



Education & Skills
Funding Agency

Schools revenue funding 2020 to 2021

Operational guide

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Introduction

This guide helps local authorities, and their schools forums, to plan the local implementation of the funding system for the 2020 to 2021 financial year.

1. 2020 to 2021 is the third year of the national funding formulae (NFF) for schools, high needs and central school services. We will publish provisional NFF allocations at local authority level for the schools and high needs blocks in 2020 to 2021 in early October 2019, as well as notional school-level allocations. The schools block allocations will also show each local authority's final primary and secondary units of funding (PUFs and SUFs).

2. We will then use the NFF to calculate the blocks within the dedicated schools grant (DSG) that will be allocated to local authorities in December 2019. The early years block of the DSG will be determined by the separate national formula for early years.

Expiry or review date

This guidance will be reviewed before the end of December 2019.

Who is this publication for?

This guidance is for:

- local authorities
- schools forums

Changes in 2020 to 2021

3. We will update the NFF in 2020 to 2021 with new factor values and make some technical changes. These will be detailed in the NFF technical note and policy document published in October 2019. Where these affect local formula arrangements, they are also covered in this guidance.

4. At this stage, we can confirm the following key elements of the schools NFF in 2020 to 2021:

- 4.1. The minimum per-pupil levels will be set at £3,750 for primary schools and £5,000 for secondary schools. The primary level will rise to £4,000 in 2021 to 2022.
- 4.2. The funding floor will be set at 1.84%, in line with the forecast GDP deflator, to protect pupil-led per-pupil funding in real terms. This minimum increase

in 2020 to 2021 allocations will be based on the individual school's NFF allocation in 2019 to 2020.

- 4.3. Schools that are attracting their core NFF allocations will benefit from an increase of 4% to the formula's core factors. Exceptions to this are that the free school meals factor, will be increased at inflation as it is intended to broadly reflect actual costs, and premises funding will continue to be allocated at local authority level on the basis of actual spend in the 2019 to 2020 APT, with an RPIX increase for the PFI factor only.
- 4.4. There will be no NFF gains cap, so that all schools attract their full allocations under the formula. Local authorities will still be able to use a cap in their local formulae.
- 4.5. We will introduce a new formulaic approach to the mobility factor so that it allocates this funding fairly to all authorities, rather than on the basis of historic spend.
- 4.6. Growth funding will be based on the same methodology as last year, and will have the same transitional protection ensuring that no authority whose growth funding is unwinding will lose more than 0.5% of its 2019 to 2020 schools block allocation. There will be no capping or scaling of gains from the growth factor.
- 4.7. The teachers' pay grant and teachers' pension employer contributions grant will both continue to be paid separately from the NFF in 2020 to 2021. We will publish the rates that determine the 2020 to 2021 allocations in due course.

5. We can confirm the following aspects of the high needs NFF:

- 5.1. The funding floor will be 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). This will be based on local authorities' high needs allocations in 2019 to 2020, including the additional £125 million announced in December 2018.
- 5.2. The gains cap will be set at 17%, allowing authorities to see up to this percentage increase under the formula, again calculated on the basis of per head of population.

6. In 2020 to 2021, as in previous years, each local authority will continue to set a local schools formula, in consultation with local schools. The government has confirmed its intention to move to a single 'hard' national funding formula to determine every school's budget, and we will work closely with local authorities and other stakeholders in

making this transition in the future. Further information on that process will follow in due course.

7. In 2020 to 2021, while local authorities will continue to have discretion over the design of the majority of their funding formulae, we intend to make the minimum per-pupil funding (MPPF) levels a mandatory factor in local formulae.

8. We are running an [MPPF consultation](#) on how best to implement this change, which closes on 22 October. The government response will be published in November 2019.

9. Other changes to local authority formulae arrangements in 2020 to 2021 are:

9.1. As schools' funding floor baselines will be based on the NFF allocations in 2019 to 2020, in line with the minimum funding guarantee (MFG) methodology, we will remove the 'funding floor factor' that authorities had the option to use in 2019 to 2020 in order to mirror the protection used in the NFF against 2017 to 2018 baselines.

9.2. Local authorities will have the freedom to set the MFG in local formulae between +0.5% and +1.84% per pupil, as well as to use a gains cap.

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

9.4. Further information is included in the movement between blocks section of this guidance.

Reviewing and consulting on the pre-16 formula

10. We appreciate that, with funding levels and allocations being announced later than in previous years, local authorities have less time for modelling and consultation.

11. However, local authorities must continue 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.

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

13. We will provide an updated authority proforma tool (APT) to reflect 2020 to 2021 local formula changes, alongside the notional NFF allocations in October 2019.

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

15. The local authority is responsible for making the final decisions on the formula, and each local authority's process must ensure that there is sufficient time to gain political approval before the APT deadline in January 2020.

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

17. 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. We appreciate that the later than usual funding announcement will have affected the time authorities have to plan for their local formulae, and that therefore local consultations may be shorter or involve fewer meetings than usual.

Delegated funding

Local authority funding formula factors for 2020 to 2021

18. There are fourteen allowable funding factors in 2020 to 2021:
 - 18.1. [Basic entitlement – compulsory](#)
 - 18.2. [Deprivation – compulsory](#)
 - 18.3. [Minimum level of per-pupil funding for primary and secondary schools – compulsory \(subject to consultation on its implementation\)](#)
 - 18.4. [Prior attainment – optional](#)
 - 18.5. [Looked after children \(LAC\) – optional](#)
 - 18.6. [English as an additional language \(EAL\) – optional](#)
 - 18.7. [Pupil mobility – optional](#)
 - 18.8. [Sparsity – optional](#)
 - 18.9. [Lump sum – optional](#)
 - 18.10. [London fringe \(only for eligible authorities\) – optional](#)
 - 18.11. [Split sites – optional](#)
 - 18.12. [Rates – optional](#)
 - 18.13. [Private finance initiative \(PFI\) contracts – optional](#)
 - 18.14. [Exceptional premises \(with ESFA agreement\) – 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 18.1 to 18.7 listed above).

19. DfE will publish updated schools block datasets in December 2019. Local authorities should use these datasets when setting their local funding formulae; this will ensure maintained schools and academies are funded on the same basis. We will provide a technical specification for the 2020 to 2021 schools block datasets alongside the updated datasets.

Basic entitlement

20. 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 pupil census.
 - 20.1. Funding is allocated according to an age-weighted pupil unit (AWPU).
 - 20.2. There is a single rate for primary age pupils, which must be at least £2,000.
 - 20.3. There can be different rates for KS3 and KS4, with a minimum of £3,000 for each.
 - 20.4. Local authorities can choose to increase the pupil number count for schools with higher reception pupil numbers in the January 2019 census, rather than the October 2018 census.
 - 20.5. We do not include reception uplift in the national funding formula; local authorities currently using a reception uplift factor should consider whether to do so in 2020 to 2021.

