



Education & Skills  
Funding Agency

# **Schools revenue funding 2018 to 2019**

**Operational guide**

**September 2017**

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# Introduction

1. This guide helps local authorities, and their schools forums, to plan the local implementation of the funding system for the 2018 to 2019 financial year.
  - 1.1. 2018 to 2019 is significant because of the introduction of national funding formulae for schools, high needs, and central school services.
  - 1.2. We've confirmed the full national funding formulae for 2018 to 2019 and 2019 to 2020, alongside the responses to the national funding formulae consultations [NFF Schools and High Needs](#)
  - 1.3. We've used these formulae to calculate the blocks within the dedicated schools grant (DSG) that are allocated to local authorities, and they will sit alongside the early years national funding formula, which was introduced in 2017 to 2018.
2. We've published local authority level allocations for 2018 to 2019 for the schools, central school services, and high needs blocks. [NFF tables for schools and high needs](#).
  - 2.1. We'll issue final allocations as usual in December 2017, based on pupil numbers recorded in the October census.
  - 2.2. Local authorities should use this guide to model their formulae and plan their budget in consultation with schools forums.
3. The government has confirmed that there will be an additional £1.3 billion for schools and high needs across 2018 to 2019 and 2019 to 2020, in addition to the schools budget set at the Spending Review 2015.
  - 3.1. This means that, in 2018 to 2019, all local authorities have received an increase over the amount they planned to spend on schools and high needs through the DSG in 2017 to 2018.
  - 3.2. These increases are reflected in the allocations published alongside this guidance. For more information about overall school funding, please see the [oral statement from the Secretary of State for Education](#).
4. We've published the final national funding formula local authority allocations for 2018 to 2019 alongside this guide.
5. While it remains the government's intention that a school's budget should be set on the basis of a single national formula, in 2018 to 2019 and 2019 to 2020, local authorities will continue to determine final funding allocations for schools through a local formula.

5.1. In 2018 to 2019 and 2019 to 2020, the national funding formula will set notional allocations for each school, which will be aggregated, and used to calculate the total schools block received by each local authority.

6. There are a number of significant changes to the funding system this year:

6.1. The central school services block (CSSB) has been created.

6.1.1 We've allocated funding for central school services to local authorities through the new CSSB.

6.1.2 This will comprise funding for ongoing responsibilities, and a cash sum for historic commitments.

6.1.3 The DSG therefore now comprises four blocks: schools, high needs, early years, and the new central school services block.

6.2. Each of the four blocks of the DSG has been determined by a separate national funding formula.

6.2.1 National funding formulae have determined local authorities' schools, high needs, and central school services,<sup>1</sup> blocks for the first time in 2018 to 2019.

6.2.2 Funding for early years has been allocated through a national funding formula since 2017 to 2018.

6.3. Baselines have been adjusted to take account of local authorities' most recent spending patterns.

6.3.1 We've undertaken an exercise with local authorities to 're-baseline' the blocks of the DSG for each local authority.

6.3.2 This has enabled the Department to ensure that the national spend on each block in 2018 to 2019 (the totals distributed through the schools, high needs, and central school services, formulae) reflects the pattern of 2017 to 2018 planned spending by local authorities within their overall DSG allocation, and that local authorities are protected against what they planned to spend in 2017 to 2018 on each block.

6.4. Within the schools block, the government will provide for at least a 0.5% per pupil increase for each school in 2018 to 2019 through the national funding formula.

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<sup>1</sup> For the ongoing responsibilities element of the block only.

- 6.4.1 We've calculated local authorities' schools block allocations by aggregating schools' notional allocations under the national funding formula, and these notional allocations reflect these increases.
- 6.4.2 Schools block allocations are expressed as separate per-pupil primary and secondary rates for each local authority.
- 6.4.3 They also include funding at local authority level for premises, mobility, and growth, based on historic spend.
- 6.5. The national funding formula will provide local authorities with per-pupil funding of at least £3,500 for all primary schools and £4,800 for all secondary schools that have pupils in years 10 and 11 in 2019-20.
  - 6.5.1 We've included a new factor in local authority formulae so local authorities can set a transitional amount of per-pupil funding in 2018 to 2019, as a step towards the £3,500 and £4,800 in 2019 to 2020. Please see paragraph 49 for details.
- 6.6. Within the high needs block, the government has provided for at least a 0.5% increase in proportion to population changes in 2018 to 2019 and this is reflected in the allocations to local authorities through the high needs national funding formula.
  - 6.6.1 We'll protect the high needs block against 2017 to 2018 baselines, subject to some adjustments explained in [the high needs section of this guidance](#).
- 6.7. The minimum funding guarantee (MFG) for schools will continue, but local authorities now have the flexibility to set a local MFG between 0% and minus 1.5% per pupil.
  - 6.7.1 In previous years, the MFG has been set at minus 1.5% per pupil.
  - 6.7.2 In 2018 to 2019, we've introduced flexibility for local authorities to set a local MFG between 0% and minus 1.5% per pupil.
  - 6.7.3 Local authorities can use the flexibility to offer higher levels of protection locally.
- 6.8. The schools block will be ring-fenced from 2018 to 2019, but local authorities are able to transfer up to 0.5% of their schools block funding out with the agreement of their schools forum.
  - 6.8.1 We expect local authorities to demonstrate to their schools forum that they have consulted locally with all maintained schools and

academies when seeking agreement to transfer any funding out of the schools block.

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

6.8.3 Whilst the other blocks are not subject to limits on transfers, local authorities will be strongly encouraged to consult their schools, and agree with their schools forum any other proposal to move funding between blocks.

7. We've made a number of other smaller changes to the calculation of the schools and high needs blocks in 2018 to 2019:

7.1. Local authorities can now use both current free school meals, and Ever6 free school meals measures within their deprivation factors (local authorities could previously use one of these measures, but not both).

7.2. We've increased the pupil premium plus rate for 2018 to 2019 to £2,300, rather than including a looked-after children factor in the national funding formula. Local authorities should consider how to reflect this in their local formulae.

7.3. Local authorities no longer need to request a disapplication to increase pupil numbers where there is an increase in a school's admission limit, or a local reorganisation.

7.4. We've included an [explanation of adjustments to school budgets relating to excluded pupils](#) in this guidance, because we receive enquiries about this.

7.5. We'll not make a deduction to schools block pupil numbers for high needs places in mainstream schools.

7.5.1 Instead, we'll determine the school's budget share (or the equivalent academy funding) based on the total number of pupils on the roll of the school, including those in the special unit or resourced provision.

7.5.2 We've made an adjustment between the high needs block, and schools block, for each local authority to reflect this change.

7.5.3 The [2017 to 2018 baselines and 2018 to 2019 minimum funding amounts table](#) published alongside this guidance explains the adjustment for each local authority.

7.5.4 The balance of funding for this kind of special provision will come from the place funding decided in accordance with the local

authority's commissioning decisions, and the top-up funding for individual pupils.

7.5.5 The place funding will be £6,000 per place where the place is occupied by pupils on the roll of the school at the time of the October school census return.

7.5.6 Places not filled by such pupils will still be funded at £10,000.

7.5.7 Further information for local authorities on this change is included in the [high needs funding 2018 to 2019: operational guide](#) published alongside this guidance.

7.6. We've clarified the approach taken where an academy, funded on estimates, is expanding to meet basic need growth within the local authority in the [growth fund section of this guidance](#).



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

8. Local authorities must engage in open and transparent consultation with all maintained schools and academies in the area, as well as with their schools forums, about any proposed changes to the local funding formula including the method, principles and rules adopted.
9. Any consultation should include a demonstration of the effect of modelling such changes on individual maintained schools and academies.
  - 9.1. We've provided an updated authority proforma tool (APT) to reflect 2018 to 2019 local formula changes, to help with this modelling.
  - 9.2. Local authorities should communicate proposed formula changes to all bodies affected by the changes.
  - 9.3. The local authority is responsible for making the final decisions on the formula, and each authority's process must ensure that there is sufficient time to gain political approval before the APT deadline in January 2018.
  - 9.4. Political ratification means approval in line with the authority's local scheme of delegation, so this may be decisions by the council cabinet, cabinet member or full council; the schools forum does not decide on the formula.
10. Local authorities should also ensure that they allow sufficient time for wider consultation with schools, agreement by their schools forum, and political approval, if they wish to transfer funding out of the schools block, or submit a disapplication request.
  - 10.1. We've provided more information on this in the [movements between blocks section of this guidance](#).

