



Education
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Operational guide

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Introduction

1. This operational guide has been produced by the Education Funding Agency (EFA) to help local authorities and their schools forums to plan the local implementation of the funding system for the 2016 to 2017 financial year. It builds on the reforms which began in 2013 to 2014 and consolidates previous guidance. This information will help local authorities to begin their financial modelling prior to consultation with schools.
2. The department will consult on revisions to finance regulations to give effect to decisions set out in the announcement for 2016 to 2017 and those proposals are reflected in this guide. In light of the Spending Review and any consequent changes to the School Finance Regulations (which would of course be consulted on), the Operational Guide may have to be updated and local authorities may have to review the planning and modelling they have undertaken.
3. In determining how much to allocate through the formula, authorities will need to make strategic decisions on how funding is distributed between the schools, high needs and early years blocks, taking into account demographic and other pressures. The basis for allocations will be:
 - The schools block per pupil unit of funding in 2016 to 2017 will be the same value as in 2015 to 2016. Those local authorities which received an uplift as a result of minimum funding levels (MFLs) will see that funding included in their base rate and the adjustments to include funding for former non-recoupment academies will also be consolidated.
 - The early years block per pupil unit of funding in 2016 to 2017 will be confirmed after the spending review and will continue to be based on participation.
 - The high needs block funding will also be confirmed after the spending review. In the meantime, local authorities are advised to assume that it will remain at the same overall level as in 2015 to 2016.
4. Authorities will continue to have flexibility to move funding between the blocks, provided that they comply with requirements on the minimum funding guarantee (MFG) and have the agreement of schools forum or the Secretary of State on any increase in centrally held budgets where such approval is required under the regulations.

Reviewing and consulting on the pre-16 funding formula

5. A local authority must engage in open and transparent consultation with all maintained schools and academies¹ in the area, as well as with its [schools forum](#) about any proposed changes to the local funding formula including the method, principles and rules adopted.

6. Any consultation should include a demonstration of the effect of modelling such changes on individual maintained schools and academies. Authorities should, therefore, ensure that they communicate proposed formula changes to all bodies affected by the changes. The local authority is responsible for making the final decisions on the formula and each authority's process must ensure that there is sufficient time to gain political approval before the due deadlines.

¹ The term "academies" also includes free schools, studio schools and university technical colleges.

Delegated funding

Funding factors

7. The allowable factors, together with a description of each, are shown below.

Factor	Further information
<p>1. Basic entitlement</p> <p>A compulsory factor that assigns funding to individual pupils, with the number of pupils for each school or academy based on the October pupil census.</p>	<p>Funding allocated according to an age-weighted pupil unit (AWPU). A single rate for primary age pupils, which must be at least £2,000. There may be different rates for key stage 3 and key stage 4, with a minimum of £3,000 for each. Local authorities may choose to increase the pupil number count where schools had previously had higher reception pupil numbers in January 2015 than in the October 2014 census.</p>
<p>2. Deprivation</p> <p>A compulsory factor</p>	<p>Local authorities may choose to use free school meals and/or the Income Deprivation Affecting Children Index (IDACI). Free meals can be measured either at the previous October census or “ever 6” - which reflects pupils entitled to free meals at any time in the last 6 years – but not both. 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.</p>
<p>3. Prior attainment</p> <p>An optional factor (although it is used by almost all local authorities). It acts as a proxy indicator for low level, high incidence special educational needs</p>	<p>May be applied for primary pupils identified as not achieving the expected level of development within the early years foundation stage profile (EYFSP) and for secondary pupils not reaching L4 at KS2 in either English or maths.</p> <p>The EYFSP changed in 2013, so a weighting may be used to ensure that funding delivered through the primary prior attainment factor is not disproportionately affected by the year groups (years 1 to 3) assessed under the new framework. For pupils assessed using the old profile (years 4 to 6), local authorities will continue to be able to choose between two EYFSP scores, targeting funding to either all pupils who achieved fewer than 78 points; or all pupils who achieved fewer than 73 points on the EYFSP.</p> <p>In 2012 the KS2 English assessment methodology was changed to include separately a reading test, a grammar, punctuation and spelling test and teacher assessed writing.</p>

Factor	Further information
	<p>For those assessed at KS2 up to 2011, the English element of the KS2 measure will identify those pupils who fail to achieve a level 4 in English.</p> <p>For pupils assessed at KS2 from 2012 onwards and who have been part of these new arrangements, the English element of the KS2 measure will identify those who do not achieve a level 4 in either the reading or teacher assessed writing elements</p>
<p>4. Looked-after children</p> <p>An optional factor</p>	<p>A single unit value may be applied for any child who has been looked after for one day or more as recorded on the local authority SSDA903 return at 31 March 2015.</p> <p>This data is mapped to schools using the January school census, enabling identification of the number of looked-after children in each school or academy.</p>
<p>5. English as an additional language (EAL)</p> <p>An optional factor</p>	<p>EAL pupils may attract funding for up to 3 years after they enter the statutory school system. 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.</p>
<p>6. Pupil mobility</p> <p>An optional factor</p>	<p>This measure counts pupils who entered a school during the last three academic years, but did not start in August or September (or January for reception pupils).</p> <p>There is a 10% threshold and funding is allocated based on the proportion above the threshold – so if a school has 12% mobility, then 2% of pupils would attract funding.</p>
<p>Proportion allocated through pupil-led factors</p>	<p>Local authorities must allocate at least 80% of the delegated schools block funding through pupil-led factors (the factors in lines 1-6 above, and London fringe uplift where relevant).</p>
<p>7. Sparsity</p> <p>An optional factor</p>	<p>A sparsity distance is calculated for each school. Pupils for whom it is their closest compatible school are identified, and then the average (mean) distance to the second nearest compatible school for these pupils is calculated.</p> <p>In addition, the number of pupils in a school is divided by the number of year groups to determine the size of the average year group.</p> <p>Two qualification criteria for attracting sparsity funding must be</p>