Deprivation

This is a compulsory factor.

21. Local authorities can use free school meals (FSM and FSM6), the income deprivation affecting children index (IDACI), or both, to calculate the deprivation factor.
22. We measure eligibility for current FSM using the previous October census, and Ever6 FSM (pupils entitled to free meals at any time in the last 6 years) from the previous January census.
23. Local authorities using FSM to calculate deprivation can choose to use either current FSM, Ever6 FSM, or both.
24. The IDACI measure uses 6 bands, and different values can be attached to each band; different unit values can be used for primary and secondary within each band.
 - 24.1. New IDACI data is due to be published on 26 September 2019. We will not be using this data in the APT or the NFF in 2020 to 2021, so that we have sufficient time to review the effect of any changes; we will use the existing data from 2015. Local authorities will therefore continue to use the 2015 data provided in their local formulae.
 - 24.2. We plan to start using the new 2019 data for the 2021 to 2022 funding year.

25. We will automatically set the FSM Ever6 ratio equal to the current FSM ratio for schools where the FSM Ever6 rate is recorded as lower than the current FSM rate.

Minimum level of per-pupil funding for primary and secondary schools

This is a compulsory factor (subject to consultation on implementation).

26. The purpose of this factor is for local authorities to provide the NFF minimum per-pupil funding levels to every school. We intend to make the use of this factor, at the NFF cash values, mandatory in local funding formulae this year. Local authorities and schools should plan on this basis, this is mandatory, although the detail of its implementation is subject to the [MPPF consultation](#).

27. As mentioned above, the minimum per pupil levels will be set at £3,750 for primary schools and £5,000 for secondary schools. Compared to the NFF of the previous two years, in 2020 to 2021 there are two technical changes which will affect the minimum per-pupil calculation.

28. Firstly, to ensure consistency for all schools, including those with non-standard year groups, this year we have simplified the calculation for a school's individual minimum per-pupil levels within the NFF. For all schools, we will now apply the following calculation:

$$\frac{(\text{number of primary year groups} \times \text{£}3,750) + (\text{number of KS3 year groups} \times \text{£}4,800) + (\text{number of KS4 year groups} \times \text{£}5,300)}{\text{Total number of year groups}}$$

29. This calculation will provide per-pupil funding of at least £3,750 for each primary school, and £5,000 for each secondary school with standard structures of seven and five year groups respectively. For middle schools, all-through schools and other schools with a non-standard year group structure this will produce a specific minimum per-pupil value that relates to the number of year groups in each phase.

30. When calculating the minimum per pupil funding level for individual schools, local authorities should take the number of year groups from the APT. This is the approach we will take 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.

31. Secondly, from 2020 to 2021 we are introducing a formulaic approach to the mobility factor in the NFF, rather than funding this on the basis of historic spend. For the

purpose of the minimum per-pupil funding factor, mobility is now included in the calculation as part of per pupil funding before applying the minimum per-pupil factors and funding floor.

32. The only factors not included in per-pupil funding for the purpose of the minimum per-pupil calculation are premises and growth funding.

33. The consultation on the implementation of mandatory minimum per-pupil levels will determine the precise calculation for this factor to be used in local formulae. The proposal is that local authorities follow the NFF methodology, as set out in the consultation document. The consultation also proposes that local authorities have the option to submit a disapplication request if they make the case that they are unable to afford the factor in their formula. We will update this guidance as necessary once the consultation has closed and the government has issued its response in November 2019.

Prior attainment

This is an optional factor used by most local authorities.

34. Local authorities can apply this factor for:

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

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

36. In 2020 to 2021, we will carry forward the weightings we used in 2019 to 2020 for the year 7 to year 9 cohorts, so they will apply to the year 8 to year 10 cohorts respectively.

37. For the financial year 2020 to 2021, the weightings¹ are:

- pupils in year 8 in October 2019: 64%
- pupils in year 9 in October 2019: 58%
- pupils in year 10 in October 2019: 48%

¹ These weightings have been rounded.

38. This is included under [Schedule 3, paragraph 4 of the 2018 \(No. 2\) Regulations](#); these refer to last year's regulations and we will be updating these when the new regulations are laid.

39. A national weighting will be published for the new year 7 cohort later this year.

39.1. We will calculate this weighting in the same way, by scaling back the proportion of year 7 pupils identified as having low prior attainment (LPA) to a level commensurate with the number of secondary-age pupils identified as LPA in October 2015, before the new, more challenging KS2 test was introduced.

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

41. 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.

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

43. 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)

This is an optional factor.

44. Local authorities can apply a single unit value for any child who has been looked after for one day or more, as recorded on the LA SSSDA903 return at 31 March 2019.

45. We map this data to schools using the January school census to identify the number of LAC in each school or academy.

46. We do not use a LAC factor in the national funding formula. Instead, we increased the pupil premium plus rate from 2018 to 2019 from £1,900 to £2,300. Local authorities currently using this factor should consider whether to do so in 2020 to 2021.

English as an additional language (EAL)

This is an optional factor.

47. 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.

48. 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.

49. We have used three years in the national funding formula; local authorities should consider this when setting their local formula.

Pupil mobility

This is an optional factor.

50. The mobility factor allocates funding to schools with a high proportion of pupils who first join on a non-standard date. Mobility funding was previously allocated on the basis of historic spend. However, for 2020 to 2021, we have developed a new methodology that enables us to allocate this funding on a formulaic basis.

51. Rather than relying on a single census, this new methodology 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.

52. To be eligible for mobility funding, the proportion of mobile pupils a school has must be above the threshold of 6%. We will then allocate a per-pupil amount to all mobile pupils above that threshold. We will publish the NFF factor values for mobility as part of the 2020 to 2021 NFF publication.

53. Mobility will continue to be an optional factor for local authorities' formulae. We will supply local authorities with mobility data calculated according to the new method in the APT. There will be further information about this change in the forthcoming NFF policy document.

Sparsity

This is an optional factor.

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

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

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

56. For the pupils for whom the school is their closest compatible school² the factor measures the distance (as the crow flies) from their home to their second nearest compatible school and the mean distance for all pupils is then calculated. 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.

57. 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

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

59. The maximum value for the sparsity factor is £100,000 (including the London fringe uplift), which can be applied as a taper or as a lump sum. If a taper methodology is used, a school will attract sparsity funding in inverse proportion to its average year group size.

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

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

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

² 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.

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

63. 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.

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

$$(1 - ((\text{actual average group} - \text{half of maximum average group}) / \text{half of maximum average group})) \times \text{max lump sum}^3$$

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

65. 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).

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

67. 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?
Primary	17.14	2.2 miles	Yes

³ Where actual average year group is less than 100% and more than 50% of the maximum year group.