## Delegated funding

### Local authority funding formulae factors for 2018 to 2019

11. We've made one addition to the list of allowable funding factors in local funding formulae in 2018 to 2019.

11.1. Local authorities can set a minimum per-pupil amount for schools, details of this are set out in paragraph 47 - 51.

11.2. The local factor values and parameters may continue to differ from those used in the NFF, since authorities retain local discretion in 2018 to 2019 and 2019 to 2020. The NFF unit values are set out in figure 3 [NFF for Schools and High Needs](#)

12. The full list of allowable factors in 2018 to 2019 are:

Funding factor	Description and further information
<b>1. Basic entitlement</b> A compulsory factor	<p>This factor assigns funding on the basis of individual pupils, with the number of pupils for each school or academy based on the October pupil census.</p> <ul style="list-style-type: none"><li>• funding is allocated according to an age-weighted pupil unit (AWPU)</li><li>• there is a single rate for primary age pupils, which must be at least £2,000</li><li>• there can be different rates for KS3 and KS4, with a minimum of £3,000 for each</li><li>• local authorities can choose to increase the pupil number count for schools with higher reception pupil numbers in January 2017 than the October 2016 census</li><li>• we'll not include reception uplift in the national funding formula; local authorities currently using a reception uplift factor should consider whether to do so in 2018 to 2019</li><li>• schools with reception uplift will not be financially disadvantaged in the national funding formula calculations, as the funding will remain in their baselines</li></ul>
<b>2. Deprivation</b> A compulsory factor	<p>Local authorities can use free school meals (FSM), the income deprivation affecting children index (IDACI), or both to calculate the deprivation factor.</p>

Funding factor	Description and further information
	<ul style="list-style-type: none"> <li>• we measure eligibility for current FSM using the previous October census, and Ever6 FSM (pupils entitled to free meals at any time in the last 6 years) from the previous January census</li> <li>• local authorities using FSM to calculate deprivation can choose to use either current FSM, Ever6 FSM, or both</li> <li>• the IDACI measure uses 6 bands, and different values can be attached to each band; different unit values can be used for primary and secondary within each band</li> <li>• we'll automatically set the FSM Ever6 ratio equal to the current FSM ratio for schools where the FSM Ever6 rate is recorded as lower than the current FSM rate</li> </ul>
<b>3. Prior attainment</b> An optional factor (used by most local authorities)	<p>The prior attainment factor acts as a proxy indicator for low level, high incidence, special educational needs.</p> <ul style="list-style-type: none"> <li>• we'll confirm a separate weighting for new year 7 pupils later in the year</li> </ul> <p>We've included <a href="#">more information in the prior attainment section of this guidance</a>.</p>
<b>4. Looked-after children (LAC)</b> An optional factor	<p>Local authorities can apply a single unit value for any child who has been looked after for one day or more, as recorded on the LA SSDA903 return at 31 March 2017.</p> <ul style="list-style-type: none"> <li>• we map this data to schools using the January school census, to identify the number of LAC in each school or academy</li> <li>• we've increased the pupil premium plus rates for 2018 to 2019 from £1900 to £2300</li> <li>• we've not used a LAC factor in the national funding formula; local authorities currently using this factor should consider whether to do so in 2018 to 2019</li> </ul>
<b>5. English as an additional language (EAL)</b> An optional factor	<p>Pupils identified in the October census with a first language other than English may attract funding for up to three years after they enter the statutory school system.</p> <ul style="list-style-type: none"> <li>• local authorities can choose to use indicators based on one, two, or three years, and there can be separate unit</li> </ul>

Funding factor	Description and further information
	values for primary and secondary
<b>6. Pupil mobility</b> An optional factor	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). <ul style="list-style-type: none"> <li>there is a 10% threshold, and funding is allocated based on the proportion above the threshold (for example, a school with 12% mobility, will attract pupil mobility funding for 2% of pupils)</li> </ul>
<b>7. Sparsity</b> An optional factor	Schools that are eligible for sparsity funding must meet two criteria: <ul style="list-style-type: none"> <li>they are located in areas where pupils would have to travel a significant distance to an alternative should the school close</li> <li>they are small schools</li> </ul> We've included <a href="#">more information in the sparsity section of this guidance</a> .
<b>8. Lump sum</b> An optional factor (used by all local authorities)	Local authorities can set a flat lump sum for all phases, or differentiate the sums for primary and secondary. <ul style="list-style-type: none"> <li>local authorities should give middle schools a weighted average, based on the number of year groups in each phase</li> <li>the maximum lump sum is £175,000, even for schools that receive London fringe uplift</li> </ul> We've included <a href="#">more information in the lump sum section of this guidance</a> , including information for amalgamated schools.
<b>9. Split sites</b> An optional factor	The purpose of this factor is to support schools that have unavoidable extra costs because the school buildings are on separate sites. <ul style="list-style-type: none"> <li>allocations must be based on objective criteria for the definition of a split site, and for how much is paid</li> </ul> We've included <a href="#">more information in the split sites section of this guidance</a> .
<b>10. Rates</b> An optional factor (used by all local	Local authorities must fund rates at their estimate of the actual cost. <ul style="list-style-type: none"> <li>local authorities can make adjustments to rates during the </li> </ul>

Funding factor	Description and further information
authorities)	<p>financial year, but this must be done outside of the funding formula</p> <ul style="list-style-type: none"> <li>• for example, an additional allocation could be made to a school (funded by balances brought forward)</li> <li>• this should be reflected in the Section 251 outturn statement, and in each school's accounts</li> <li>• the effect on the school would be zero, since any rates adjustment will be offset by a change in the cost of the rates</li> </ul>
<p><b>11. Private finance initiative (PFI) contracts</b></p> <p>An optional factor</p>	<p>The purpose of this factor is to support schools that have unavoidable extra premises costs (because they are a PFI school), and to cover situations where the PFI 'affordability gap' is delegated and paid back to the local authority.</p> <p>We've included <a href="#">more information in the PFI section of this guidance</a>.</p>
<p><b>12. London fringe</b></p> <p>An optional factor, applicable only for five local authorities (Buckinghamshire, Essex, Hertfordshire, Kent, and West Sussex)</p>	<p>The purpose of this factor is to support schools that have to pay higher teacher salaries because they are in the London fringe area, and only part of the local authority is in this area.</p> <ul style="list-style-type: none"> <li>• This factor is applied as a multiplier of 1.0156 to the 6 pupil-led factors, the lump sum factor, and the sparsity factor</li> </ul> <p>We've provided details of these calculations in the <a href="#">technical specification for the schools block dataset</a>.</p>
<p><b>13. Exceptional premises factors</b></p> <p>An optional factor</p>	<p>Local authorities can apply to ESFA to use exceptional factors relating to school premises (for example, for rents, or joint-use sports facilities).</p> <ul style="list-style-type: none"> <li>• exceptional factors must relate to premises costs</li> <li>• local authorities should only submit applications where the value of the factor is more than 1% of a school's budget, and applies to fewer than 5% of the schools in the authority's area</li> <li>• local authorities can use exceptional premises factors used in 2017 to 2018 (for pre-existing, and newly-qualifying schools) in 2018 to 2019, if the qualification criteria are still met</li> </ul>

Funding factor	Description and further information
<p><b>14. Minimum level of per pupil funding for secondary schools</b></p> <p>An optional factor</p>	<ul style="list-style-type: none"> <li>• The purpose of this factor is to allow local authorities to provide amounts up to the minimum per pupil funding levels for primary and secondary schools.</li> <li>• The formula will provide local authorities with per-pupil funding of at least £3,500 for primary schools and £4,800 for secondary schools with pupils in years 10 and 11 in 2019 to 2020</li> <li>• The formula will provide a transitional minimum amount of per pupil funding of at least £3,300 for primary schools and £4,600 for secondary schools in 2018 to 2019, as a step towards the £3,500 and £4,800 in 2019 to 2020.</li> <li>• Where local authorities choose to use this factor, any capping and scaling cannot take the school below the minimum value set in the local formula</li> <li>• Local authorities should calculate the minimum per pupil level on the basis of the school's total funding. This will be set out in the APT guidance. Local authorities who wish to reflect the NFF calculation by excluding premises factors that have been excluded from the NFF calculation should submit a disapplication request to agree this change.</li> </ul> <p>We've included <a href="#">more information on the setting a minimum per pupil amount for schools section of this guidance</a>.</p>

**Table 1: Schools funding factors**

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

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

13. The Department for Education will provide updated schools block datasets in December 2017.

- 13.1. 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.
- 13.2. We've provided a [technical specification for the 2018 to 2019 schools block datasets](#) alongside this guidance.