Factor	Further information
	<p>met if schools are to attract sparsity funding:</p> <p>Primary schools qualify if the sparsity distance is greater than 2 miles and the average year group is less than 21.4.</p> <p>Secondary schools qualify if the sparsity distance is greater than 3 miles and the average year group is less than 120.</p> <p>Middle schools qualify if the sparsity distance is greater than 2 miles and the average year group is less than 69.2.</p> <p>All-through schools qualify if the sparsity distance is greater than 2 miles and the average year group is less than 62.5.</p> <p>Local authorities can reduce the pupil numbers and increase the distance criteria. The maximum amount which can be allocated to an individual school through this factor is £100,000 (including fringe uplift) and the value can be different for each phase of school.</p> <p>Local authorities can choose whether to use a single amount for all sparse schools, or to use a tapered amount which increases the smaller the school.</p> <p>Local authorities can apply for an exceptional factor to target up to an additional £50,000 of sparsity funding at very small secondary schools where the total number on roll is 350 or less, where the sparsity distance is 5 miles or more, and where pupils in years 10 and 11 are present.</p> <p>See paragraphs 9-17 for further information.</p>
<p>8. Lump sum</p> <p>An optional factor (although in 2015 to 2016 it was used by all local authorities)</p>	<p>Local authorities can set different lump sums for primary and secondary (middle schools receive a weighted average based on the number of year groups in each phase). The maximum lump sum is £175,000, including London fringe uplift.</p> <p>Where schools amalgamate, they will retain 85% of the combined lump sums in the year after the amalgamation (or in the same year if they amalgamate on 1 April) instead of receiving just a single lump sum immediately. Local authorities may apply to vary the additional payment in exceptional circumstances.</p>

Factor	Further information
	<p>Where schools amalgamate after 1 April, the new school will receive funding equivalent to the formula funding of the closing schools added together for the appropriate proportion of the year and will receive the 85% allocation in the following year.</p> <p>Local authorities may apply for an exceptional factor to pay a further allowance to amalgamating schools in the second year after amalgamation. Local authorities may also wish to apply to exclude the exceptional factor payment from the MFG baseline.</p> <p>See paragraphs 18-20 for more information.</p>
<p>9. Split sites</p> <p>An optional factor</p>	<p>The purpose of this factor is to support schools which have unavoidable extra costs because the school buildings are on separate sites. Allocations must be based on objective criteria, both for the definition of a split site and for how much is paid.</p> <p>See paragraphs 21-24 for more information.</p>
<p>10. Rates</p> <p>An optional factor (although in 2015 to 2016 it was used by all local authorities)</p>	<p>These must be funded at the authority's estimate of the actual cost. Adjustments to rates may be made during the financial year but outside of the funding formula.</p> <p>For example, an additional allocation could be made to a school (e.g. from balances brought forward). This should be reflected in the Section 251 outturn statement and in each school's accounts. The effect on the school would be zero since any rates adjustment will be offset by a change in the cost of the rates.</p> <p>See paragraph 56 for more information.</p>
<p>11. Private Finance Initiative (PFI) contracts</p> <p>An optional factor</p>	<p>The purpose of this factor is to support schools which have unavoidable extra premises costs because they are a PFI school and/or to cover situations where the PFI "affordability gap" is delegated and paid back to the local authority.</p> <p>Allocations must be based on objective criteria, capable of being replicated for any academies in the authority area.</p> <p>See paragraphs 25-28 for more information.</p>
<p>12. London fringe</p>	<p>The purpose of this factor is to support schools which have to pay higher teacher salaries because they are in the London fringe</p>

Factor	Further information
An optional factor, but only for the five local authorities to which it applies (Buckinghamshire, Essex, Hertfordshire, Kent and West Sussex)	area, and where only part of the authority is in this area. It is applied as a multiplier of 1.0156 to the relevant factors.
<p>13. Post-16</p> <p>An optional factor, but can only be used where the local authority had such a factor in 2015 to 2016</p>	A per-pupil value which continues funding for post-16 pupils up to the per pupil level that the authority provided in 2015 to 2016.
<p>14. Exceptional premises factors</p> <p>Local authorities can apply to EFA to use exceptional factors relating to premises. The most frequently approved factors are for rents and for joint-use sports facilities.</p>	<p>The exceptional factors must relate to premises costs and applications should only be submitted 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.</p> <p>Any factors which were used in 2015 to 2016 can automatically be used for pre-existing and newly-qualifying schools in 2016 to 2017, provided that the qualification criteria are still met.</p>

Table 1: Schools funding factors

8. The Department for Education will provide updated datasets, which should be used when setting local authority formulae. This will ensure that maintained schools and academies are funded on the same basis. A technical specification will be provided to support the datasets, although in the main part, the specification for 2016 to 2017 will be updated with the most recent data. The current version is available at [Schools block dataset 2015 to 2016: technical specification](#)

Sparsity

9. Sparsity funding may be targeted at schools that have been identified by the sparsity factor as being eligible. Schools that are eligible for sparsity funding must meet

two criteria: first, they are located in areas where pupils would have to travel a significant distance to an alternative should the school close, and second, they are small schools.

10. For the pupils for whom the school is their closest compatible school², the factor measures the distance (as the crow flies) to their second nearest compatible school and the mean distance for all pupils is then calculated. Selective schools and schools in Wales or Scotland are discounted when identifying the second nearest school. Since the pupil population changes each year, it is possible for a school to be eligible for sparsity funding in one year but not in the next.

11. A school may attract sparsity funding if it is:

- primary and has on average fewer than 21.4 pupils per year group and an average distance greater than or equal to 2 miles
- secondary and has on average fewer than 120 pupils per year group and an average distance greater than or equal to 3 miles
- middle and has on average fewer than 69.2 pupils per year group and an average distance greater than or equal to 2 miles
- all-through and has on average fewer than 62.5 pupils per year group and an average distance greater than or equal to 2 miles

Pupil numbers include Years R to 11 only i.e. excluding nursery and 6th Form pupils.

12. The maximum value for the sparsity factor is £100,000 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, i.e. a primary school with an average year group size of 21.4 pupils will not attract any sparsity funding. Different values and methodologies can be used for the primary, middle, all-through and secondary phases.

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

- School A is an infant school with 120 pupils and a sparsity distance of 2.5 miles. The school provides for 3 year groups. The average year group size is $(120 / 3)$ 40, which is too high to meet the sparsity size criterion. School A is not eligible for sparsity funding
- School B is a primary school with 120 pupils and a sparsity distance of 2.2 miles. The school provides for 7 year groups. The average year group size is $(120 / 7)$

² A school is compatible if the pupil is within its age range and the school accept pupils of this pupil's gender.

17.14, which meets the sparsity size criterion and the distance is greater than the primary distance threshold. School B is eligible for sparsity funding. If the sparsity value is £100,000, applied on a taper methodology, the school will receive £20,000 i.e. $((21.4 - 17.14) / 21.4) \times 100,000$ (allowing for roundings).