68. 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).
69. The average distance to the second nearest compatible school is 2.2 miles.
70. 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.
71. If the sparsity value is £100,000, applied using the continuous taper methodology, the school will receive £20,000 ($((21.4 - 17.14) / 21.4) \times 100,000$) (allowing for rounding).
72. 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.
73. 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.
74. Local authorities can also make an application to ESFA to include an exceptional factor of up to £50,000 for very small sparse secondary schools, which would otherwise be unable to attract sufficient funding to remain viable.
75. Local authorities can only apply for an exceptional factor where schools have:
- pupils in years 10 and 11
 - 350 pupils or fewer
 - a sparsity distance of 5 miles or more
76. Where approval was given in 2019 to 2020 to use an exceptional factor for very small sparse secondary schools, or to the road distance for individual schools, that approval can carry forward to 2020 to 2021 if the latest pupil data has not changed significantly.
77. ESFA will produce sparsity distances for all schools in the schools block dataset and make them available to each local authority.
- 77.1. If a school opens after the sparsity distances have been calculated, the local authority can make an exceptional application for the school.
- 77.2. The process is the same for schools that are affected by neighbouring schools closing.
- 77.3. We will not recalculate the figures during the year in these situations, as it should be possible for an estimate to be made for individual schools.

77.4. An existing school, qualifying for sparsity funding, would not lose the funding in-year if a new school opened nearby.

78. Local authorities should agree exceptional applications with their schools forum before submitting to ESFA for consideration.

Lump sum

This is an optional factor used by most local authorities.

79. Local authorities can set a flat lump sum for all phases, or differentiate the sums for primary and secondary.

79.1. Local authorities should give middle schools a weighted average, based on the number of year groups in each phase.

79.2. The maximum lump sum is £175,000, even for schools that receive a London fringe uplift.

80. The lump sum may be different for primary and secondary schools and the maximum permitted value for either phase continues to be £175,000 (including the London fringe uplift) in local formulas.

81. 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.

82. 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 $((3/5) \times £100,000)$	£60,000
2 year groups at secondary rate $((2/5) \times £120,000)$	£48,000
Total rate for all 5 year groups	£108,000

83. 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.

Where schools have amalgamated⁴ during the financial year 2019 to 2020, or on 1 April 2020, they will retain the equivalent of 85% of the predecessor schools' lump sums for the financial year 2020 to 2021. For example, assuming a lump sum of £100,000, the additional payment would be £70,000 $((100,000 \times 2) \times 85\% - 100,000)$. Local authorities can apply to ESFA to reduce this in exceptional circumstances.

84. Where schools amalgamate after 1 April 2020, 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.

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

London fringe

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

86. 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.

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

The differentials are:

- Buckinghamshire: 1.0175
- Essex: 1.0335
- Hertfordshire: 1.0302
- Kent: 1.0364
- West Sussex: 1.0561

⁴ The definition of an 'amalgamated school' includes one that has extended its age range as a direct consequence of another closing (for example, an infant school closes and the junior school extends to become a primary school).

Split sites

This is an optional factor.

88. 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.

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

90. 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.

90.1. 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

90.2. 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

91. 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.

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

Rates

This is an optional factor used by all local authorities.

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

- 93.1. 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).
- 93.2. This should be reflected in the Section 251 outturn statement, and in each school's accounts.
- 93.3. 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

This is an optional factor.

94. 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.
95. 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. An acceptable methodology would generally contain some of the features set out below.
96. 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. 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. This does not necessarily mean all schools should receive the same amount per pupil, but they should be treated on a consistent basis.

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

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

96.2. Methodologies for calculating allocations could include:

- a percentage of the school's budget share
- a per pupil rate
- a rate per square metre of floor area

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

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

Exceptional premises

This is an optional factor.

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

98.1. Exceptional factors must relate to premises costs.

98.2. Local authorities should only submit applications where the value of the factor is more than 1% of a school's budget, and applies to fewer than 5% of the schools in the authority's area.

98.3. Local authorities can use exceptional premises factors used in 2019 to 2020 (for pre-existing, and newly qualifying schools) in 2020 to 2021, if the qualification criteria are still met.

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

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

101. Local authorities should have applied to ESFA for any new exceptional premises factors in 2020 to 2021 by the disapplication deadline dates, setting out the rationale for the factor, and demonstrating that the criteria are met.

102. The date for local authorities to submit any application for exceptional factors is 11 October 2019. The purpose of this deadline is to get decisions back to authorities before the APT is issued in December 2019. A further deadline of 20 November 2019 will enable us to ensure decisions are back to authorities prior to the APT submission deadline.

103. Exceptional factors previously approved include:

- rents

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

104. 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.

105. 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.

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

107. For the first time in 2020 to 2021 there are two different disapplication proformas, one for block movement requests and another for all other requests. These two proformas are published alongside this guidance.

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

Variations to pupil numbers

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

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

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

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

112. 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.

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

114. 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.

115. 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.

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

117. We have 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)

118. 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.

119. Local authorities will be able to set an MFG between +0.5% and +1.84% per pupil.

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

121. The MFG applies to pupils in reception to year 11. Early years pupils, and post-16 pupils are excluded from the calculation. The following formula factors are automatically excluded from the MFG calculation, as not doing so would result in excessive protection, or would be inconsistent with other policies:

121.1. The 2020 to 2021 lump sum; this is excluded from both the baseline and 2020 to 2021 funding so that schools are protected against significant change in the lump sum between years.

121.2. Any higher lump sum paid under the regulations in 2019 to 2020 for amalgamated schools; this is excluded from the baseline only.

121.3. Any higher lump sum to be paid under the regulations in 2020 to 2021 for amalgamating schools; this is excluded from the 2020 to 2021 funding only.

121.4. The 2020 to 2021 sparsity factor; this is excluded from both the baseline and 2020 to 2021 funding so that schools are protected against significant change in the sparsity value between years.

121.5. Rates these are excluded from both the baseline and 2020 to 2021 funding, at their respective values for each year.

122. 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:

122.1. 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.

122.2. 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.

122.3. 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.

122.4. Where the local authority has found an error in the previous year's budget calculation and is correcting that error in the 2020 to 2021 budget calculation.

123. 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.

124. The majority of approvals to disapply the MFG for 2019 to 2020 were specific to that year, and ESFA does not expect these to be repeated; we will not carry forward any previous approvals.

125. The deadline for local authorities to submit any applications to disapply the MFG for 2020 to 2021 is 11 October 2019. The purpose of this deadline is to get decisions back to local authorities before the APT is issued in December. Any later requests must be submitted by 20 November 2019 in order for them to be considered in order to meet the APT submission deadline.