## Prior attainment

14. 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 English or maths
15. The EYFSP changed in 2013, so local authorities can use a weighting to ensure funding delivered through the primary prior attainment factor is not disproportionately affected by the year groups assessed under the new framework (years 1 to 5).
- 15.1. Local authorities can continue to choose between two EYFSP scores, for pupils assessed using the old profile (year 6 only); targeting funding to either:
- all pupils who achieved fewer than 78 points
  - all pupils who achieved fewer than 73 points on the EYFSP
16. We introduced a new national weighting to the secondary low prior attainment factor in 2017 to 2018, to ensure that the new year 7 cohort (the first pupils to sit the new, more challenging, KS2 tests at the end of academic year 2015 to 2016) did not have a disproportionate influence within the total for the prior attainment factor in the mainstream formula.
- 16.1. We intend to carry forward this weighting, so it applies to the year 8 cohort in the schools block dataset provided to local authorities for setting their mainstream school funding formula for the financial year 2018 to 2019.
17. We also intend to specify a national weighting for the new year 7 cohort in the 2018 to 2019 schools block dataset, to scale back the proportion of year 7 pupils identified as having low prior attainment to a level commensurate with the number of pupils identified in years 9 to 11 under the previous KS2 tests. We'll confirm the new year 7 weighting later in the year.

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

19. Low prior attainment 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.

20. 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 low prior attainment rate.

## Sparsity

21. 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

22. For the pupils for whom the school is their closest compatible school<sup>2</sup>, 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. Since the pupil population changes each year, it's possible for a school to be eligible for sparsity funding in one year but not in the next.

23. The school eligibility criteria for sparsity funding is as follows:

School phase	Maximum average number of pupils per year group	Minimum average distance to second nearest compatible school
Primary	21.3	2 miles
Secondary	119	3 miles
Middle	69.1	2 miles
All-through	62.4	2 miles

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

<sup>2</sup> A school is compatible if the pupil is within its age range and the school accepts pupils of this pupil's gender. Selective schools and those in Wales and Scotland are discounted when identifying the second nearest school.



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

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

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

26.1. School A is an infant school with 120 pupils, spread across 3 year groups; the average number of pupils per year group size is therefore 40 ( $120 / 3$ ).

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

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

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

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

26.4. School B is a primary school with 120 pupils, spread across 7 year groups; the average number of pupils per year group is therefore 17.14 ( $120 / 7$ ).

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

26.6. School B is eligible for sparsity funding, as the average number of pupils per year group is fewer than the maximum, and the average distance is greater than the minimum.

26.7. If the sparsity value is £100,000, applied on a taper methodology, the school will receive £20,000 ( $((21.4 - 17.14) / 21.4) \times 100,000$ ) (allowing for rounding)

School phase	Average number of pupils per year group	Average distance to second nearest compatible school	Eligible for sparsity funding?
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Primary	17.14	2.2 miles	Yes
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**Table 4: Example of a school eligible for sparsity funding**

27. 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.

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

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

29. Where approval was given in 2017 to 2018 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 2018 to 2019, if the latest pupil data has not changed significantly.

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

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

## Lump sum

31. 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 formulae. 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.

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

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

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

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

32. Where schools have amalgamated<sup>3</sup> during the financial year 2017 to 2018, or on 1 April 2018, they will retain the equivalent of 85% of the predecessor schools' lump sums for the financial year 2018 to 2019.

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

33. Where schools amalgamate after 1 April 2018, 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.

34. 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

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<sup>3</sup> The definition of an "amalgamated school" includes one that has extended its age range as a direct consequence of another closing (for example, an infant school closes and the junior school extends to become a primary school).

expect the additional protection to exceed 70% of the combined lump sums. We'll consider applications on a case-by-case basis.

## Split sites

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

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

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

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

36. 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

37. 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

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

## Private finance initiative (PFI)

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

- 39.1. The purpose of the factor is to fund the additional costs to a school of being in a PFI contract, not necessarily the full cost as some costs may be covered within other factors.
- 39.2. An acceptable methodology would generally contain some of the features set out below.
- 39.3. These examples are intended to help local authorities formulate a clear process for funding; it's unlikely that a local authority would need to incorporate all of the features into its own policy.
- 39.4. If a PFI factor is used, all PFI schools should receive it; there may be different arrangements between contracts, but within a contract, all PFI schools should receive funding on an equivalent basis.
- 39.5. This does not necessarily mean all schools should receive the same amount per pupil, but they should be treated on a consistent basis.

40. 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

41. 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

42. 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.

## Other funding allocations

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

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

## Requesting exceptional premises factors

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

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

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

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

46. Local authorities should apply to ESFA for any new exceptional premises factors in 2018 to 2019, setting out the rationale for the factor, and demonstrating that the criteria are met.

46.1. Local authorities must submit any applications for exceptional factors before the end of November 2017.

46.2. Exceptional factors previously approved include:

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

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

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

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

## **The minimum per pupil amount for schools**

47. The national funding formula will provide local authorities with per-pupil funding of at least £3,500 for each primary school and £4,800 for each secondary school (schools with an age range including years 10 and 11) in 2019 to 2020, based on the school's total core funding.<sup>4</sup> It will provide for a transitional amount of £3,300 for primary schools and £4,600 for secondary schools in 2018 to 2019. All-through and middle schools will attract minimum per-pupil funding determined by their individual age ranges.

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

49. The per pupil minimum funding levels are set out below.<sup>5</sup> Local authorities' funding allocations will reflect the 2018 to 2019 transitional minimum amounts set out in the table below, but LAs may choose to set an amount up to the 2019 to 2020 amount if they choose to do so.

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<sup>4</sup> Schools total core funding excludes funding for premises, mobility and growth.

<sup>5</sup> Secondary schools that are new and growing will receive the secondary school minimum amounts, even if they do not yet have pupils in year 10 and 11.

	<b>Transitional minimum per pupil funding 2018 to 2019</b>	<b>Minimum per pupil funding 2019 to 2020</b>
Primary	£3,300	£3,500
Middle schools	Weighted average of £3,300 for primary year groups and £4,000 for KS3 year groups	Weighted average of £3,500 for primary year groups and £4,200 for KS3 year groups
Secondary schools	£4,600	£4,800
All-through schools	Weighted average of £3,300 for full primary phase and £4,600 for full secondary phase, assuming all all-through schools have a full primary and secondary phase.  If LAs use the rates above this will be £3,842 for all all-through schools	Weighted average of £3,500 for full primary phase and £4,800 for full secondary phase, assuming all all-through schools have a full primary and secondary phase.  If LAs use the rates above this will be £4,042 for all all-through schools

50. Local authority allocations have been published alongside this guidance. The technical detail of the calculations used in the national funding formula to provide the minimum levels of per-pupil funding in 2018 to 2019 and 2019 to 2020 are set out in the technical specifications document.

51. Local authorities should calculate the minimum per pupil level on the basis of the school's total funding. Once capping and scaling have been applied this shouldn't take the schools budget lower than the minimum per pupil level if the authority is using this factor (see paragraphs 70 – 72). This will be set out in the APT guidance. Local authorities who wish to reflect the NFF calculation by excluding one or more of the premises factors that have been excluded from the NFF calculation should submit a disapplication request to agree this change.

## Variations to pupil numbers

52. Local authorities will no longer be 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

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

53. 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 still require a disapplication.

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

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

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

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

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

57. 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.

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

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

## Minimum funding guarantee

59. The Secretary of State confirmed in July that the national funding formula will provide for at least a 0.5% per-pupil increase in respect of each school in 2018 to 2019.

59.1. We'll reflect these increases in the local authority level schools block allocations when they are published in September 2017, based on aggregated individual notional school allocations.

60. Local authorities will continue to set a pre-16 minimum funding guarantee (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.

