Team, The National Archives, Kew, London, TW9 4DU

About this publication:

enquiries [www.education.gov.uk/contactus](http://www.education.gov.uk/contactus)

download [www.gov.uk/government/publications](http://www.gov.uk/government/publications)

Reference: [000-000-000]



Follow us on Twitter:  
[@educationgovuk](https://twitter.com/educationgovuk)



Like us on Facebook:  
[facebook.com/educationgovuk](https://facebook.com/educationgovuk)