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

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

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

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

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

130. 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) 2019 to 2020 (inclusive of any MFG and capping)		£2,115,000
2	2019 to 2020 rates		£90,000
3	2019 to 2020 additional lump sum for amalgamating schools		£70,000
4	2020to 2021 lump sum		£100,000
5	2020 to 2021 sparsity value (including any additional sparsity funding for very small secondary schools)		£30,000

Line	Description	Items and calculation	Amount
6	Agreed MFG exclusions and technical adjustments		£0
7	2019 to 2020 MFG baseline	1 - (2+3+4+5+6)	£1,825,000
8	Funded number on roll at October 2018		500
9	MFG baseline value per pupil	7 / 8	£3,650
10	MFG protected value per pupil	9 x 100.5% ⁵	£3,668.25
11	Formula funding 2020 to 2021		£1,983,200
12	2020 to 2021 rates		£95,600
13	2020 to 2021 lump sum		£100,000
14	2020 to 2021 sparsity value (including any additional sparsity funding for very small secondary schools)		£30,000
15	Agreed MFG exclusions and technical adjustments		£0
16	2020 to 2021 base funding	11 - (12+13+14+15)	£1,757,600
17	Funded number on roll October 2019		490
18	2020 to 2021 base funding per pupil	16 / 17	£3,586.94
19	Guaranteed level of funding	10 x 17	£1,797,442.50
20	MFG adjustment	19 – 16	£39,842.50
21	Final 2020 to 2021 SBS	11 + 20	£2,023,042.50

131. 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

⁵ Assuming the local authority sets an MFG of +0.5%.

pupils are excluded from the calculation, so have not been shown here as they do not form part of the schools block formula funding.

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

133. We have removed the funding floor factor that we added in 2019 to 2020. The purpose of this factor was to allow local authorities to mirror the protection used in the NFF against 2017 to 2018 baselines.

133.1. In 2020 to 2021 we are updating the NFF funding floor to protect against illustrative 2019 to 2020 NFF allocations, in line with the MFG methodology, so the funding floor factor is no longer needed.

Capping and scaling

134. It is likely that protection will still be required in some areas as a result of changes to formulae, so we will again allow overall gains for individual schools to be capped as well as scaled back to ensure that the formula is affordable. It is worth noting that the schools NFF will not include a gains cap or alternative gains cap in 2020 to 2021.

Therefore, we will not be accepting disapplications to use the alternative gains cap, as authorities wishing to mirror the NFF will not need to use it.

135. Local authorities can continue to choose to cap any gains schools receive through the 2020 to 2021 local formula (unlike the NFF where no gains cap is applied). Capping and scaling must be applied on the same basis to all schools.

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

137. 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.

138. Capping and scaling must not take a school below the minimum per-pupil funding levels. The 2019 to 2020 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%).

139. In 2020 to 2021 should authorities elect to apply a gains cap, 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

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

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

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

142. 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.

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

144. Alternatively, local authorities can carry forward an underspend to the next funding period and allocate it to schools via the funding formula. In this situation, the local authority would again need to consult with its schools forum. In-year reallocations to schools cannot be made as these do not comply with the [2018 \(No. 2\) Regulations](#).

145. 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.

Redetermination of budgets where pupils have been excluded

146. 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.

147. 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. 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

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

149. 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'. 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.

150. Where the pupil is funded according to the post-16 formula, the amount attributable to the pupil is £4,188. 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. The 'relevant date' is the sixth school day following the date of permanent exclusion.

151. 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
Deduction from excluding school's budget	£2,400

152. 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.

153. 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.

154. 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.

155. The adjustment for a particular exclusion relates only to the current financial year and cannot be applied to subsequent years. Under regulation 21 of the [2018 \(No. 2\) Regulations](#), any deductions or increases relating to pupil exclusions 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

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

157. 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.

158. 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

159. 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.”

160. As the wording relates to the [2018 \(No. 2\) Regulations](#), these refer to last year, we will be updating these when the new regulations are laid. The adjustments should also relate to the local authority financial year; local authorities can change this to the academy financial year, by local agreement.

161. 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.

162. 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

163. 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](#)

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

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

165. 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.

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

Growth funding

Growth funding is within local authorities' schools block NFF allocations.

167. For 2020 to 2021, it will be calculated using the same methodology as in 2019 to 2020, based on the growth in pupil numbers between the October 2018 and October 2019 censuses. This will be detailed in the NFF technical note published in October.

168. To support local authorities to plan ahead of their growth allocation in the DSG settlement, local authorities will also be sent information by the end of October allowing them to input their own forecast of pupil numbers in the October 2019 census and estimate the growth funding they can expect to receive in 2020 to 2021.

169. 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 agree the total growth fund.

170. As well as uplifting the per-pupil and new school rates used on the growth factor, the only difference to the methodology in 2020 to 2021 is the removal of the gains cap on growth funding allocations. This means local authorities will no longer see gains above 50% from the previous year scaled back.

171. Local authorities that received growth funding protection in 2019 to 2020 will continue to receive protection in 2020 to 2021, 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 2019 to 2020.

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

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

173. 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 by ESFA on estimates, ESFA will use the pupil number adjustment process to ensure the academy is only funded for the growth once.

174. 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.

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

176. 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

177. The growth fund may not be the most appropriate source of funding for growing schools and we expect 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.

178. 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.

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

180. ESFA will check the criteria for compliance with the [2018 \(No. 2\) Regulations](#). The criteria should provide a transparent and consistent basis for the allocation of funding, which may be different for each phase.

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

182. Methodologies for distributing funding could include:

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

183. 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.

184. ESFA will not make growth fund recoupment adjustments for diseconomy of scale, or start-up funding; local authorities should not enter these on the recoupment tab of the APT. This funding will continue to be met from the local authority's growth fund.

185. 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.

186. 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

187. 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. 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.

188. 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.

189. 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

190. 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)

191. We will publish a document detailing best practice examples of falling rolls (and growth funding) criteria in October 2019.

192. 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.

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

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

Movements between blocks

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

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

Movements from the schools block

196. The schools block will again be ring-fenced in 2020 to 2021, but local authorities will retain limited flexibility to transfer funding as outlined below. Local authorities may transfer up to 0.5% of their schools block funding into another block, with the approval of their schools forum.

197. In 2019 to 2020 local authorities were able to transfer more than 0.5% out of the schools block in cases where an amount greater than 0.5% had been approved by ministers in 2018 to 2019 and the local authority wanted to transfer up to that amount in 2019 to 2020 with schools forum approval. Due to the increases in funding to the high needs block which all local authorities will receive, this will now require a disapplication.

198. In cases where local authorities would like to make any transfer for 2020 to 2021, we would expect to see evidence of new discussions with schools forum. This includes cases where schools forums have agreed recovery plans, submitted to the department, assuming future year transfers. Any requests to transfer above 0.5% therefore require a disapplication, regardless of any previously agreed transfer amounts.

199. Local authorities wishing to make a transfer should consult with all local maintained schools and academies, and the schools forum should take into account the views of the schools responding before making their decision. It is important that any consultation sets out the full amount of the proposed transfer, not just further transfers in addition to 0.5% or previous years' transfers.

200. Further to this, local authorities should consider the impact of such a transfer in relation to other factors in the local formulae, specifically the mandatory per pupil levels. Any exclusions of the minimum per-pupil level factor would require a parallel disapplication and we would expect this to be reflected in the consultation with schools and discussions with schools forum.