60.1. We are introducing greater flexibility for the MFG in 2018 to 2019; local authorities will be able to set an MFG between 0% and minus 1.5% per pupil. Setting the MFG at 0% rather than 0.5% gives local authorities the flexibility to make local decisions about the distribution of funding, and enables them to manage any changes in pupil characteristics when characteristics data is updated in December.

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

61. The MFG applies to pupils in reception to year 11; early years pupils, and ESFA funded post-16 pupils are excluded from the calculation.

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

- the 2018 to 2019 lump sum; this is excluded from both the baseline, and 2018 to 2019 funding, so that schools are protected against significant change in the lump sum between years
- any higher lump sum paid under the regulations in 2017 to 2018 for amalgamated schools; this is excluded from the baseline only
- any higher lump sum to be paid under the regulations in 2018 to 2019 for amalgamating schools; this is excluded from the 2018 to 2019 funding only
- the 2018 to 2019 sparsity factor; this is excluded from both the baseline, and 2018 to 2019 funding, so that schools are protected against significant change in the sparsity value between years
- rates; these are excluded from both the baseline, and 2018 to 2019 funding, at their respective values for each year

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

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

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

64. The majority of approvals to disapply the MFG for 2017 to 2018 were specific to that year, and ESFA does not expect these to be repeated; we'll not carry forward any previous approvals.

64.1. Local authorities will need to submit any application to disapply the MFG for 2018 to 2019 using the [disapplication pro forma](#) by the end of November 2017.

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

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

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

65.2. Local authorities should provide detailed information on the financial effect of any request.

66. 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

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

Line	Description	Items and calculation	Amount
1	School budget share (SBS) 2017 to 2018 (inclusive of any MFG and capping)		£2,115,000
2	2017 to 2018 rates		£90,000
3	2017 to 2018 additional lump sum for amalgamating schools		£70,000
4	2018 to 2019 lump sum		£100,000
5	2018 to 2019 sparsity value (including any additional sparsity funding for very small secondary schools)		£30,000
6	Agreed MFG exclusions and technical adjustments		£0
7	2017 to 2018 MFG baseline	1 - (2+3+4+5+6)	£1,825,000
8	Funded number on roll at October 2016		500
9	MFG baseline value per pupil	7 / 8	£3,650
10	MFG protected value per pupil	9 x 98.5%	£3,595
11	Formula funding 2018 to 2019		£1,983,200
12	2018 to 2019 rates		£95,600
13	2018 to 2019 lump sum		£100,000
14	2018 to 2019 sparsity value (including any additional sparsity funding for very small secondary schools)		£30,000
15	Agreed MFG exclusions and technical		£0

Line	Description	Items and calculation	Amount
	adjustments		
16	2018 to 2019 base funding	11 - (12+13+14+15)	£1,757,600
17	Funded number on roll October 2017		490
18	2018 to 2019 base funding per pupil	16 / 17	£3,587
19	Guaranteed level of funding	10 x 17	£1,761,673
20	MFG adjustment	19 - 16	£4,073
21	Final 2018 to 2019 SBS	11 + 20	£1,987,273

**Table 6: Example of a school's minimum funding guarantee calculation**

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

69. We'll 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.

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

70.1. Capping and scaling can 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.

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

71. ESFA 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.

72. 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.

## Redetermination of budget shares

73. It's not permissible to make an in-year redetermination of schools' budget shares 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

74. 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.

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

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

75. 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.

76. 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.

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

## Redetermination of budgets where pupils have been excluded

77. 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.

- 77.1. If a school subsequently admits a pupil who has been permanently excluded during that financial year, it should then receive additional funding.
- 77.2. The provisions here also apply to pupils who leave a mainstream school for reasons other than permanent exclusion, and are receiving education funded by the local authority, other than at a school.
- 77.3. The provisions also act independently of whether a particular pupil has been on the census in the first place, and whether the school has received funding for them.

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

- 78. The finance regulations apply specifically to mainstream maintained schools.
  - 78.1. When a pupil is excluded from a mainstream maintained school, the local authority must deduct from the school's budget in-year the amount within the formula relating to the age and personal circumstances of that pupil, pro rata to the number of complete weeks remaining in the financial year from the 'relevant date'.
  - 78.2. This means the deduction should cover not just the basic entitlement, but also the relevant amounts for pupil-led factors, such as free school meals or English as an additional language, where the pupil attracted funding through those criteria.
  - 78.3. Where the pupil is funded according to the post-16 formula, the amount attributable to the pupil is £4,000.
  - 78.4. The 'relevant date' is the sixth school day following the date of permanent exclusion.
- 79. The following worked example demonstrates how the deduction from the excluding school's budget should be calculated, where the 'relevant date' is 1 October (26 weeks remaining in the financial year):

<b>Funding formula factor</b>	<b>Amount</b>
Basic entitlement	£4,000
Free school meals	£500
English as an additional language	£300
Sub-total	£4,800

Funding formula factor	Amount
Pro-rata total for 26 weeks	£2,400
<b>Deduction from excluding school's budget</b>	<b>£2,400</b>

**Table 7: Example of calculating the deduction from a school's budget for a pupil excluded in-year.**

80. 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.

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

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

82. 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.

83. The adjustment for a particular exclusion relates only to the current financial year, and cannot be applied to subsequent years.

## Additions to the admitting school's budget

84. 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.

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

85. 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.

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

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

88. 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

89. 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.”

90. As the wording relates to the finance regulations, the adjustments should also relate to the local authority financial year; local authorities can change this to the academy financial year, by local agreement.

91. 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

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

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

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

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

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

## Growth fund

94. Growth funding is within local authorities' schools block national funding formula allocation, and has been calculated based on historic spend.

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

94.2. The size of the schools block would not be affected.

95. 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

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

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

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

97. 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.

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

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

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

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

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

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

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

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

100.2. ESFA will check the criteria for compliance with the regulations.

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

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

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

- support where a school or academy has agreed with the authority to provide an extra class in order to meet basic need in the area (either as a bulge class or as an ongoing commitment)
- additional support where a school has extended its age range (the majority of funding would be paid through the funding formula where the local authority should seek a variation in pupil numbers)
- support where a school has temporarily increased its 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

102. 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

103. We've provided examples of some local authorities' criteria for allocating growth funds to school and academies. These can be found in the published [Schools funding 2016 to 2017: targeted funding for high needs, growth and falling rolls](#) guidance.

104. 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.

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

105. 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.

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

106. 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.

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

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

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

## Falling rolls fund

109. 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.

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

109.2. As with the growth fund, the falling rolls fund is also within the NFF schools block.

110. 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.

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

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

110.2. Methodologies for distributing funding could include:

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

costs equivalent to the number of staff who would otherwise be made redundant)

111. We've included examples of how local authorities have allocated their falling rolls fund in the [schools funding 2016 to 2017: targeted funding for high needs, growth and falling rolls](#) publication.

112. 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.

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

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

## **Movements between blocks**

114. From April 2018 local authorities' DSG will consist of 4 blocks of funding:

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

114.1. The schools block will be ring-fenced from 2018 to 2019, but local authorities will retain limited flexibility to transfer up to 0.5% of their schools block funding into another block, with the approval of their schools forum.

114.2. To make such a transfer, local authorities should consult with all local maintained schools and academies, and the schools forum should take into account the views of the schools responding before giving their approval.

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

- the local authority wishes to move more than 0.5% of the schools block
- the schools forum has turned down a proposal from the authority to move funding out of the schools block, but the authority nevertheless wishes to proceed with the transfer

116. Local authorities making a disapplication request should submit proposals by 30 November 2017, using the best information available to them.

116.1. This is in line with the deadline for other disapplication requests affecting the APT, and will 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.

117. 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.

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

117.2. Local authorities should submit the amended disapplication request by 19 January 2018 at the latest.

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

117.4. We'll only consider new disapplication requests in exceptional circumstances.

118. We expect that most proposals by local authorities to move funding from their schools block will arise as a result of pressures on their high needs budgets. All local authorities received separate grant funding in January 2017, details of which are available in the [high needs strategic planning fund guidance](#).

118.1. This funding is intended to assist local authorities in reviewing their local offer of special provision, and planning ahead strategically to ensure good quality provision can be developed in line with available resources.

118.2. Further help and guidance has been offered, including capital funding 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.