14. For 2016 to 2017, we will allow local authorities to make an application to the EFA to include an exceptional factor of up to £50,000 for very small sparse secondary schools, which would otherwise be unable to attract sufficient funding to remain viable. Local authorities will only be able to 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

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

16. Where approval has already been given in 2015 to 2016 to use an exceptional factor for very small sparse schools, or to vary the road distance for individual schools, that approval can carry forward to 2016 to 2017, provided that the latest pupil data has not changed significantly.

17. Sparsity distances will be produced for all schools in the schools block dataset and these distances will be made available to each authority. If a school opens after the sparsity distances have been calculated then the authority can make an exceptional application for the school. The process is the same for schools that are affected by neighbouring schools closing. We will not reproduce the calculations in-year, as for individual schools it should be possible to make a reasonable estimate for one year. We do not expect that an existing school, qualifying for sparsity funding, would lose that funding in year if a new school opened nearby. Exceptional applications should be agreed with the relevant schools forum, and submitted to the EFA for consideration.

Lump sum

18. The maximum permitted value for either phase is £175,000 (including fringe uplift) and the lump sum may be different for primary and secondary schools. 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. A worked example is shown below:

School Phase	Amount
The primary lump sum is:	£100,000

The secondary lump sum is:	£120,000
The middle school lump sum is:	
3 year groups (Y4-Y6) at primary rate (3/5 x £100,000)	£60,000
2 year groups (Y7-Y8) at secondary rate (2/5 x £120,000)	£48,000
Lump sum for middle school is:	<u>£108,000</u>

Table 2: Middle school has Year Groups 4 to 8.

19. Where schools have amalgamated during the financial year 2015 to 2016, or on 1 April 2016, they will retain the equivalent of 85% of two lump sums for the financial year 2016 to 2017. i.e. 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 the EFA to reduce this in exceptional circumstances.

20. Local authorities may apply 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. All applications will be considered on a case by case basis.

Split sites

21. A local authority formula can include a factor to provide additional funding to schools which operate on and own more than one site. 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 which meet the criteria will be eligible for split site funding if they meet the criteria. Schools sharing facilities, federated schools and schools with remote sixth forms are not eligible for split site funding.

22. Examples of clear trigger points are:

- The sites are at least X metres / kilometres / miles 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 Dedicated Schools Grant
- The school has remote playing fields, separated from the school by at least X kilometres / miles and there is no safe walking route for the pupils
- X% of staff are required to teach on both sites on a daily basis in order to support the principle of a whole school policy and to maintain the integrity of the delivery of the national curriculum
- At least x% of pupils are taught on each site on a daily basis

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

- A lump sum payment of £x
- £x per pupil
- £x per square metre of the additional site

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

Private Finance Initiative

25. 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 and these 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, then all PFI schools must receive funding on an equivalent basis.

26. Examples 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

27. Methodologies for calculating allocations could include:

- X% of the school's budget share.
- £x per pupil.
- £x per square metre of floor area.
- Historical lump sum previously agreed and indexed by x% per year.

28. Agreements may 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.

Other funding allocations

29. In addition to the mainstream Schools Budget Share (or General Annual Grant for academies), schools and academies may receive other types of funding. The most common sources of additional funding are shown below:

Factor	Further information
<p>Early years funding</p> <p>This applies to schools or academies with a nursery class</p>	<p>This is paid directly by local authorities to all early years providers, including academies and maintained schools, through the early years single funding formula (EYSFF). Most funding is calculated by multiplying a base rate by the number of hours of provision counted on a termly basis or during the year.</p> <p>For 3 and 4 year olds, there is a mandatory supplement for deprivation and there can be other supplements, such as for quality. Whereas the 5-16 formula uses lagged pupil numbers, early years funding is based on actual hours during the current year.</p> <p>Funding for eligible 2 year olds is provided at a fixed hourly rate, which already includes a supplement for deprivation.</p>
<p>Post-16 mainstream funding</p>	<p>Calculated by the EFA according to a national formula.</p>
<p>High needs place funding</p> <p>This applies to mainstream schools or academies with a designated special unit or resourced provision.</p>	<p>£10,000 place funding is provided for each agreed pre-16 high needs place. This is paid directly to academies by the EFA, and forms part of the budget share for maintained schools. Post-16 high needs places – in special units, resourced provision or sixth forms – are funded through the national post-16 formula.</p> <p>Funding for academies is paid directly by the EFA. Where place funding is payable to maintained mainstream schools for Post-16 pupils, it forms part of the sixth form grant that the local authority pays to its school sixth forms on behalf of the EFA.</p>
<p>High-needs top-up funding</p>	<p>This is paid directly by the commissioning local authority for pre-16 high needs pupils where the total cost exceeds the thresholds. In the case of special units, the cost threshold is £10,000 and includes the costs of all pupils' basic educational entitlement, which is funded through the place funding; if the pupil is not in a unit, the cost threshold is £6,000, which only covers the costs of additional SEN support.</p> <p>Schools are expected to meet any cost of support below these thresholds from their budget allocations. For post-16 pupils, the top-up funding is paid in addition to the amounts paid to providers through the national post-16 formula and additional</p>

Factor	Further information
	£6,000.
Pupil premium	<p>A premium is payable for each pupil who has been eligible for free meals at any time in the last 6 years, or is looked after / adopted from care, or who has been a service child in the last four years (including children whose parents had died in service and who are in receipt of pensions under the Armed Forces Compensation Scheme (AFCS) and the War Pensions Scheme (WPS)).</p> <p>Allocation is based on the spring census preceding the financial year.</p> <p>Rates for 2015 to 2016 are:</p> <ul style="list-style-type: none"> • £1,320 Primary age pupils • £ 935 Secondary age pupils • £1,900 Looked-after children / adopted from care • £ 300 Service children <p>An early years pupil premium is payable for eligible 3 and 4 year olds at the rate of 53p per hour for 2015 to 2016.</p> <p>Rates for 2016 to 2017 will be announced in due course.</p>
Education services grant (academies only)	<p>This funding is provided to academies for services previously provided by their local authority – for example, school improvement and asset management. The academic year 2015 to 2016 rate is £87 per pupil, although some protections apply where academies have received a higher level of funding previously.</p> <p>Local authorities also receive ESG for their maintained school pupils at £87 for each pupil in the financial year 2015 to 2016.</p> <p>Rates for 2016 to 2017 will be announced in due course.</p>
Universal infant free school meals grant	<p>This funding is available to provide all infant-age pupils with a free school meal. The rate for 2015 to 2016 is £2.30 per meal taken.</p> <p>Rates for 2016 to 2017 will be announced in due course.</p>

Table 3: Other funding allocations

Primary/secondary ratio

30. For 2015 to 2016, the average ratio across all local authorities is 1:1.28. It is not expected that local authorities must conform to this; however, they should be aware of where they are within the range. The Authority Proforma Tool (APT – the spreadsheet provided to authorities by the EFA, which is used to help with modelling and for submitting formula information to EFA) will calculate the ratio, apportioning middle school budgets between the phases based on pupil numbers. Authorities can confirm where they stand in relation to others by reviewing the published [Schools block funding formulae 2015 to 2016](#) data. We will publish the 2016 to 2017 data when it is available to allow further benchmarking.