201. Local authorities must submit a disapplication request using the disapplication proforma to the Secretary of State in cases where:

- the local authority wishes to move more than 0.5% of the schools block, even in cases where the schools forum approve

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

202. Local authorities can apply for a block movement transfer by sending the [disapplication proforma](#) to LA.Disapplications@education.gov.uk. A block movement proforma has been published alongside this guidance. The deadline for local authorities submitting a schools block movement disapplication is 28 November 2019.

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

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

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

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

206. In the scenarios detailed above local authorities should submit the amended disapplication request by 16 January 2020 at the latest.

207. In these circumstances, local authorities will need to consider how they manage the timetable for setting their school budgets so that the notifications to schools of their budget shares, and the parallel ESFA process for notification of academy grants, are not delayed. We suggest timetabling schools forum meetings to discuss budgets in November, December, and January, in case of any amendments to disapplications that need to be made.

208. This is to ensure time for schools forum to be informed and vote on proposed changes. Further to this, arrangements for political ratification should be timetabled to take account of this later date for amended requests. We will only consider new disapplication requests in exceptional circumstances.

209. We expect most proposals by local authorities to move funding from their schools block will arise as a result of pressures on their high needs budgets. Local authorities should take the additional high needs funding announced into consideration in those decisions and ensure that this is appropriately discussed at schools forum meetings.

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

211. Therefore, we would expect to see updated strategic high needs plans, in light of additional high needs funding, when proposing block movement transfers. It is particularly important that mainstream schools are clear about how they contribute to the local offer, and how the extent of that contribution can affect the need for more specialist provision and the costs that local authorities consequently have to meet from their high needs budgets.

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

213. Any proposal to transfer funding from the schools block should be presented along with a range of evidence both to schools as part of the local consultation and to the schools forum in seeking their approval.

214. For authorities that have submitted a DSG recovery plan this should be referenced in the proposal; however, we would expect to see updated plans and financial forecasts in light of the substantial additional high needs funding announced in August.

215. Block movement assumptions made as part of the recovery plans may not now be appropriate following the funding announcement. We would expect to see evidence that updated plans have been presented both to schools and voted upon at schools forum.

216. We would expect to see evidence of schools forum discussions which include appropriate representation from special schools and other specialist providers. We expect the evidence presented to the schools forum to include:

216.1. Details of any previous movements between blocks, what pressures those movements covered, and why those transfers have (together with the increased high needs funding for 2019 to 2020 and future years) not been adequate to counter the new cost pressures; for example, if mainstream school exclusions have increased leading to more expenditure on alternative provision.

216.2. A full breakdown of the specific budget pressures that have led to the requirement for a transfer.

216.2.1 This should include the changes in demand for special provision over the last three years, and how the local authority has met that demand by commissioning places in all sectors

(mainstream and special schools, further education and sixth form colleges, independent specialist provision and alternative provision).

216.2.2 It's particularly important that any changes in the provision for mainstream school pupils with high needs are highlighted so that those schools can understand both why a transfer of funds from the schools block might be needed, and how future transfers might be avoided.

216.3. A strategic financial plan setting out how the local authority intends to bring high needs expenditure to levels that can be sustained within anticipated future high needs funding levels.

216.3.1 The local authority should demonstrate an assessment and understanding of why the high needs costs will be at a level that exceeds the increased levels of high needs funding that all local authorities will receive in 2020 to 2021, and that can be anticipated in subsequent years, and that plans are in place to change the pattern of provision where this is necessary, as well as to achieve greater efficiency in other ways.

216.3.2 The schools forum can only give approval for a one-off transfer of funding out of the 2020 to 2021 schools block.

216.3.3 The local authority should give details of whether the cost pressure is such that they would anticipate the need to seek schools forum approval for a transfer in subsequent years, if this is permitted, and how they are planning ahead to avoid such transfers in the longer term.

216.4. As part of the review and planning process, the extent to which collaborative working is being developed as a means of securing suitable high needs placements at a cost that can be afforded.

216.4.1 We expect effective partnership between the local authority, those institutions offering special and alternative provision (including mainstream schools), and parents; and between the local authority and neighbouring authorities.

216.5. Any contributions from health and social care budgets towards the cost of specialist places.

216.6. How any additional high needs funding would be targeted to good and outstanding primary and secondary schools that provide an excellent education for a larger than average number of pupils with high needs, or to

support the inclusion of children with special educational needs in mainstream schools.

216.6.1 Examples of schools that illustrate how the local authority would support such inclusive practice are also useful.

216.7. Details of the impact of the proposed transfer on individual schools' budgets as a result of the reduction in the available funding to be distributed through the local schools funding formula.

216.8. The extent to which schools more generally support the proposal, including details of the outcome of local school consultations, the options or proposals that were subject to consultation, how many schools agreed, disagreed or did not respond.

217. Any disapplication request to the Secretary of State, seeking approval either to exceed the 0.5% transfer limit or to continue with a transfer that the school forum oppose, should be accompanied by the information outlined above. This information should be as presented in published papers considered by the schools forum, alongside the published minutes of relevant schools forum meetings, recording the discussion at the meetings, and details of the vote leading to the forum decision.

218. The department will take the following into account:

218.1. The information presented to schools in the consultation and the details of how schools responded to the consultation.

218.2. The information presented to the schools forum, and how they responded to what the local authority was seeking.

218.3. Any evidence of a marked and recent transfer of responsibility for children with high needs from mainstream schools to the local authority. Such evidence could be a significant increase in school exclusions requiring more alternative provision, or a significant decrease in the proportion of children with education, health and care plans in mainstream schools. If the local authority can quantify the additional pressure on their high needs budget, this may strengthen the case for transferring funds.

219. 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. We expect local authorities to have considered, consulted and explained the specific impacts their proposals might have in the disapplication request.

Movement from other blocks

220. 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. 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.

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

DSG Balances

222. 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.

223. With effect from 2019 to 2020, the department has tightened up the rules under which local authorities have to explain to us their plans for bringing the DSG account back into balance.

224. This is the second year in which we will require a report from any local authority that has a cumulative DSG deficit of more than 1% at the end of the financial year – in this case as at 31 March 2020. The 1% calculation will be based on the latest published DSG allocations for 2019 to 2020, gross of recouplement, as at the end of the 2019 to 2020 financial year, compared with the deficit shown in the authority's published draft accounts.

225. Whilst the increased high needs funding announced for 2020 to 2021 will ease current high needs pressures however we anticipate that some local authorities will have a deficit of over 1% at the end of March 2020.