118.3. We'll update the benchmarking tool for the latest section 251 budget data and January school census pupil data in autumn 2017.

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

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

- details of any previous movements between blocks, what pressures those movements covered, and why those transfers have not been adequate to counter the new cost pressures
- a full breakdown of the specific budget pressures that have led to the requirement for a transfer
  - this should include the changes in demand for special provision over the last three years, and how the local authority has met that demand by commissioning places in all sectors (mainstream and special schools, further education and sixth form colleges, independent specialist provision and alternative provision)
  - it's particularly important that any changes in the provision for mainstream school pupils with high needs are highlighted so that those schools can understand both why a transfer of funds from the schools block might be needed, and how future transfers might be avoided
- a strategic financial plan setting out how the local authority intends to bring high needs expenditure to levels that can be sustained within anticipated future high needs funding levels
  - the local authority should demonstrate an assessment and understanding of why the high needs costs are at a level that exceeds the expected final high needs funding allocation, and that plans are in place to change the pattern of provision where this is necessary, as well as to achieve greater efficiency in other ways
  - the schools forum can only give approval for a one-off transfer of funding out of the 2018 to 2019 schools block
  - the local authority should give details of whether the cost pressure is such that they would anticipate the need to seek schools forum approval for a transfer in subsequent years, and how they are planning ahead to avoid such transfers in the longer term



- as part of the review and planning process, the extent to which collaborative working is being developed as a means of securing suitable high needs placements at a cost that can be afforded
  - we expect effective partnership between the local authority, those institutions offering special and alternative provision (including mainstream schools), and parents; and between the local authority and neighbouring authorities
- any contributions from health and social care budgets towards the cost of specialist places
- how any additional high needs funding would be targeted to good and outstanding primary and secondary schools that provide an excellent education for a larger than average number of pupils with high needs, or to support the inclusion of children with special educational needs in mainstream schools
  - examples of schools that illustrate how the local authority would support such inclusive practice are also useful
- details of the impact of the proposed transfer on individual schools' budgets as a result of the reduction in the available funding to be distributed through the local schools funding formula
- the extent to which schools more generally support the proposal, including the outcome of local school consultations

121. Any disapplication request to the Secretary of State, seeking approval either to exceed the 0.5% transfer limit, or to override a schools forum rejection of their proposed transfer, should be accompanied by the information outlined above, 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.

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

122.1. 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.

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

## The central school services block

### Introduction

123. We'll introduce the central school services block (CSSB) in 2018 to 2019, to fund local authorities for the statutory duties they hold for both maintained schools, and academies. The CSSB brings together:

- funding previously allocated through the retained duties element of the Education Services Grant (ESG)
- funding for ongoing central functions, such as admissions, previously top-sliced from the schools block
- residual funding for historic commitments, previously top-sliced from the schools block

124. Funding for growth and falling rolls will be allocated through the schools block in 2018 to 2019, based on historic spend in 2017 to 2018.

125. The [duties included in the CSSB are set out in the left hand column of table 8](#), which is followed by [more information about school improvement](#).

126. Where local authorities hold duties in relation to all schools (as set out in Schedule 2, Parts 1 to 5 of the School and Early Years Finance Regulations 2017), all schools must be treated on an equivalent basis.

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

126.2. Schools such as voluntary aided schools, foundation schools, and academies, cannot therefore be charged for services that are provided free of charge to community and voluntary controlled schools, and paid for out of the centrally held DSG.

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

## Services for maintained schools

127. Local authorities can fund services previously funded from the general funding rate of the ESG (for maintained schools only) from maintained school budget shares, with the agreement of maintained school members of the schools forum.

128. 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.

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

129. 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.

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

129.2. Local authorities can choose to establish differential rates for special schools and PRUs, if the cost of fulfilling the duty is substantially different for these schools. The rate will be expressed per-place rather than per-pupil for special schools and PRUs<sup>6</sup>.

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

131. 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.

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

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

131.3. For example, if a school converts on 1 January 2019 (three months prior to the end of the financial year), ESFA will recoup three twelfths of the retained amount relating to that school.

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

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

- planned total spending for 2018 to 2019 on each of the headings set out in [table 8](#) below
- spending shown to at least the level of detail provided in the 2018 to 2019 section 251 budget statement
- comparable figures for previous years' spending, split where relevant between those relating to all schools, and those for maintained schools only
- consequences for the funding and delivery of each of the services provided, if the request was not approved
- the impact on individual school budgets, and their overall financial position
- the impact on the local authority if the amount was not held centrally
- detail of the results of the equalities impact assessment carried out to assess the impact of the central retention of the funding on children or other people who have one or more of the protected characteristics under the Equality Act 2010

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

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

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

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

133.3. We've included references to the relevant schedules in the current [schools and early years finance \(England\) regulations 2017](#).

### Statutory and regulatory duties

Responsibilities held for all schools	Responsibilities held for maintained schools only
<ul style="list-style-type: none"> <li>• Director of children's services and</li> </ul>	<ul style="list-style-type: none"> <li>• Functions of LA related to best</li> </ul>

Responsibilities held for all schools	Responsibilities held for maintained schools only
<p>personal staff for director (Sch 2, 15a)</p> <ul style="list-style-type: none"> <li>• Planning for the education service as a whole (Sch 2, 15b)</li> <li>• Revenue budget preparation, preparation of information on income and expenditure relating to education, and external audit relating to education (Sch 2, 22)</li> <li>• Authorisation and monitoring of expenditure not met from schools' budget shares (Sch 2, 15c)</li> <li>• Formulation and review of local authority schools funding formula (Sch 2, 15d)</li> <li>• Internal audit and other tasks related to the authority's chief finance officer's responsibilities under Section 151 of LGA 1972 except duties specifically related to maintained schools (Sch 2, 15e)</li> <li>• Consultation costs relating to non-staffing issues (Sch 2, 19)</li> <li>• Plans involving collaboration with other LA services or public or voluntary bodies (Sch 2, 15f)</li> <li>• Standing Advisory Committees for Religious Education (SACREs) (Sch 2, 17)</li> <li>• Provision of information to or at the request of the Crown other than relating specifically to maintained schools (Sch 2, 21)</li> </ul>	<p>value and provision of advice to governing bodies in procuring goods and services (Sch 2, 56)</p> <ul style="list-style-type: none"> <li>• Budgeting and accounting functions relating to maintained schools (Sch 2, 73)</li> <li>• Functions relating to the financing of maintained schools (Sch 2, 58)</li> <li>• Authorisation and monitoring of expenditure in respect of schools which do not have delegated budgets, and related financial administration (Sch 2, 57)</li> <li>• Monitoring of compliance with requirements in relation to the scheme for financing schools and the provision of community facilities by governing bodies (Sch 2, 58)</li> <li>• Internal audit and other tasks related to the authority's chief finance officer's responsibilities under Section 151 of LGA 1972 for maintained schools (Sch 2, 59)</li> <li>• Functions made under Section 44 of the 2002 Act (Consistent Financial Reporting) (Sch 2, 60)</li> <li>• Investigations of employees or potential employees, with or without remuneration to work at or for schools under the direct management of the headteacher or governing body (Sch 2, 61)</li> <li>• Functions related to local government pensions and</li> </ul>

Responsibilities held for all schools	Responsibilities held for maintained schools only
	<p>administration of teachers' pensions in relation to staff working at maintained schools under the direct management of the headteacher or governing body (Sch 2, 62)</p> <ul style="list-style-type: none"> <li>• Retrospective membership of pension schemes where it would not be appropriate to expect a school to meet the cost (Sch 2, 75)</li> <li>• HR duties, including: advice to schools on the management of staff, pay alterations, conditions of service and composition or organisation of staff (Sch 2, 63); determination of conditions of service for non-teaching staff (Sch 2, 64); appointment or dismissal of employee functions (Sch 2, 65)</li> <li>• Consultation costs relating to staffing (Sch 2, 66)</li> <li>• Compliance with duties under Health and Safety at Work Act (Sch 2, 67)</li> <li>• Provision of information to or at the request of the Crown relating to schools (Sch 2, 68)</li> <li>• School companies (Sch 2, 69)</li> <li>• Functions under the Equality Act 2010 (Sch 2, 70)</li> <li>• Establish and maintaining computer systems, including data storage (Sch 2, 71)</li> <li>• Appointment of governors and payment of governor expenses (Sch</li> </ul>

