

A guide to Free School revenue funding 2011/12

Introduction

This guide sets out:

- How the revenue funding for Free Schools will be calculated and paid for the 2011/12 academic year- based on the core principle that Free Schools should be funded on the basis of equivalence with the funding of maintained schools and Academies in the same local authority area.
- The additional start-up funding provided to Free Schools to reflect the additional costs in establishing a new publicly-funded school.

The guide does not cover:

- Capital funding, which will depend on the circumstances of individual Free Schools (and within this heading is included any ongoing annual costs of leasing premises).
- Any initial funding which may be provided by DfE to help Free School proposers to develop their projects.
- VAT – The Government intends that, from 1st April 2011 (subject to legislation), the arrangements for meeting Academies' VAT costs, which maintained schools can have refunded through their local authority, will change. This means that Academies and Free Schools (once open) will not receive a separate grant to cover these costs, but will instead be able to claim back any VAT paid in respect of their non-business activity, directly from Her Majesty's Revenue and Customs.

This guide does not apply to special Free Schools or Free Schools offering alternative provision.

Annual revenue funding for Free Schools

The annual revenue funding for Free Schools will be based on the average funding received by maintained schools and Academies in the same local authority, using a simple and transparent formula. The key elements of funding are:

- A basic local funding unit for each pupil attending the school
- On top of this funding an additional local funding unit for each pupil attending the school who qualifies for free school meals
- An additional national pupil premium for each pupil attending the school who qualifies for free school meals
- A grant which compensates for the services that maintained schools receive free of charge from their local authority (known as local authority central spend equivalent grant or LACSEG)
- Funding for sixth form pupils, for Free Schools providing post-16 education
- A fixed sum of £95,000 for each primary or all-through school
- A grant to cover the cost of insurance

- Additional funding, from the local authority, for pupils with statements of Special Educational Needs

Except where stated above, the funding for each Free School will be calculated and paid by the Young People's Learning Agency (YPLA), based on the funding model designed by the Department for Education. In the future, the Education Funding Agency, once established, will take over the role of the YPLA (subject to legislation).

Ready reckoner

A Free School 'ready reckoner' tool is available at the [DfE website](#) that allows groups to work out an indicative funding allocation for their Free School. The tool works by adding together all the different types of funding which a Free School will receive based on its age range, size and phase and the local authority in which the Free School is situated.

Types of funding available

N.B. Where a funding type is followed by 'RR', this type of funding is included in the ready reckoner.

Funding type	How is this calculated?
<i>Basic funding unit (RR)</i>	<ul style="list-style-type: none"> ▪ For each local authority area, the Department has calculated a basic per-pupil Free School funding unit for pre-16 pupils based on the average funding received by maintained schools and Academies in that local authority. There are separate figures for primary pupils and secondary pupils in each local authority area. The funding is allocated on the basis of which local authority area the school is situated in, and is not dependent on where the pupils live. ▪ The basic funding unit figures for academic year 2011/12 have been determined by calculating the per pupil funding received by maintained schools in financial year 2010-11. To take account of the time lag, the figures are uprated by a fixed percentage –but in this case the uprating factor was zero. This calculation takes account of funding distributed through the local authority's school funding formula, and all grant funding streams. It excludes elements of funding which are targeted on disadvantage, which are reflected instead in the 'additional funding unit' – see below. ▪ From 2011-12, all former specific grants are being incorporated into a single funding stream for maintained schools. That single Dedicated Schools Grant is reflected in the basic funding unit for Free Schools. A full list of the grants which will be part of the Dedicated Schools grant is available here. ▪ Multiplying the basic funding unit for the appropriate phase (i.e. primary or secondary) by the number of pre-16 pupils on roll gives the total basic funding for pre-16 pupils in a

	<p>particular Free School.</p> <ul style="list-style-type: none"> ▪ In the first year, we will use the Free School's estimated pupil numbers to calculate how much basic funding a school receives. After that, funding will be based on actual pupil numbers from the annual school census (conducted every year in January) as far as possible, combined with the school's estimates of how many pupils they are expecting (during the time they are building up pupil numbers). ▪ If the actual numbers of pupils are significantly different to the estimated numbers – i.e. if they are higher or lower by more than 2.5% - according to the January census, then the funding is adjusted to reflect the actual numbers. This adjustment is done by the YPLA, either by making additional payments to the school, or by clawing back the excess that has been paid. The YPLA will normally do this in the same academic year, but it may be the following academic year depending on circumstances.
<i>Additional local funding unit for FSM (RR)</i>	<ul style="list-style-type: none"> ▪ In addition to this, we will calculate an additional per pupil amount which will be paid to a Free School for each pre-16 pupil it has on roll who is known to be eligible for free school meals. ▪ Again, this amount will be calculated for each local authority, with separate figures for primary and secondary, calculated by adding together the school budget share and grants which are targeted towards deprivation. ▪ Where local authorities target more of their funding at disadvantaged pupils, Free Schools will receive more extra money for FSM pupils. ▪ You would need to assess your pupil cohort carefully but nationally 17% of pupils in maintained Nursery, Primary and Secondary schools are known to be eligible for Free School Meals (January 2010 School Census).
Together, the basic Free School funding unit and the additional FSM amount reflect each LA's average per pupil funding to state-funded schools.	
In addition there are other types of funding	
<i>Pupil premium (RR)</i>	<ul style="list-style-type: none"> ▪ In addition to this, Free Schools will receive the nationally-calculated pupil premium for deprived pupils. ▪ The pupil premium will be £430 for each pupil on Free School Meals and each Looked After Child, and £200 for each child of Service parents. These figures are for the financial year 2011-12. ▪ You would need to assess your pupil cohort carefully but nationally 17% of pupils in maintained Nursery, Primary and Secondary schools are known to be eligible for Free School Meals (January 2010 School Census).
<i>LACSEG (RR)</i>	<ul style="list-style-type: none"> ▪ As with other Academies, all Free Schools will receive a per pupil amount to cover the costs of a range of central