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

227. Where a local authority has a cumulative overspend of more than 1%, producing a deficit on its DSG reserve, its recovery plan should look to bring the overall DSG account into balance within a timely period. We recognise that this may prove difficult for some local authorities; particularly where authorities are accelerating moving their schools to mirror the NFF allocations in full. Where this is the case, we would be open to receipt of evidence explaining the pressures, and may consider a recovery plan that leaves some or all of the deficit accumulated to date outstanding. This means that the local authority would carry forward the amount agreed as a deficit, but we would not require this to be

recovered within a three-year period. In all cases, we will expect local authorities' recovery plans to demonstrate how they will bring in-year spending in line with in-year resources within three years at most.

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

229. We expect a range of evidence to support local authority recovery plans. We will be reviewing how the format and process worked this year and will take this into account in updating guidance. We would expect this to have already been presented to schools forums. We are aware that DSG deficits are usually caused by high needs pressures, and in these cases the evidence required in the recovery plans will typically include what we already look for in block movement disapplication requests. Authorities will, however, need to address whatever the main causes of overspending on the DSG have been.

230. The evidence should include:

230.1. A full breakdown of specific budget pressures locally that have led to the local authority incurring a cumulative DSG deficit of over 1%. Where this has resulted from high needs pressures, information should include the changes in demand for special provision over the last three years, how the local authority has met that demand by commissioning places in different sectors (mainstream and special schools, further education and sixth form colleges, independent specialist provision and alternative provision), and if there have been any reductions in the provision for mainstream school pupils with high needs.

230.2. Where the deficit has resulted from high needs pressures, an assessment and understanding of the specific local factors that have caused an increase in high needs costs to a level that has exceeded the local authority's high needs funding allocations; and a plan to change the pattern of provision where this is necessary, as well as to achieve greater efficiency and better value for money in other ways; together with evidence of the extent to which the plan is supported by schools and other stakeholders.

230.3. A detailed recovery plan showing how the authority intends to bring its DSG account back into balance within a timely period, 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 and why it has not been sufficient to bring the authority back into balance.

230.4. If the authority judges that it cannot recover the whole of its cumulative DSG deficit within a timely period, it must explain the reasons for this. If the

authority wishes to defer recovery of some of the cumulative deficit, it must show in its recovery plan that it is able to at least contain its expected in year expenditure within its expected in year DSG income by the end of the three-year period.

230.5. Details of any previous movements between blocks, what pressures those movements covered, and why those transfers have not been adequate to counter the new cost pressures. Further information is included in the [movement between blocks](#) section of this guidance.

Central school services block (CSSB)

231. The government has not yet confirmed the level of funding for the CSSB in 2020 to 2021. We will, however, publish provisional NFF allocations for the CSSB in October, alongside allocations for the schools and high needs blocks. At the same time, we will publish technical documents setting out the formula for the ongoing responsibilities element of the block. As stated previously, we expect to start to reduce the historic commitments element of the block from 2020 to 2021 and detail of our approach will follow in due course. We will update this guide where appropriate as further detail is announced.

232. We are not proposing any changes to the regulations, which require authorities to have the approval of the schools forum for such expenditures.

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

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

235. 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. 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.

236. For example, although admissions appeals are not a duty that the local authority holds in relation to all schools, we would still expect all schools to be treated fairly and equitably by the local authority. This does not include funding that has been retained centrally from maintained school budgets only (as set out in schedule 2, parts 6 and 7), where some statutory duties relate to community and voluntary controlled schools only. However, in these situations 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

237. 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. 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. 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.

238. 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. We will not allow adjustments to other factors, and the rate will not include early years or post-16 pupils, who are funded through different formulas. 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 PRUs⁶.

239. 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, ESFA will recoup the amount retained for that school from the local authority's DSG for the remaining months of the financial year that the school is an academy. The academy will be reimbursed in its monthly general annual grant (GAG) payment from the point of conversion.

240. 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 (three months prior to the end of the financial year), ESFA will recoup three twelfths of the retained amount relating to that school.

241. 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:

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

- planned total spending for 2020 to 2021 on each of the headings set out at [Annex 3](#) which also covers all central expenditure
- spending shown to at least the level of detail provided in the 2020 to 2021 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

School improvement

242. 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. In October 2019 we will allocate £30 million to local authorities for the school improvement monitoring and brokering grant for the period September 2019 to March 2020. We will confirm funding beyond March 2020 in due course.

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

244. Schools forums can agree to de-delegate further funding for additional school improvement provision in 2020 to 2021.

De-delegated services

245. 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.

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

247. 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 2019 to 2020 related to that year only, new decisions will be required for any service to be de-delegated in 2020 to 2021. From 2017 to 2018, schools forums have been able to agree to de-delegate further funding for additional school improvement provision for maintained schools.

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

249. 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. 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.

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

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

251. 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

252. 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.

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

254. 2020 to 2021 de-delegation arrangements for schools converting to academy status are as follows:

- conversion date on or before 1 April 2020 – no de-delegation
- conversion date between 2 April 2020 and 1 September 2020 – local authority retains any de-delegated funding until 1 September 2020
- conversion date between 2 September 2020 to 21 March 2021 – local authority retains any de-delegated funding until 31 March 2021

255. After the dates specified, the academy will receive the full formula allocation and ESFA will recoup this from the local authority. 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, we expect the local authority and the academy to come to an arrangement to pay the funding directly to the academy.

256. 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.

257. 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.

258. Where a school converts to an academy in the period 2 April 2020 to 1 September 2020, local authorities will have an opportunity to present an evidence-based case to ESFA to request a recoupment adjustment for the period 2 September 2020 to 31 March 2021.

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

260. If there is a brought forward overspend on de-delegated services from 2019 to 2020, the schools forum has to specifically approve funding of this overspend, from the 2020 to 2021 schools budget, as a separate decision from any decisions on the overall underspend or overspend on central expenditure.

High needs funding

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

262. We can confirm the following aspects of the High Needs NFF:

262.1. The funding floor will be 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).

262.2. The gains cap will be set at 17%.

262.3. We will publish provisional high needs block allocations for 2020 to 2021 alongside technical notes explaining the calculations in October 2019.

263. Operational aspects of high needs funding and the process for finalising local authority allocations of high needs funding and institutions' allocations of place funding will remain largely unchanged from 2019 to 2020.

264. These will be explained in the high needs operational guide, to be published in late September. In the meantime, local authorities should start discussions with schools and other institutions making provision for children and young people with high needs, so that planning for the places required in 2020 to 2021 is sufficiently advanced in time for changes to be notified to ESFA later in the autumn term.

Completing the authority proforma tool (APT)

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

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

267. To help local authorities plan and model their funding formula, we will provide an APT formulated with the 2019 to 2020 dataset, in October 2019; this is for planning

purposes only. A final APT will be available in December 2019 with information from the October census, and include the changes announced in the DSG settlement. Local authorities must submit their final APT by 21 January 2020.

268. Where in exceptional circumstances, a local authority has made a significant change to a disapplication request for a movement from the schools block by 16 January 2020, we recognise that we will need to extend its APT deadline.