Responsibilities held for all schools	Responsibilities held for maintained schools only
	2, 72)

**Table 8a: Central services responsibilities held by local authorities (statutory and regulatory duties)**

### Education welfare

Responsibilities held for all schools	Responsibilities held for maintained schools only
<ul style="list-style-type: none"> <li>• Functions in relation to the exclusion of pupils from schools, excluding any provision of education to excluded pupils (Sch 2, 20)</li> <li>• School attendance (Sch 2, 16)</li> <li>• Responsibilities regarding the employment of children (Sch 2, 18)</li> </ul>	<ul style="list-style-type: none"> <li>• Inspection of attendance registers (Sch 2, 78)</li> </ul>

**Table 8b: Central services responsibilities held by local authorities (education welfare)**

### Asset management

Responsibilities held for all schools	Responsibilities held for maintained schools only
<ul style="list-style-type: none"> <li>• Management of the LA's capital programme including preparation and review of an asset management plan, and negotiation and management of private finance transactions (Sch 2, 14a)</li> <li>• General landlord duties for all buildings owned by the local authority, including those leased to academies (Sch 2, 14b)</li> </ul>	<ul style="list-style-type: none"> <li>• General landlord duties for all maintained schools (Sch 2, 76a &amp; b (section 542(2)) Education Act 1996; School Premises Regulations 2012) to ensure that school buildings have: <ul style="list-style-type: none"> <li>• appropriate facilities for pupils and staff (including medical and accommodation)</li> <li>• the ability to sustain appropriate loads</li> <li>• reasonable weather resistance</li> </ul> </li> </ul>

Responsibilities held for all schools	Responsibilities held for maintained schools only
	<ul style="list-style-type: none"> <li>• safe escape routes</li> <li>• appropriate acoustic levels</li> <li>• lighting, heating and ventilation which meets the required standards</li> <li>• adequate water supplies and drainage</li> <li>• playing fields of the appropriate standards</li> <li>• General health and safety duty as an employer for employees and others who may be affected (Health and Safety at Work etc. Act 1974)</li> <li>• Management of the risk from asbestos in community school buildings (Control of Asbestos Regulations 2012)</li> </ul>

**Table 8c: Central services responsibilities held by local authorities (asset management)**

### Central support services

Responsibilities held for all schools	Responsibilities held for maintained schools only
<ul style="list-style-type: none"> <li>• No functions</li> </ul>	<ul style="list-style-type: none"> <li>• Clothing grants (Sch 2, 52)</li> <li>• Provision of tuition in music, or on other music-related activities (Sch 2, 53)</li> <li>• Visual, creative and performing arts (Sch 2, 54)</li> <li>• Outdoor education centres (but not centres mainly for the provision of organised games, swimming or</li> </ul>



Responsibilities held for all schools	Responsibilities held for maintained schools only
	athletics) (Sch 2, 55)

**Table 8d: Central services responsibilities held by local authorities (central support services)**

### Premature retirement and redundancy

Responsibilities held for all schools	Responsibilities held for maintained schools only
<ul style="list-style-type: none"> <li>No functions</li> </ul>	<ul style="list-style-type: none"> <li>Dismissal or premature retirement when costs cannot be charged to maintained schools (Sch 2, 77)</li> </ul>

**Table 8e: Central services responsibilities held by local authorities (premature retirement and redundancy)**

### Monitoring national curriculum assessment

Responsibilities held for all schools	Responsibilities held for maintained schools only
<ul style="list-style-type: none"> <li>No functions</li> </ul>	<ul style="list-style-type: none"> <li>Monitoring of National Curriculum assessments (Sch 2, 74)</li> </ul>

**Table 8f: Central services responsibilities held by local authorities (monitoring national curriculum assessment)**

### Therapies

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

**Table 8g: Central services responsibilities held by local authorities (therapies)**

### Other ongoing duties

Responsibilities held for all schools	Responsibilities held for maintained schools only

Responsibilities held for all schools	Responsibilities held for maintained schools only
<ul style="list-style-type: none"> <li>• Licences negotiated centrally by the Secretary of State for all publicly funded schools (Sch 2, 8); this does not require schools forum approval</li> <li>• Admissions (Sch 2, 9)</li> <li>• Places in independent schools for non-SEN pupils (Sch 2, 10)</li> <li>• Remission of boarding fees at maintained schools and academies (Sch 2, 11)</li> <li>• Servicing of schools forums (Sch 2, 12)</li> <li>• Back-pay for equal pay claims (Sch 2, 13)</li> <li>• Writing to parents of year 9 pupils about schools with an atypical age of admission, such as UTCs and studio schools, within a reasonable travelling distance (new addition to CSSB, to be included in 2018 to 2019 regulations)<sup>7</sup></li> </ul>	<ul style="list-style-type: none"> <li>• No functions</li> </ul>

**Table 8h: Central services responsibilities held by local authorities (other ongoing duties)**

### Historic commitments

Responsibilities held for all schools	Responsibilities held for maintained schools only
<ul style="list-style-type: none"> <li>• Capital expenditure funded from revenue (Sch 2, 1)</li> <li>• Prudential borrowing costs (Sch 2,</li> </ul>	<ul style="list-style-type: none"> <li>• No functions</li> </ul>

<sup>7</sup> Funding for this duty was previously delivered to local authorities via a s.31 grant. Additional funding will be added to the CSSB baseline for this from 2018-19.

Responsibilities held for all schools	Responsibilities held for maintained schools only
<p>2(a))</p> <ul style="list-style-type: none"> <li>Termination of employment costs (Sch 2, 2(b))</li> <li>Contribution to combined budgets (Sch 2, 2(c))</li> </ul>	

**Table 8i: Central services responsibilities held by local authorities (historic commitments)**

### Additional note on central services

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

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

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

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

134.2. In addition, we're continuing to make available to academies and maintained schools a new £140 million Strategic School Improvement

Fund; this fund is aimed at ensuring resources are targeted at the schools most in need of support to help them drive up standards, use their resources effectively and deliver more good or outstanding school places.

134.3. Further information on this fund, including how to access the support, is available in the [published school Improvement grant guidance](#).

134.4. Schools forums can agree to de-delegate further funding for additional school improvement provision, in 2018 to 2019. We've included [more information in de-delegated services section of this guidance](#).

## Schools forum approvals for centrally held funding

135. 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 2017 to 2018.

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

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

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

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

Centrally retained service	Approval required
<ul style="list-style-type: none"> <li>high needs block provision</li> <li>central licences negotiated by the Secretary of State</li> </ul>	Schools forum approval is not required (although they should be consulted)
<ul style="list-style-type: none"> <li>funding to enable all schools to meet the infant class size requirement</li> <li>back pay for equal pay claims</li> <li>remission of boarding fees at maintained schools and academies</li> <li>places in independent schools for non-SEN pupils</li> </ul>	Schools forum approval is required on a line-by-line basis

Centrally retained service	Approval required
<ul style="list-style-type: none"> <li>• admissions</li> <li>• servicing of schools forum</li> <li>• contribution to responsibilities that local authorities hold for all schools</li> <li>• contribution to responsibilities that local authorities hold for maintained schools (voted on by relevant maintained school members of the forum only)</li> <li>• de-delegated services from the schools block (voted on by the relevant maintained school members of the forum only)</li> </ul>	
<ul style="list-style-type: none"> <li>• central early years block provision</li> <li>• any movement of funding out of the schools block</li> <li>• any deficit from the previous funding period that reduces the amount of the schools budget</li> <li>• any brought forward deficit on de-delegated services which is to be met by the overall schools budget</li> </ul>	<p>Schools forum approval is required</p>
<ul style="list-style-type: none"> <li>• capital expenditure funded from revenue <ul style="list-style-type: none"> <li>• projects must have been planned and decided on prior to April 2013; no new projects can be charged</li> <li>• details of the remaining costs should be presented</li> </ul> </li> <li>• contribution to combined budgets <ul style="list-style-type: none"> <li>• where the schools forum agreed prior to April 2013 a contribution from the schools budget to services which would otherwise be funded from other</li> </ul> </li> </ul>	<p>Schools forum approval is required on a line-by-line basis. The budget cannot exceed the value agreed in the previous funding period, and no new commitments can be entered into.</p> <p>Read <a href="#">establishing local authority DSG baselines</a> for more information.</p>

Centrally retained service	Approval required
<p>sources</p> <ul style="list-style-type: none"> <li>existing termination of employment costs <ul style="list-style-type: none"> <li>costs for specific individuals must have been approved prior to April 2013; no new redundancy costs can be charged</li> </ul> </li> <li>prudential borrowing costs <ul style="list-style-type: none"> <li>the commitment must have been approved prior to April 2013</li> <li>details of the remaining costs should be presented</li> </ul> </li> </ul>	
<ul style="list-style-type: none"> <li>funding for significant pre-16 <a href="#">pupil growth</a>, including new schools set up to meet basic need, whether maintained or academy</li> <li>funding for good or outstanding schools with <a href="#">falling rolls</a> where growth in pupil numbers is expected within three years</li> </ul>	Schools forum approval is required on a line-by-line basis, including approval of the criteria for allocating funds to schools

**Table 9: Level of approval required for centrally retained services**

## De-delegated services

137. 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.