Variations to pupil numbers

31. We expect authorities to request approval to vary 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 age range either by adding or losing year groups

Where approval to vary pupil numbers for individual schools has already been given for 2014 to 2015 or 2015 to 2016 and there are ongoing effects into 2016 to 2017 that approval can carry forward to 2016 to 2017, provided that the approved methodology has not changed. The local authority will need to explain the rationale for the estimates used e.g. a weighted average of pupil numbers (5/12ths / 7/12ths), taking into account the changes in pupil numbers from the new academic year.

32. Where a new school (other than a free school which is not being opened to meet the need for a new school as referred to in [section 6a of the Education & Inspections Act 2006](#)) is due to open, the regulations require that authorities should estimate the pupil numbers expected to join the school in September and fund accordingly, again explaining the rationale underpinning the estimates.

33. The regulations also require that local authorities should estimate pupil numbers for all schools and academies, including free schools, where they have opened in the previous seven years and are still adding year groups. Estimates may be adjusted each year to take account of the actual pupil numbers in the previous funding period.

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

35. EFA will fund free schools which are not being opened to meet the need for a new school as referred to in section 6A of the Education & Inspections Act 2006 without recoupment in their first year of opening. Once census data for the first year of a free

school is available, however, local authorities are expected to estimate pupil numbers for the next financial year.

36. If pupil numbers are not adjusted upwards to reflect actual intake, we reserve the right to adjust amounts recouped to enable us to properly fund academies and free schools affected by this. For more information about when to request a variation and when to use the growth fund, see Annex 1.

Requesting exceptional premises factors

37. Local authorities may request the inclusion of additional factors in their formula for exceptional circumstances. Additional factors may be approved in cases where the nature of the school premises gives rise to a significant additional cost greater than 1% of the school's total budget, and where such costs affect fewer than 5% of the schools (including academies) in the authority.

38. Where local authorities have already received approval for exceptional premises factors in the previous three years, they may continue to use the approved factors providing the criteria are still being met. Where an exceptional factor has already been approved for particular schools, it is 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.

39. Local authorities will need to apply to the EFA for any new exceptional premises factors to be used in 2016 to 2017, setting out the rationale for the factor and demonstrating that the criteria are met. Any requests for exceptional factors must be received before the end of September 2015, although we would urge local authorities to apply as early as possible for any exceptions, to ensure sufficient time to clarify any queries. 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

40. Each application is considered on its own merits and it should not be assumed that a future application will be successful simply because it falls into one of the categories shown above. 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. Any request for an exceptional factor should be submitted using the [exceptions and disapplications pro forma](#).

Minimum funding guarantee

41. The pre-16 minimum funding guarantee (MFG) for mainstream schools will continue to be set at minus 1.5% per pupil in 2016 to 2017. We will only exclude factors from the MFG where not doing so would result in excessive protection or be inconsistent with other policies.

42. This MFG applies to pupils in age ranges 5-16 and therefore excludes funding for early years children and young people over 16. The following formula factors are automatically excluded from the MFG calculation:

- post-16 funding (sixth form factor)
- the 2016-17 lump sum, except as noted in the bullets below
- any higher lump sum paid under the regulations in 2015 to 2016 for amalgamated schools (excluded from the baseline only)
- any higher lump sum to be paid under the regulations in 2016 to 2017 for amalgamating schools (excluded from the 2016 to 2017 funding only)
- the 2016 to 2017 sparsity factor
- rates

43. The majority of previously held central funding has already been delegated to schools; however if funding previously held centrally is to be newly delegated, then this will need to be excluded from the MFG baseline (a technical adjustment). This is to ensure that the MFG is calculated on a like-for-like basis, so that all schools see the benefit of the additional funding. The adjustments do not need approval from the Secretary of State but will need to be shown and explained in the tables contained within the APT. Examples of technical adjustments include:

- any movement of funding between the Schools Block and the High Needs Block
- new delegation where money was previously held for centrally provided services,
- additional funding released to schools as historic commitments have dropped out e.g. any historical termination of employment costs or where pre-existing contracts funded from Capital Expenditure funded from Revenue (CERA) have expired

44. All other funding will be in the MFG baseline and there will be no other automatic adjustments.

45. The majority of approvals to disapply the MFG for 2015 to 2016 were specific to that year and we do not expect these to be repeated. **There will be no 'carry-forward'**

of previous approvals and authorities will need to submit any application to disapply the MFG for 2016 to 2017 by the end of September 2015, using the exceptions and disapplications pro forma. There will be one further opportunity to submit **exceptional** requests only where the revised schools block dataset highlights anomalies which would otherwise lead to inappropriate protection. This final opportunity will close at the end of December 2015.

46. Exceptional requests to disapply the MFG will only be considered if there is a **significant** change in a school's circumstances or pupil numbers. EFA will only consider applications where the inclusion of a factor in the MFG will lead to **significant** inappropriate levels of protection. Authorities should, therefore, provide detailed information on the financial effect of any request.