269. We will aim to make final decisions in time to allow the local authorities concerned to submit their APT by 14 February 2020. Local authorities considering this should ensure that they have procedures in place to meet the requirement to calculate maintained school budgets by 29 February 2020; this includes gaining political ratification of budgets.

270. 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. 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. Local authorities should ensure that all validation checks are passed before submitting the APT; we will provide detailed guidance on how to use the APT, and can work with local authorities individually where needed.

271. 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. We appreciate that formulas often have to be approved by the local authority's cabinet or lead member, so it is important that the forward plan takes account of this.

272. To speed up the approval process in January, once the DSG and pupil numbers are known, we strongly advise that local authorities obtain earlier approval for the principles they will use to balance the budget if pupil numbers turn out differently to the estimates they used. 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

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

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

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

276. 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 2019 NOR (from APT) x 5/12] + [October 2020 estimated NOR x 7/12]

[October 2019 NOR (from APT)] + [7/12 October 2020 estimated intake in new year group]

277. 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.

278. The 2020 to 2021 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.

279. For a school to be classed as a growing school, it has to have opened in the last seven years, and not have all year groups present yet. Academies with predecessor schools are not considered as new schools for this purpose. If a school has opened in the last seven years and is already taking in pupils in all year groups, there is no requirement to estimate numbers. Existing schools which are extending their age range or becoming all-through are unlikely to be classed as growing, unless they also opened in the last seven years.

280. 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 we would generally expect such a mechanism.

281. 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.

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

283. We will ask local authorities, when submitting the APT, to combine the data provided with their own local knowledge to determine the most accurate estimate of the number of pupils for new free schools. ESFA will recoup for newly opening free schools based on the information local authorities have provided in their APT.

284. If the actual pupil numbers at newly opening free schools differ from the estimates provided in the 2019 to 2020 APT, local authorities should make a retrospective adjustment on the 2020 to 2021 APT, unless the local authority guaranteed the pupil numbers in the previous year. If local authorities did not show a new free school in the 2019 to 2020 APT and it opens before March 2020, local authorities should show this as a retrospective adjustment in the 2020 to 2021 APT, and we will recoup accordingly.

285. ESFA will check for required amendments by cross-referring to October 2019 school census data when validating the 2020 to 2021 APT. We will adjust recoupment in 2020 to 2021 for any new free schools where a local authority fails to show, or incorrectly shows, a retrospective adjustment. The 'NewISB' worksheet in the APT should reflect funding for the period in the year that the new free schools are open, and we will therefore recoup the figure shown on the APT in full. We will not pro-rate the calculation in respect of these academies.

Funding of academies

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

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

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

287. 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. 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. 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.

288. We will adjust recoupment in 2020 to 2021 for any academy where an authority fails to show, or incorrectly shows, basic need growth. 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, ESFA 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.

289. 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 then the academic year calculation will be incorrect, as the APT cannot handle adjustments for more than one year. In these circumstances, local authorities should add an additional spreadsheet to the commentary sheet providing a full breakdown of the calculation; further details will be provided in the APT guidance.

290. 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. 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.

291. ESFA will ensure through the pupil number adjustments process that the academy is only funded for the growth once. We will adjust recoupment in 2020 to 2021 for any academy where an authority fails to show, or incorrectly shows, basic need growth.

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

293. 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.

294. 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

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

Local authority activity

03 October

- School census day.

11 October 2019

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

Mid-November 2019

- Closing date for submission of the 2020 to 2021 high needs place change workbooks.

20 November 2019

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

28 November 2019

- 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 authority to move funding out of the schools block, but the authority wishes to proceed with the transfer. We aim to issue decisions before the APT deadline.

November 2019

- School census database closed.
- Check and validate school census.

Mid-January 2020

- Schools forum consultation and political approval required for final 2020 to 2021 funding formula.
- 16 January schools block disapplication submission amendment date.

21 January 2020

- Deadline for submission of final 2020 to 2021 APT to ESFA.

29 February 2020

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

DfE or ESFA activity

September 2019

- Operational guidance published setting out arrangements for 5 to 16 mainstream schools implementation for 2020 to 2021.
- High needs funding operational guide for 2020 to 2021 issued to local authorities.

October to November 2019

- Publish 2020 to 2021 high needs place change notification: technical note.
- Check and validate school census.
- NFF arrangements for 2020 to 2021 for schools, central school services and high needs published (illustrative allocations, PUFs, SUFs, policy document, technical notes).
- Further information to illustrate 2020 to 2021 growth funding allocations will be provided to local authorities.
- Draft APT issued to local authorities.
- Government response to consultation on implementing mandatory minimum per pupil levels.

December 2019

- Final APT issued to local authorities, containing October 2019 census-based pupil data and factors.
- Publication of 2020 to 2021 DSG schools block (prior to academies recoupment), central school services block, initial early years block allocations and initial high needs block allocations for 2020 to 2021.

By 31 March 2020

- Confirmation of 2020 to 2021 general annual grant for academies open by 9 January 2020.
- 2020 to 2021 allocation statements issued to post-16 institutions, academies, and NMSS.
- Publication of 2020 to 2021 high needs place numbers at institution level.

April 2020

- First DSG payments to local authorities based on 2020 to 2021 allocations, including academies recoupment (DSG allocations updated termly for in-year academy conversions), FE high needs place funding deductions, and other adjustments.

Summer 2020

- Early years block updated for January 2020 early years pupil numbers.