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

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

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

138. Any decisions made to de-delegate in 2017 to 2018 related to that year only; new decisions will be required for any service to be de-delegated in 2018 to 2019.

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

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

139.2. We've included [more information in the school improvement grant section of this guidance](#).

140. 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.

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

140.2. There may be different decisions for each phase.

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

- additional school improvement services
- contingencies (including schools in financial difficulties and deficits of closing schools)
- behaviour support services
- support to underperforming ethnic groups and bilingual learners
- free school meals eligibility
- insurance
- museum and library services
- staff costs supply cover (for example, long-term sickness, maternity, trade union and public duties)
- licences and subscriptions; except for the following, which are paid for by DfE:
  - Christian Copyright Licensing International

- Copyright Licensing Agency
- Education Recording Agency
- Filmbank Distributors Ltd. (for the public video screening licence)
- Mechanical Copyright Protection Society
- Motion Picture Licensing Company
- Newspaper Licensing Authority
- Performing Rights Society
- Phonographic Performance Limited
- Schools Printed Music Licence

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

141.1. For example:

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

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

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

142. 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.

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

143. 2018 to 2019 de-delegation arrangements for schools converting to academy status are shown in the following table:

Academy conversion date	De-delegation arrangements
On, or before, 1 April 2018	No de-delegation



Academy conversion date	De-delegation arrangements
2 April 2018 to 1 September 2018	Local authority retains any de-delegated funding until 1 September 2018
2 September 2018 to 21 March 2019	Local authority retains any de-delegated funding until 31 March 2019

**Table 10: De-delegation arrangements for schools converting to academy status**

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

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

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

146. 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.

146.1. Where a school converts to an academy in the period 2 April to 1 September 2018, local authorities will have an opportunity to present an evidence-based case to ESFA to request a recoupment adjustment for the period 2 September 2018 to 31 March 2019.

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

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

148. If there is a brought forward overspend on de-delegated services from 2017 to 2018, the schools forum has to specifically approve funding of this overspend, from the 2018 to 2019 schools budget, as a separate decision from any decisions on the overall underspend or overspend on central expenditure.

## High needs funding

149. The high needs block supports provision for pupils and students with special educational needs (SEN) and disabilities (SEND), from their early years to age 25, and alternative provision (AP) for pupils who cannot receive their education in schools.

149.1. The [high needs funding 2018 to 2019: operational guide](#) provides more information on how the funding arrangements work for all types of provision.

149.2. Details of the [new national funding formula for high needs](#) have been published together with [provisional high needs block allocations](#) for 2018 to 2019 and illustrative high needs allocations for 2019 to 2020.

150. For 2018 to 2019, every local authority will receive at least a 0.5% increase to the amount of its DSG that it plans to spend on high needs in 2017 to 2018, adjusted for growth in population, and subject to the following adjustments, which are explained in more detail in the [high needs funding 2018 to 2019: operational guide](#):

- a baseline adjustment has been made to reflect a change in the funding of special units and resourced provision in mainstream schools from April 2018, as announced in the response to the first stage of consultation on a high needs national funding formula
  - the adjustment is cost-neutral in terms of the DSG allocation to each local authority, but involves transferring some funding from the high needs block to the schools block, £91 million nationally
  - the [high needs funding 2018 to 2019: operational guide](#) gives more detail on the implementation of this change locally
- an adjustment will be made to reflect changes between the 2016 to 2017 and 2017 to 2018 academic years in the number of pupils and students in maintained special schools, special academies, non-maintained special schools (NMSSs), and special post-16 institutions (SPIs). This adjustment will be made through an update of the pupil and student numbers used in the basic entitlement factor in the high needs national funding formula. This factor generates £4,000 in respect of each pupil or student in these types of specialist provision, so if the total number in a local authority changes, this affects the amount of funding in their high needs block allocation
- similarly, there is an import/export adjustment in the high needs national funding formula of £6,000 per pupil or student. Any change in the placement of pupils and students in schools and colleges located in other local authority areas will therefore affect the amount of high needs funding the local authority receives

150.1. Details of these adjustments are available in the high needs [national funding formula tables](#) and will be available in the technical note, along with the underlying data, and an explanation of which data we'll use in any later adjustments and final allocations shortly. Information is also available in the [policy document](#) and [high needs funding 2018 to 2019: operational guide](#).

150.2. Further adjustments may be necessary to reflect other changes, such as when an NMSS becomes a special academy, or a further education (FE) college merges with another college in a neighbouring local authority area. Adjustments as a result of such changes may need to be made outside of the normal formula distribution and allocation arrangements, depending on the timing of such changes.

151. To prepare for academic year 2018 to 2019 allocations of high needs place funding to institutions, local authorities should consult with their maintained schools, local academies and FE institutions.

151.1. ESFA will ask local authorities to provide information about the number of high needs places in academies and FE institutions to be funded in the following academic year.

151.2. Although ESFA will ask the local authority in whose area the academy or FE institution is located to make the return, it's important that the place numbers include places commissioned by other local authorities.

151.3. The adjustments outlined above will reflect the funding distribution in those local authorities where the academies and FE institutions in their area have a significant number of pupils or students who live in other local authority areas; communication with the other local authorities to confirm the number of places they intend to use is therefore important.

151.4. In the case of AP, local schools' commissioning activity and plans should also be considered; place numbers should reflect both recent commissioning activity, and strategic planning, to secure suitable SEND provision and AP in line with local authorities' and schools' statutory responsibilities.

152. In early autumn 2017, ESFA will issue more information about the process for notification of changes to place numbers in the 2018 to 2019 academic year, at institutions funded directly by ESFA, including academies and FE colleges.

152.1. The 2017 process will be similar to the process in 2016 used to inform allocations of place funding for 2017 to 2018.

153. Local authorities continue to have the flexibility to make changes to the number of pre and post-16 places funded in maintained schools and PRUs at a local level.

153.1. We aren't intending to include such changes in the information collected from local authorities; if a school or PRU intends to become an academy, to ensure the academy receives the correct place funding direct from ESFA, local authorities should notify the project lead of the agreed 2017 to 2018 and 2018 to 2019 number of places before conversion.

154. As in previous years, following the publication of information about local authorities' DSG allocations in December 2017, ESFA will deduct the amount required to fund the places in those institutions that receive place funding direct from ESFA, from the local authority's overall high needs allocation.

154.1. The amount deducted will include adjustments to reflect changes to place numbers agreed by the institutions, and notified to ESFA.

## **Completing the authority proforma tool (APT)**

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

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

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

156. For 2018 to 2019, local authorities will again only need to submit one APT in January 2018.

156.1. To help local authorities plan and model their funding formula, we've provided an APT, but this is for planning purposes only.

156.2. A final APT will be available in December with information from the October census, and the DSG settlement announced.

156.3. Local authorities must submit their final APT by 19 January 2018.

156.4. Where a local authority has made a significant change to a disapplication request for a movement from the schools block by 19 January 2018, as outlined in paragraph 117 above, we recognise that we'll need to extend its APT deadline.

156.5. We'll aim to make final decisions in time to allow the authorities concerned to submit their APT by 19 February 2018. Authorities considering this should ensure that they have procedures in place to still meet the requirement to calculate maintained school budgets by 28 February 2018.

157. 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.

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

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

158. 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.

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

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

158.3. 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.

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

159. 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 don't yet have pupils in every year group.