47. Examples of MFG disapplication requests which have been approved previously include:

- schools which 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 which 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 e.g. where additional funding has been distributed in the previous year and the authority can demonstrate that the funding is genuinely one-off

48. The worked example below shows how the MFG will be calculated

Line	Description	Amount
1	School's budget share 2015-16 (inclusive of any MFG and capping)	£2,115,000
2	2015-16 post-16 funding (sixth form factor, if used)	£75,000
3	2015-16 rates	£90,000
4	2015-16 additional lump sum for amalgamating schools	£70,000
5	2016-17 lump sum	£100,000
6	2016-17 sparsity value (including any additional sparsity funding for very small secondary schools)	£30,000
7	Agreed MFG exclusions and technical adjustments	£0
8	2015-16 MFG baseline (1-2-3-4-5-6-7)	£1,750,000
9	Funded number on roll at October 2014 (excluding reception uplift where used)	500
10	MFG Baseline value per pupil (8 / 9)	£3,500
11	MFG protected value per pupil (10 x 98.5%)	£3,448
12	Formula funding 2016-17	£1,983,200
13	2016-17 Post-16 funding (sixth form factor, where already being used)	£72,000
14	2016-17 rates	£95,600
15	2016-17 lump sum (including any 2016-17 additional lump sum for amalgamating schools)	£100,000
16	2016-17 sparsity value (including any additional sparsity funding for very small secondary schools)	£30,000
17	Agreed MFG exclusions and technical adjustments	£0
18	2016-17 base funding (12-13-14-15-16- 17)	£1,685,600
19	Funded number on roll October 2015 (excluding reception uplift where used)	490
20	2016-17 Base funding per pupil (18 / 19)	£3,440
21	Guaranteed level of funding (11 x 19)	£1,689,275
22	MFG adjustment (21-18)	£3,675
23	Final 2016-17 SBS (12+22)	£1,986,875

Table 4: Worked example of how MFG will be calculated

49. For the avoidance of doubt, the MFG calculation for mainstream schools applies only to schools block funding. Funding from the early years block, high needs block or from EFA for post-16 pupils are excluded from the calculation, but have not been shown here as they do not form part of the schools block formula funding.

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

51. It is likely that protection will still be required in some areas as a continuing result of the formula simplification, 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. Capping and scaling may only be applied to the extent that it offsets the cost of the MFG and it must be applied on the same basis to all schools. Authorities and their schools forums will therefore need, as part of their formula modelling, to determine whether and how to limit gains.

52. EFA will apply 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.

53. Capping and scaling factors must not be applied to schools which have opened in the last 7 years and have not reached their full number of year groups. For the avoidance of doubt, this does not include existing schools which are extending to include a new phase and has empty year groups in the new phase.

Redetermination of budget shares

54. It is not permissible to make an in-year redetermination of schools' budget shares for pupils aged 5-16, other than in the explicit circumstances allowed for within the school finance regulations, which relate to:

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

55. Any DSG underspend brought forward from the previous year may be used to support central expenditure (providing no limits are breached) in the schools block, or transferred to either the high needs or early years block. Alternatively, an underspend may be carried forward to the next funding period and allocated to schools via the funding formula.

56. Adjustments to rates may be made outside of the funding formula, although at the 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.

Centrally retained budgets

De-delegated services

57. Funding for de-delegated services must be allocated through the formula but can be de-delegated for maintained mainstream primary and secondary schools with schools forum approval. De-delegation is not an option for academies, special schools, nurseries 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. In the case of special schools and PRUs, the funding to buy such services will be included in any top-up payments.

58. Any decisions made to de-delegate in 2015 to 2016 related to that year only, so new decisions will be required for any service to be de-delegated in 2016 to 2017. Schools forum members for primary maintained schools and secondary maintained schools must decide separately for each phase whether the service should be provided centrally and the decision will apply to all maintained mainstream schools in that phase. Funding for these services will then be removed from the formula before school budgets are issued. There may be different decisions for each phase. The services which may be de-delegated are:

- 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
- licences/subscriptions
- staff costs supply cover (e.g. long-term sickness, maternity, trade union and public duties)

59. For each service de-delegated, authorities will need to make a clear statement of how the funding is being taken out of the formula (for example – primary insurance £20 per pupil, secondary behaviour support services £30 per FSM pupil). 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.

60. Where de-delegation is agreed, middle schools will potentially be subject to two different decisions and the unit value for de-delegation may 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.

61. Where a school converts to academy status before or on 1 April 2016, no de-delegation can take place. Where a school converts on or after 2 April 2016, up to and including 1 September 2016, the authority can retain any de-delegated funding until 1 September 2016. Where a school converts to academy status on or after 2 September 2016, up to and including 31 March 2017, the authority can retain any de-delegated funding for the remainder of the 2016 to 2017 financial year. This will help services to plan their future operations. After the dates specified, the academy will receive the full formula allocation and this will be recouped from the local authority.

62. 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. Where a school converts to an academy in the period 2 April to 1 September 2016, authorities will have an opportunity to present an evidence based case to the EFA to request a recoupment adjustment for the period 2 September 2016 to 31 March 2017.

63. Any unspent de-delegated funding remaining at the year-end should be reported to Schools Forum. Funding may be carried forward to the following funding period as with any other centrally retained budget, and can be used specifically for de-delegated services if the authority wishes.

Centrally retained services

64. Funding for some services can be centrally retained before allocating the formula, with the agreement of the schools forum. A number of these services are subject to a limitation of no new commitments or increases in expenditure from 2015 to 2016 and schools forum approval is required each year to confirm the amounts on each line. The table below sets out which services can be retained centrally, and what approval is required.

Approval required	Services covered
Schools forum approval is not required (although they should be consulted)	<ul style="list-style-type: none"> • High needs block provision • Central licences negotiated by the Secretary of State
Schools forum approval is required on a line-by-line basis.	<ul style="list-style-type: none"> • Early years block provision • 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

Schools forum approval is required on a line-by-line basis. The budget cannot exceed the value agreed in the previous funding period.	<ul style="list-style-type: none"> • Admissions • Servicing of schools forum
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.	<ul style="list-style-type: none"> • Capital expenditure funded from revenue (i.e. no new projects can be charged to the central schools budget) • Contribution to combined budgets • Existing termination of employment costs (i.e. no new redundancy costs can be charged to the central schools budget) • Prudential borrowing costs • SEN transport costs
Schools forum approval is required on a line-by-line basis, including approval of the criteria for allocating funds to schools.	<ul style="list-style-type: none"> • Funding for significant pre-16 pupil growth, including new schools set up to meet basic need, whether maintained or academy (see paragraphs 67-77) • Funding for good or outstanding schools with falling rolls where growth in pupil numbers is expected within three years (see paragraphs 78-83)

Table 5: Centrally retained services

65. When using funding held centrally within DSG, other than funding that has been de-delegated by maintained schools, the authority must treat maintained schools and academies on an equivalent basis.

66. A number of local authorities have requested a disapplication to use central early years funding to support capital expenditure from revenue account (CERA) in order to create new early years provision for disadvantaged two year olds. Each new request is considered individually, but such requests have generally been approved. We would strongly encourage any new provision to be available from 8am until 6pm five days a week, with the flexibility for parents to use their funded 15 hours (or 30 hours, where appropriate) across the whole 8am-6pm day, in, for example, three blocks of five hours across the week, or five blocks of three hours, or 2½ full days.