Summer 2021

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

Additional support

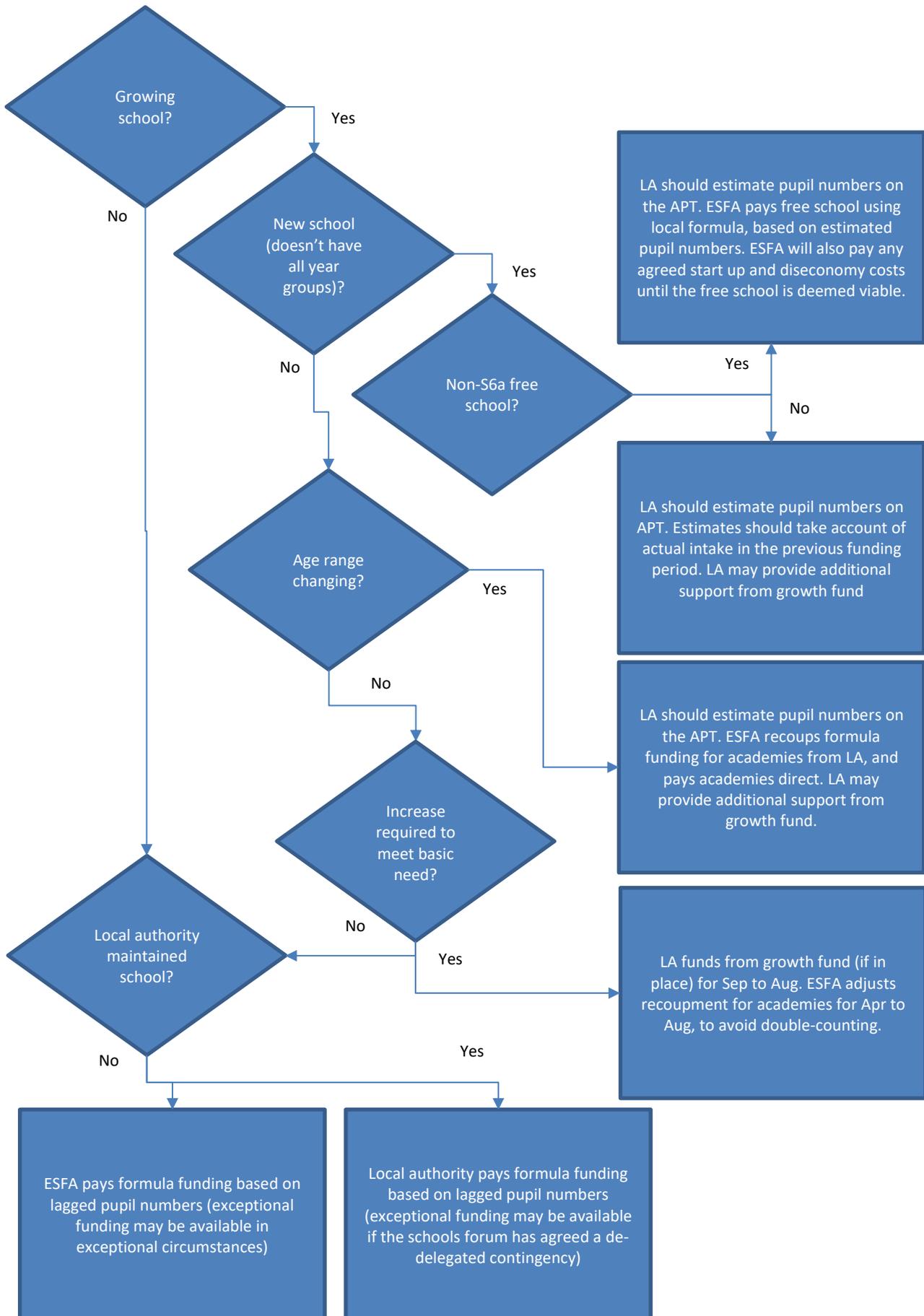
296. We'll continue to offer support to local authorities, where possible, as they continue to implement the funding reforms. We are interested in seeing local authority proposals as they are developed and are happy to offer advice through the process.

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

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

299. For 2019, we are hosting a series of workshops for local authority finance officers who are new to role. The workshops are designed to provide guidance on data collections and key areas of work within the Academies and Maintained Schools funding division. The workshops will be held in October in Sheffield and London. For further information please contact us by email: Academy.questions@education.gov.uk.

Annex 1 – Funding for growing schools



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

- Growing school?
 - Yes – New school (doesn't have all year groups)?
 - Yes – Non-S6a free school?
 - Yes – Local authority should estimate pupil numbers on the APT. ESFA pays free school 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.
 - No – Local authority should estimate pupil numbers on the APT. Estimates should take account of actual intake in the previous funding period. Local authority may provide additional support from growth fund.
 - No – Age range changing?
 - Yes – Local authority should estimate pupil numbers on the APT. ESFA recoups formula funding for academies from the local authority, and pays academies direct. Local authority may provide additional support from growth fund.
 - No – Increase required to meet basic need?
 - Yes – Local authority funds from growth fund (if in place) for September to August. ESFA adjusts recoupment for academies for Apr to Aug, to avoid double-counting.
 - No – Local authority maintained school?
 - Yes – 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.
 - No – ESFA pays formula funding based on lagged pupil numbers, exceptional funding may be available in exceptional circumstances.
 - No – Local authority maintained school?
 - Yes – 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.
 - No – ESFA pays formula funding based on lagged pupil numbers, exceptional funding may be available in circumstances.

Annex 2 – Central services that may be funded with agreement of schools forums

The split of services between responsibilities 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.

We have included references to the relevant schedules in the [2018 \(No. 2\) Regulations](#), these refer to last year's and we will be updating these when the new regulations are laid.

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 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, 57)
- 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, 58)
- Monitoring of compliance with requirements in relation to the scheme for financing schools and the provision of community facilities by governing bodies (Sch 2, 59)
- Internal audit and other tasks related to the authority's chief finance officer's responsibilities under Section 151 of LGA 1972 for maintained schools (Sch 2, 60)

- Functions made under Section 44 of the 2002 Act (Consistent Financial Reporting) (Sch 2, 61)
- Investigations of employees or potential employees, with or without remuneration to work at or for schools under the direct management of the headteacher or governing body (Sch 2, 62)
- 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, 63)
- Retrospective membership of pension schemes where it would not be appropriate to expect a school to meet the cost (Sch 2, 76)
- HR duties, including: advice to schools on the management of staff, pay alterations, conditions of service and composition or organisation of staff (Sch 2, 64); determination of conditions of service for non-teaching staff (Sch 2, 65); appointment or dismissal of employee functions (Sch 2, 66)
- Consultation costs relating to staffing (Sch 2, 67)
- Compliance with duties under Health and Safety at Work Act (Sch 2, 68)
- Provision of information to or at the request of the Crown relating to schools (Sch 2, 69)
- School companies (Sch 2, 70)
- Functions under the Equality Act 2010 (Sch 2, 71)
- Establish and maintaining computer systems, including data storage (Sch 2, 72)
- Appointment of governors and payment of governor expenses (Sch 2, 73)

Education welfare

- Inspection of attendance registers (Sch 2, 79)

Asset management

- General landlord duties for all maintained schools (Sch 2, 77a & 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, 53)
- Provision of tuition in music, or on other music-related activities (Sch 2, 54)
- Visual, creative and performing arts (Sch 2, 55)
- Outdoor education centres (but not centres mainly for the provision of organised games, swimming or athletics) (Sch 2, 56)

Premature retirement and redundancy

- Dismissal or premature retirement when costs cannot be charged to maintained schools (Sch 2, 78)

Monitoring national curriculum assessment

- Monitoring of National Curriculum assessments (Sch 2, 75)

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 authority (including preparation of applications) and, where it's the authority's duty to do so, ensuring payments are made in respect of taxation, national insurance and superannuation contributions
- expenditure on recruitment, training, continuing professional development, performance management and personnel management of staff who are funded by expenditure not met from schools' budget shares and who are paid for services
- expenditure in relation to the investigation and resolution of complaints
- expenditure on legal services

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 2019 to 2020.

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 and for funding of brought forward deficits.

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

- high needs block provision
- central licences negotiated by the Secretary of State

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
- any deficit from the previous funding period that is being brought forward and is to be funded from the new financial year's schools budget (this should be specifically agreed at the time the budget is set, using the latest estimated outturn position)

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

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 three years



Education & Skills
Funding Agency

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