159.1. This means it's not necessary for local authorities to apply for a pupil number variation in these situations.

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

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

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

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

- $[\text{October 2017 NOR (from APT)} \times 5/12] + [\text{October 2018 estimated NOR} \times 7/12]$
- $\text{October 2017 NOR (from APT)} + 7/12 \text{ October 2018 estimated intake in new year group}$

162. 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.

163. The 2018 to 2019 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.

164. 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.

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

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

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

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

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

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

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

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

167. 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.

167.1. We'll 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.

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

168.1. If the actual pupil numbers at newly opening free schools differ from the estimates provided in the 2017 to 2018 APT, local authorities should make a retrospective adjustment on the 2018 to 2019 APT unless the local authority guaranteed the pupil numbers in the previous year.

168.2. If local authorities did not show a new free school in the 2017 to 2018 APT and it opens before March 2018, local authorities should show this as a retrospective adjustment in the 2018 to 2019 APT, and we'll recoup accordingly.

169. ESFA will check for required amendments by cross-referring to October 2017 school census data when validating the 2018 to 2019 APT.

169.1. We'll adjust recoupment in 2018 to 2019 for any new free schools where an authority fails to show, or incorrectly shows, a retrospective adjustment.

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

170.1. We'll not pro-rata the calculation in respect of these academies.

## **Funding of academies**

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

171.1. 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.

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

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

172.1. It's 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.

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

172.3. We'll adjust recoupment in 2018 to 2019 for any academy where an authority fails to show, or incorrectly shows, basic need growth.

173. 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.

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

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

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

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

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

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

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

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

175.4. We'll adjust recoupment in 2018 to 2019 for any academy where an authority fails to show, or incorrectly shows, basic need growth.



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

176.1. It's 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.

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

178. 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

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

Date	DfE or ESFA activity	Local authority activity
August 2017	Operational guidance published setting out arrangements for 5 to 16 mainstream schools implementation for 2018 to 2019. Local authority level baselines published.	
August 2017	Draft APT issued to local authorities.	
14 September 2017	Allocations issued for schools, central school services, and high needs blocks.	
September 2017	High needs funding operational guide for 2018 to 2019 issued to local authorities. Update to the operational guidance published setting out arrangements for 5 to 16 mainstream schools implementation for 2018 to 2019.	
5 October 2017	School census day	School census day
October to November 2017	Check and validate school census	Check and validate school census
30 November 2017	School census database closed	Deadline for submitting requests for: <ul style="list-style-type: none"> <li>• MFG exclusions</li> <li>• exceptional premises factors</li> <li>• sparsity factors</li> <li>• lump sum variations for amalgamating schools</li> </ul>

Date	DfE or ESFA activity	Local authority activity
		<ul style="list-style-type: none"> <li>pupil number reductions</li> <li>movement of funding out of the schools block which is above the limit of 0.5%, or which the schools forum has not approved, or both</li> </ul>
Mid-December 2017	<p>Final APT issued to local authorities, containing October 2017 census-based pupil data and factors.</p> <p>Publication of DSG schools block and revised high needs block allocations for 2018 to 2019 (prior to academy recoupment).</p> <p>Publication of provisional early years block allocations.</p>	
Mid-January 2018		Schools forum consultation and political approval required for final 2018 to 2019 funding formula.
19 January 2018		Deadline for submission of final 2018 to 2019 APT to ESFA.
28 February 2018		Deadline for confirmation of schools budget shares to mainstream maintained schools.
February to March 2018	2018 to 2019 allocations issued to post-16 institutions, academies, and NMSS.	
February 2018	Publication of 2018 to 2019 high needs place numbers at institution level.	
30 March 2018	Confirmation of 2018 to 2019 general annual grant for academies open by 9 January 2018.	

Date	DfE or ESFA activity	Local authority activity
April 2018	First DSG payments to local authorities based on 2018 to 2019 allocations, including academies recoupment (DSG allocations updated termly for in-year academy conversions), FE high needs place funding deductions, and other adjustments.	
Summer 2018	Early years block updated for January 2018 early years pupil numbers.	
Summer 2019	Early years block updated for January 2019 early years pupil numbers (pro rata seven twelfths, as this relates only to the period September 2018 to March 2019)	

**Table 11: Timetable for data checking, and calculation of funding blocks**

## Additional support

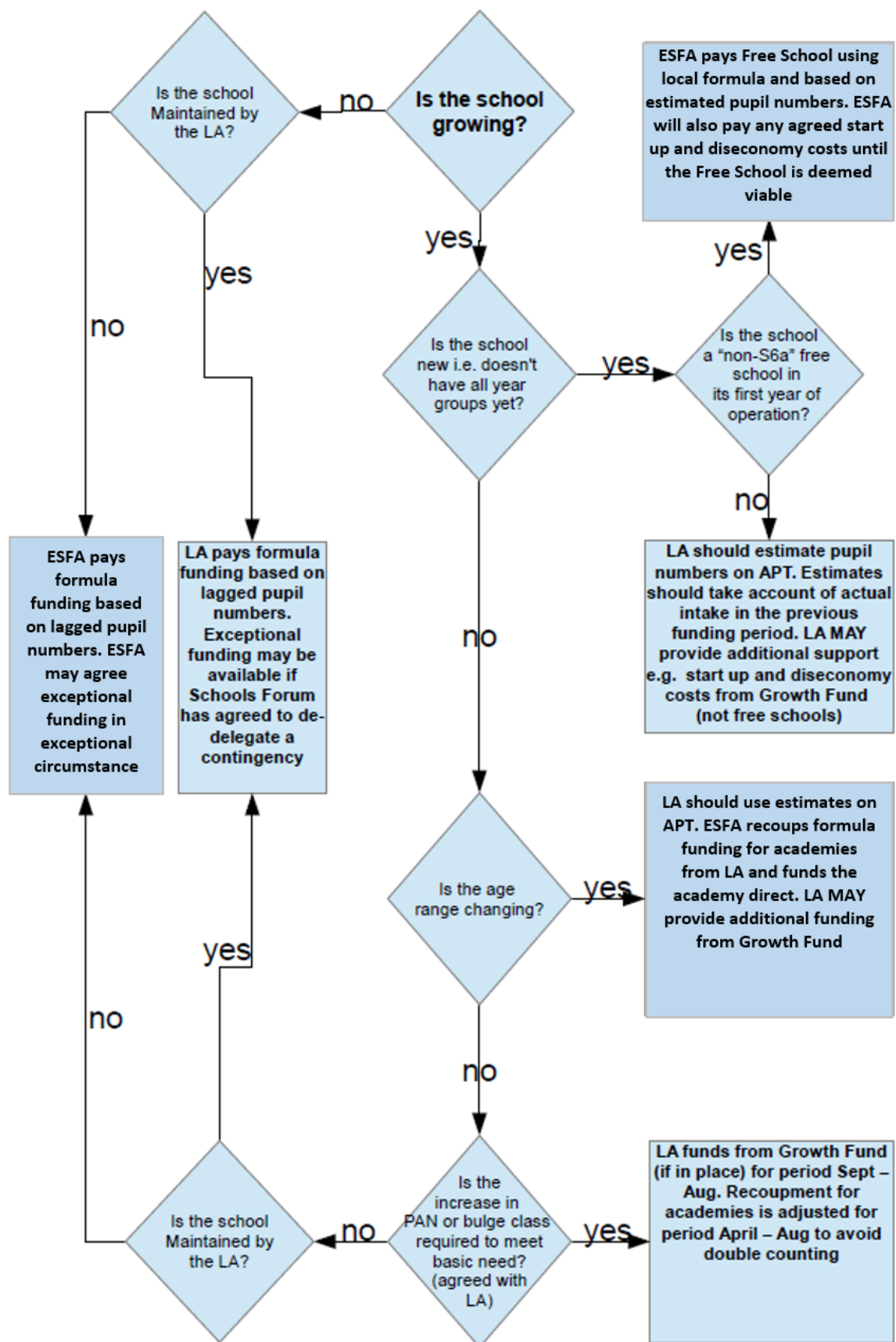
180. We'll continue to offer support to local authorities, where possible, as they continue to implement the funding reforms. We're interested in seeing local authority proposals as they are developed, and are happy to offer advice through the process.

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

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

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

## Annex 1: Funding routes for growing schools





Education & Skills  
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