Growth Fund

67. Local authorities may topslice the DSG in order to create a growth fund to support schools which are required to provide extra places in order to meet basic need within the authority, including pre-opening, diseconomy and reorganisation costs. The growth fund may not be used to support schools in financial difficulty (any such support for maintained

schools would be provided from a de-delegated contingency) or general growth due to popularity.

68. the growth fund can be used only for the purposes of supporting growth in pre-16 pupil numbers to meet basic need, to support additional classes needed to meet the infant class size regulation and to meet the costs of new schools. These will include the lead-in costs e.g. to fund the appointment of staff and the purchase of any goods or services necessary in order to admit pupils. It will also include post start-up costs and any diseconomy of scale costs. These pre and post start-up costs should be provided for academies where they are created to meet basic need. (EFA 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](#)). Where academies are funded on estimates, however, they should not need to access the growth fund for this purpose. This is because they will receive additional funding through a pupil number adjustment for actual numbers. We will identify academies funded on estimates in the January edition of the APT. Around 90% of former non-recoupment academies are funded on estimates.

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

70. Local authorities are required to produce criteria on which any growth funding is to be allocated, which must be agreed by the schools forum. The schools forum must also be consulted on the total sum to be top-sliced from each phase and should receive regular updates on the use of the funding. EFA will check the criteria for compliance with the regulations.

71. The criteria should provide a transparent and consistent basis for the allocation of funding, which may be different for each phase. Criteria for allocating growth funds should contain clear objective trigger points for qualification and a clear formula for calculating allocations. 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 PAN by X or more pupils in agreement with the authority
- Support for KS1 classes where overall pupil numbers exceed a multiple of 30 by X or fewer pupils

- Pre-opening costs / initial equipping allowance / diseconomy of scale allowance for new maintained schools and recoupment academies, including new academies where the school is opening in response to basic need

72. Methodologies for distributing funding could include:

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

73. Examples of some local authorities' [criteria for allocating growth funds to schools and academies](#) for 2014 to 2015 have been published separately and the document will be updated to include some 2015 to 2016 examples shortly.

74. 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 – August period, along with appropriate justification, on the recoupment tab of the APT so that the recoupment calculation can be adjusted accordingly. Where EFA funds academies based on estimates, it is unlikely that the academy will need to access the growth fund.

75. Growth fund adjustments will not be made for diseconomy of scale or start-up funding, so these should not be shown on the recoupment tab of the APT. This funding will continue to be met from the local authority's growth fund.

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

77. Any unspent growth funding remaining at the year-end should be reported to Schools Forum. Funding may be carried forward to the following funding period as with any other centrally retained budget, and can be used specifically for growth if the authority wishes.

Falling rolls fund

78. Local Authorities may topslice the DSG in order to create a small fund to support good schools with falling rolls where local planning data show that the surplus places will be needed in the near future. The schools forum should agree both the value of the topslice and the criteria for allocation and the local authority should regularly update the schools forum on the use of the funding.

79. 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. 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 (note that this is a mandatory requirement)
- Surplus capacity exceeds x pupils or x% of the published admission number
- Local planning data shows a requirement for at least x% of the surplus places within the next x 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

80. Methodologies for distributing funding could include:

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

81. Examples of some local authorities' [criteria for allocating falling rolls funds to schools and academies](#) for 2014 to 2015 have been published separately and the document will be updated to include some 2015-16 examples shortly.

82. 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.

83. Any falling rolls funds remaining at the end of the financial year must be added to the following year's DSG.

Former non-recoupment academies and free schools

84. In 2015 to 2016, former non-recoupment academies (NRAs) were included in local authorities' APT datasets and local authorities calculated funding for all academies and free schools through the APT in accordance with the local formula. An adjustment to the DSG funding was subsequently made for the transfer of responsibility.

85. For 2016 to 2017, we are incorporating the additional funding for former NRAs into each local authority's schools block unit of funding (SBUF). The 2016 to 2017 SBUFs reflect funding allocations for the former NRAs, calculated using their 2015 to 2016 pupil data and their local authorities' 2014 to 2015 funding formulae. This was designed to be cost neutral³ and in 2016 to 2017 local authorities will receive funding for the former NRAs within their schools block allocations on the same basis as other mainstream maintained schools and academies, i.e. by multiplying their SBUF by their schools block pupil count. A separate [technical note](#) has been published containing the 2016 to 2017 schools block units of funding, and explaining how they have been calculated.

86. We are not proposing to make any amendments to the schools block for estimated pupil numbers in growing NRAs.

³ although local formula changes since 2014-15 may have resulted in a slight variation to this principle.

High needs funding

87. At this stage, before the Department's budgets have been set for future years, local authorities should assume that their 2016 to 2017 allocations of high needs place funding (including those allocations of academies' and colleges' place funding that are initially included in their notional allocations before being deducted and given to institutions directly by the EFA), and other high needs funding, will remain as they were allocated in 2015 to 2016. The full year 2016 to 2017 allocation will therefore be based on the 2015 to 2016 academic year place numbers, and for the remainder of the high needs allocation there will be no change to what was allocated for 2015 to 2016.

88. We had considered using the latest 2014 to 2015 school census and individualised learner record (ILR) data as the basis for place funding allocations, but the overall numbers are lower than the number of places being funded in the academic year 2015 to 2016. Some local authorities and many institutions would have seen a significant reduction in their place funding if these numbers had automatically been applied.

89. Flexibility is available at local level, however, to make adjustments to individual institutions' place funding next year. This is to ensure that the places funded broadly reflect both local authorities' recent commissioning activity relating to those children and young people with special educational needs (SEN) and disabilities, and the more strategic planning that they might do to secure suitable SEN provision and alternative provision (AP) in line with their statutory responsibilities.

90. Under the current School and Early Years Finance (England) Regulations 2014, local authorities have the flexibility to make changes to the number of places funded in maintained schools and pupil referral units (PRUs), and we do not intend to change this aspect of the regulations for next year. Authorities will be able to make such changes from April 2016, although we would expect most changes to be made for the start of the 2016 to 2017 academic year.

91. Local authorities will also be able to make changes to the place numbers used for funding academies in their area, and similarly where a local authority takes a lead on behalf of a number of authorities for FE institutions in their area. These changes will be reflected in the institutions' EFA allocation for the 2016 to 2017 academic year and will have to be agreed by the institutions. There will be a process for local authorities to notify the EFA of institution level changes to 2016 to 2017 place numbers, but this will only apply to those institutions that receive their place funding directly from the EFA. The EFA will not require any information on place number adjustments in maintained schools and PRUs, although special school and PRU place numbers should be included on section 251 budget statements for 2016 to 2017 in the normal way.

