

Appendix 1 – High Needs Block Funding Formula Methodology

Basic Entitlement:

- a per pupil amount, adjusted for area costs, using the number of pupils who attend the special schools and special academies in a local authority area (based on the October 2020 census), and the number of pupils placed in independent schools by that authority (based on the January 2020 AP census);
- pupil numbers are subject to an Area Cost Adjustment (ACA) to give a weighted basic entitlement rate. The ACA reflects differing wage costs around the country;
- consists of £4,000 per pupil plus £660 to incorporate funding for teachers pay and pension grants previously received as a separate grant;
- the per pupil amount has remained at £4,000 since 2018/19.

Historic Spend factor:

- originally allocated based on 50% of a local authority's high needs planned spending for 2017/18;
- maintained at the same cash value since 2018/19;
- increases elsewhere to HN block allocations have reduced this factor to 34% of total HN allocation in 2021/22.

Proxy Factors

- Population factor - projected number of children and young people aged 2-18 (50%)
- Free School Meals – the number of pupils registered as eligible for FSM as recorded in the January 2020 school census plus the number of pupils eligible for the 2 year old offer or Early Years Pupil Premium as recorded in the 2020 early years census(10%)
- Income Deprivation Affecting Children Index (IDACI) (10%)
- Bad Health - the number of children aged 0-15 in bad or very bad health resident in the area as reported by parents in the 2011 general population census (7.5%)
- Disability Living Allowance – number of claimants as at November 2019 (7.5%)
- KS2 low prior attainment in the last 5 years (7.5%)
- KS4 low prior attainment in the last 5 years (7.5%)

Funding Floor factor

- Ensures local authorities do not fall below a minimum level of funding on a like-for-like basis;
- Applied to funding through the historic spend factor and proxy factors;
- Includes a per head floor that ensures the relevant elements of the funding increase on a per head basis from 2020/21 by at least 8% in 2021/22 based on projected population of 2-18 year olds;

- Includes an absolute floor that ensures that in any year funding does not drop below the funding baseline. This prevents an authority with a shrinking population from going below their funding floor baseline.

Import/Export adjustment

- ensures that local authorities that provide places for children and young people who are normally resident outside the LA area receive place funding in full i.e. imports, and that local authorities that place more children and young people with high needs in provision outside their area, i.e. exports, than they import have a negative adjustment as they do not have to meet the cost of place funding;
- calculated at £6,000 per pupil to reflect the difference between the basic entitlement of £4,000 per place each institution attracts and the £10,000 per place local authorities have to fund institutions at.

Hospital education, AP teachers pay/pension and supplementary funding factor

- reflects payment for places in hospital schools and other hospital education placements.
- also includes funding for alternative provision pay and pension costs