	<p>services provided to maintained schools by the local authority (e.g. HR, payroll, school improvement, education welfare services) as well as the cost of undertaking statutory governance, reporting and accountability responsibilities (which are done by the LA for maintained schools).</p> <ul style="list-style-type: none"> ▪ The services which are provided to Free Schools will depend on local arrangements, but a Free School can use LACSEG funding to buy back any of these services from the local authority if they so wish.
<p><i>Funding for post-16 pupils, where applicable</i></p>	<ul style="list-style-type: none"> ▪ Funding for 16-18 year-olds in schools, colleges and other providers is calculated using a national funding formula, although currently the rates paid to schools and colleges are different. As set out in the Department's recent White Paper, '<i>The importance of teaching</i>', the government is planning to end this disparity so that schools and colleges are funded at the same levels as one another, and at the levels of the most efficient. ▪ The precise details of the 16-18 funding approach for 2011-12 and beyond are currently being finalised. Further information will be available by the end of March 2011. For Free School projects already in development, the Department for Education project lead will be able to advise proposers of the likely level of funding for each Free School based on the national formula.
<p><i>£95,000 for each primary or all-through school</i></p>	<ul style="list-style-type: none"> ▪ In order to reflect the smaller size of primary schools and to ensure that Free School primary funding is in line with that of maintained schools, the Department will pay a lump sum of £95K to all primary Free Schools and all through Free Schools with primary pupils every year. ▪ Without this lump sum, some small primary schools would be underfunded compared with maintained primary schools of a similar size funded on their local authority's funding formula. ▪ This lump sum is a result of a rebalancing of the funding the local authority allocates for the primary phase, and is not extra funding. The basic funding unit for primary pupils in Free Schools is slightly lower than the amount it would have been if there was no lump sum paid. ▪ The lump sum will be paid by the YPLA, with 50% paid in the first month of opening, 25% in the second month of opening and 25% in the third month of opening.
<p><i>Insurance grant</i></p>	<ul style="list-style-type: none"> ▪ As for other Academies, Free Schools can claim for the reimbursement of insurance costs for insurance cover such as premises and contents, business interruption, governing body and employer liability and statutory motor transport insurance. The YPLA will fund insurance on the receipt of insurance invoices. For any large invoices containing no description of the policy, the YPLA will ask for a summary breakdown. The YPLA will not reimburse insurance for staff

	<p>absence (e.g. maternity cover), vehicles (e.g. cars or minibuses), VAT, and regulatory fees.</p> <ul style="list-style-type: none"> ▪ If the Free School is starting a new policy, they may wish to contact the Local Authority to see if any insurance policy or cover can be offered to the Free School. If not, or only partial cover can be obtained, the Free School should then approach the Crescent Purchasing Consortium (CPC). ▪ The CPC is an EU-compliant insurance framework, which arranges the various quotes of the selected insurance companies for Academies and Free Schools, enabling them to select the most relevant and beneficial quote for their requirements. You can contact the CPC at www.cpc.salford.ac.uk. The YPLA will ask for some proof of contacting the CPC when dealing with claims. This is required to ensure the insurance arrangements comply with EU procurement rules.
<p><i>SEN funding (Partly captured by RR)</i></p>	<ul style="list-style-type: none"> ▪ Individually assigned funding for children with statements will be paid through the local authority. The local authority will continue to have a legal duty to ensure that the statement of SEN is fulfilled and does this by paying the individually assigned funding, and monitoring provision made by the Free School. ▪ All other SEN funding will be paid to Free Schools as part of LACSEG and / or the basic funding unit, depending on the local authority. It is up to local authorities to decide how to allocate SEN funding for pupils registered as School Action and School Action Plus. They can choose to: <ul style="list-style-type: none"> i) <i>Delegate all SEN money as part of the basic per pupil funding</i> - In this case, all the SEN funding will be built into the Free Schools basic funding unit and the LACSEG SEN value will show as £0; ii) <i>Centrally retain all SEN funding</i> - In this case, there will be no SEN funding in the Free Schools basic funding unit; all the SEN funding will be in the LACSEG SEN unit value; or, iii) <i>Allocate some SEN funding as part of the basic funding unit and centrally retain some SEN funding</i> - In this case, some local authority SEN funding will be part of the basic Free School funding unit and the centrally retained SEN funding will be part of the LACSEG SEN unit value. • Nationally 19% of pupils in maintained Nursery, Primary and Secondary schools are on School Action and School Action Plus from the January 2010 School Census. You would need to assess your pupil cohort carefully.

Full list of grants making up the Dedicated Schools Grant in 2011/12

School Standards Grant

Schools Standards Grant (Personalisation)

School Development Grant (includes SDG Main, Post-LIG Deprivation and Transition, City Learning Centres, Specialist Schools and High Performing Specialist Schools). It does NOT include the amount previously paid through

Area Based Grant (ABG)

School Lunch Grant

Ethnic Minority Achievement (EMAG)

1-2-1 Tuition

Extended Schools – Sustainability

Extended Schools - Subsidy

Targeted Support for the Primary National Strategy allocated to schools (consisting of Universal and Targeted elements, Leading Teachers, Every Child elements, Early Years Foundation Stage, and Modern Foreign Languages)

Targeted Support for the Secondary National Strategy allocated to schools (consisting of Universal and Targeted elements and Leading Teachers)

Diploma Formula Grant

London Pay Addition Grant

[back to text](#)