92. Changes to place numbers should be planned on a cost-neutral basis, and on the assumption that the local authority's overall 2016 to 2017 high needs allocation will be calculated as indicated above. Following the publication of information about local authorities' DSG allocations, the EFA will deduct from the local authority's overall high

needs allocation the amount required to fund the places in those institutions that receive place funding direct from the EFA, including those adjustments to place numbers agreed by the institutions and notified to the EFA.

93. Unlike last year, and because we are assuming at this stage that the Department will not be able to allocate any additional high needs funding, there will be no process which allows local authorities or institutions to apply to the EFA for additional high needs funding. Additional places at individual institutions will therefore have to be funded from within the total notionally allocated to local authorities on the basis indicated above.

94. Further information on 2016 to 2017 high needs funding arrangements, including details and timescales of the process to report to the EFA changes to place numbers, will be issued in September 2015. Local authorities may, of course, wish to start discussions with institutions about 2016 to 2017 place numbers in advance. This guide will also include information about funding for free schools, non-maintained special schools, special post-16 institutions and hospital education. In addition, the EFA will in due course publish updated information about other aspects of the high needs funding arrangements, such as the administration of top-up funding and the funding for AP.

Completing the Authority Proforma Tool (APT)

95. The formula will be reported on a combined modelling tool and proforma, the Authority Proforma Tool (APT). EFA will calculate academy budgets based on the formula set out in the proforma. While authorities can use their own spreadsheet modelling for their formula we would strongly recommend that the APT is populated alongside their own models to ensure consistency between them and avoid unnecessary delay in the submission process.

96. Having agreed the formula, authorities should submit the APT, containing information about their formula, to the EFA by 30th October 2015. This will be checked for compliance with the regulations and there may then need to be a further dialogue between authority and EFA. Earlier submission of the APT will of course allow the process to be completed earlier and enable the authority to continue with its preparations.

97. We will reissue the APT to authorities in December 2015, updated to contain October 2015 census based data for the formula factors for each school, for them to use to make their final submission. The authority will need to submit their final version of the APT by 21st January 2016 once the October pupil numbers are confirmed and the DSG settlement announced. The only changes between the provisional and final versions should be for the unit values; the factors used should remain the same.

98. 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 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 separately be issuing detailed written guidance on how to use the APT, which will provide more information.

99. Local authorities must ensure that they have built in the relevant political approval into their planning as the deadlines shown below are critical to achieving the advantages of issuing earlier budgets. We appreciate that formulae often have to be approved by the authority's Cabinet or lead member, so it is important that the forward plan takes account of this. To speed up the approval process in January once the DSG and pupil numbers are known, we strongly advise that authorities obtain earlier approval (in the autumn) 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 shortfall on DSG to the following financial year.

Case study: completing the APT in October

Herefordshire have a process whereby they update the dataset in the interim APT to use estimates of the current October's pupil numbers, based on admissions data and information from schools and academies. Whilst they accept that this is slightly more time over the summer period, they confirm that it saves significant time during the December/January APT finalisation process, since only very small changes are required to balance to the final DSG total.

Consultation is carried out with schools and schools forum in September prior to the October submission and it is generally agreed to maintain the October APT formula values unless there is a very good reason to change. Any minor changes can be agreed in January.

In 2015 to 2016, the final dataset differed from the estimates by only 6 pupils overall, which meant that no changes to the APT were necessary in January, other than those of choice.

Herefordshire are convinced of the benefits of using this approach, since it allows them to focus in January on any minor changes to unit values, following discussion with schools forum, in order to ensure that the DSG stays in balance.

It also allows them provide all schools and academies with accurate budget estimates in late September as part of the budget consultation so they can start budget planning. This is particularly important for schools facing big budget reductions as they are able to start considering any restructures or redundancy consultations before Christmas. Schools frequently provide feedback and revise the October estimates when they receive their estimated budget, which then helps to refine the estimates further.

Treatment in the APT of new and growing schools

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

101. 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 7/12 of the financial year. 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). Authorities should work with the schools concerned to provide the most accurate and realistic estimate based on the latest admissions and demographic data.

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

- $[\text{October 2015 NOR (from APT)} \times 5/12^{\text{th}}] + [\text{October 2016 estimated NOR} \times 7/12^{\text{th}}]$
- October 2015 NOR (from APT) + $7/12^{\text{th}}$ October 2016 estimated intake in new year group

103. Where a school is filling up 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.

104. The 2016 to 2017 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.

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

106. Free schools which have not been opened to meet the need for a new school as referred to in [section 6A of the Education & Inspections Act 2006](#) will not be subject to recoupment in their first year and should not be included on the 2016 to 2017 APT if they are due to open in or after September 2016. All other free schools should be included.

107. 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. It is up to the authority whether or not to use a threshold.

Funding of academies

108. Most new academies will be funded on their estimates, rather than the census, because this is the provision in their funding agreements. There is then a retrospective pupil number adjustment the following year. As academies have to estimate numbers at much the same time as the October APT submission, it would make sense for authorities to agree with the academies concerned a consistent figure.

109. As it is the authority's decision how to estimate numbers for the APT, and whether and how to use a retrospective adjustment, it is possible that the numbers for which the academy is funded, 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.

110. Where the local authority has agreed a guaranteed number of pupils to a new academy to ensure viability, this should be indicated in column BF of the inputs and adjustments tab. In this case, the EFA will use the APT estimate to fund the new academy, instead of the normal estimate process. In such a case, the authority should provide commentary on the APT to explain their rationale.

111. Many older (former non-recoupment) academies will also be funded on estimates because their funding agreements specify that. 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 authorities to vary pupil numbers on the APT unless there was a change of age range or major restructuring.

112. Where academies are funded on the basis of the census, then we would use any approved variations to pupil numbers submitted by the authority, as with age range changes for established schools. It is imperative that 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.

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

Timetable

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

Date	DFE/EFA	Local authorities (LAs)
July 2015	Details published on 5-16 mainstream and high needs implementation for 2016 to 2017.	
Early September	Interim authority proforma tool issued to LAs.	
September 2015	High needs funding guide for 2016 to 2017 issued to LAs	
30 September 2015		Deadline for submitting requests for: <ul style="list-style-type: none"> • MFG exclusions • exceptional premises factors • sparsity factor variations • lump sum variations for amalgamating schools • pupil number variations
1 October 2015	School Census Day	
Mid-October 2015		Schools Forum consultation / political approval required for provisional 2016 to 2017 funding formula
October / November 2015	DfE and LAs check and validate School Census	
30 October 2015		Deadline for submission of provisional 2016 to 2017 authority proforma tool to EFA
26 November 2015	School Census data base closed	
10 December 2015	APT re-issued to LAs, containing October 2015 census-based pupil data and factors.	Able to estimate local 2016 to 2017 DSG Schools Block allocation

Date	DFE/EFA	Local authorities (LAs)
Week commencing 14 December 2015	Publication of DSG Schools Block and High Needs Block allocations for 2016 to 2017 (prior to academy recoupment). Publication of provisional Early Years Block allocations.	
31 December 2015		Deadline for submitting final window requests in exceptional circumstances only for: <ul style="list-style-type: none"> • MFG exclusions • exceptional premises factors • sparsity factors • Lump sum variations for amalgamating schools • Pupil number variations
Mid-January 2016		Schools Forum consultation / political approval required for final 2016 to 2017 funding formula
21 January 2016		Deadline for submission of final 2016 to 2017 authority proforma tool to EFA
29 February 2016		Deadline for confirmation of schools budget shares to maintained schools
February 2016	2016 to 2017 allocations to post-16 institutions, academies and NMSS to be issued	
February 2016	Publication of 2016 to 2017 high needs place numbers at institution level.	
31 March 2016	Deadline for confirmation of general annual grant to academies open by 9 January 2016	

Date	DFE/EFA	Local authorities (LAs)
April 2016	First DSG payments to LAs based on 2016 to 2017 allocations, net of academies recoupment (DSG allocations updated termly for in year academy conversions).	
June 2016	Early Years Block updated for January 2016 Early Years pupil numbers	
June 2017	Early Years Block updated for January 2017 Early Years pupil numbers (pro rata 7/12ths as this relates only to the period September 2016-March 2017).	

Table 6: The timetable for the data checking and calculation of the blocks

115. 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.

Additional support

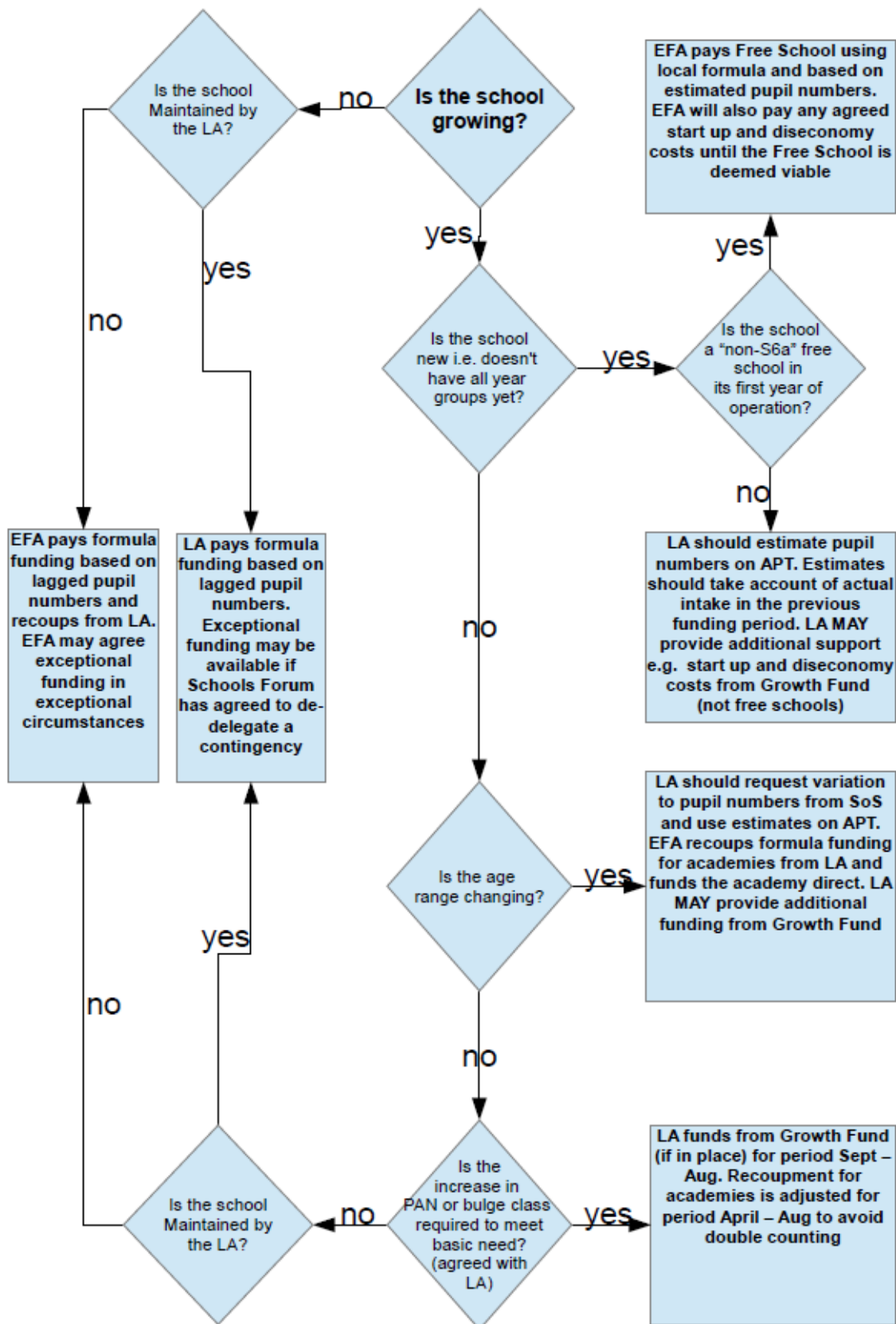
116. We will continue to offer support to local authorities where possible as they continue to implement the funding reforms. We are interested in seeing local authority proposals as they are developed and are happy to offer advice through the process.

117. Questions about the detail and practical implications of implementation, together with applications for MFG exclusions, exceptional factors, disapplication of the regulations etc. should be sent to:

ReformTeam.funding@education.gsi.gov.uk

118. EFA 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 will ensure that officials continue to attend these meetings.

Annex 1: Funding routes for growing schools



Annex 2: Version control

This is the original version of the operational guide



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