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Guidance

Special free schools adjustments: a guide for local authorities

Updated 22 January 2020

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1. Introduction

Place funding for special free schools was included in local authorities' high needs allocations for the first time in 2019 to 2020. An adjustment was made to a local authority's dedicated schools grant (DSG) to ensure this did not result in an unfunded cost, as set out in the [changes to special free school funding: 2019 to 2020 document](#).

Place funding for special free schools which have reached the end of their initial period of growth has been included in local authorities' 2019 to 2020 baselines for the purpose of the calculations in the 2020 to 2021 high needs funding formula.

In 2020 to 2021, further adjustments will be made for local authorities with a new and growing special free school. Local authorities will receive additional funding for places at these schools, based on the process set out in in this document, in a way that ensures the change in funding arrangements (the incorporation of this funding within local authorities' high needs allocations through the DSG) does not result in an unfunded cost for any local authority.

This document sets out these changes in more detail. It explains:

- how we have defined those special free schools that are ‘new and growing’ and those that are not, for the purpose of this process
- how the funding local authorities receive for new and growing schools will be determined
- how and when this will be allocated to local authorities through the high needs national funding formula and the ESFA’s allocations process

This guide is primarily for local authorities, particularly those with special free schools in their area and those commissioning places in special free schools outside their area, but will also be useful to special free schools and others with an interest in high needs funding.

This guidance will next be reviewed in autumn 2020.

2. Place numbers at special free schools

A full [list of 2019 to 2020 place numbers at institutions](#), including all special free schools has been published.

Local authorities should discuss with special free schools the places to be funded in the 2020 to 2021 academic year and notify ESFA of any changes to the place numbers through the place change notification process in the autumn.

Special free schools opening from October 2019 will not be included in the 2020 to 2021 place change notification process and so will be funded in both the 2019 to 2020 and 2020 to 2021 academic years based on their agreed financial plan. These schools will be included in the place change process from 2021 to 2022.

When determining place numbers, as with any institution type, it’s important that the place numbers reflect the total number of places that all local authorities are planning to commission, and not just those of the local authority in which the school is located. A school should not be funded for places that are unlikely to be occupied by pupils during the academic year.

3. Determining local authority funding for special free schools

From 1 April 2019, funding for places at special free schools was deducted from local authorities’ high needs allocations by ESFA, and paid directly to schools, as for special academies. To ensure this policy change did not create a cost for local authorities in the 2019 to 2020 financial year, we provided additional funding for

places in special free schools.

For those schools identified as having reached the end of their period of growth as a new free school in the 2019 to 2020 academic year, the additional funding has been included in local authorities' baselines used to calculate the 2020 to 2021 high needs funding formula allocations. Place funding for these schools will be allocated to local authorities through the relevant national funding formula factors, as for maintained special schools and special academies, and no further adjustments will be made.

We'll use a similar process to last year for those authorities with new and growing schools. The additional funding will be based on the number of places requested in the place change process and calculated as shown in the 'calculating local authorities' additional funding for new and growing schools section of this document.

For the purpose of this process we have defined special free schools that have completed their initial period of growth as a new free school through a combination of funded places and occupancy levels based on the following criteria, where both:

- the school's 2019 to 2020 funded places are at least as high as its total capacity on [Get Information About Schools \(GIAS\)](#)
- the January 2019 school census shows at least 90% of all places are occupied, where the number of places is the lower of a) the 2019 to 2020 funded places or b) the total capacity on GIAS

4. Defining new and growing special free schools

Special free schools that do not meet the above criteria are considered as new and growing for this process. Additional funding will be made available to local authorities for these schools in the high needs block, outside the national funding formula.

The additional funding available to local authorities for additional places for the 2020 to 2021 academic year will not exceed the school's planned capacity as recorded on GIAS. Where the number of places requested by a local authority in the place change process exceeds the school's capacity as shown on GIAS, the additional cost of the higher number of places will be met out of the local authority's high needs allocation without any further adjustments being made.

5. Calculating local authorities'

additional funding for new and growing schools

We use the basic entitlement factor and the import/export adjustment in the national funding formula, and further adjustments (set out below) to ensure local authorities attract the right amount of additional funding for new and growing special free schools in their area.

The school census data from all special free schools is included in the calculation of the basic entitlement factor and import/export adjustments within the high needs formula, so local authorities will attract funding for pupils in special free schools in their area. This funding will be allocated on a financial year basis, as for special academies. The mechanism and timings for this are as follows:

5.1 December 2019:

- DSG allocations reflect the £4,000 per pupil basic entitlement for pupils in special free schools, based on the October 2019 school census

5.2 March 2020:

- DSG deductions for place funding at special free schools are updated to reflect places for the 2019 to 2020 and 2020 to 2021 academic years. Deducted at £4,167 per place for 2019 to 2020 (£10,000 *5/12 for April to August) and £5,833 per place for 2020 to 2021 (£10,000 *7/12 for September to March)

5.3 May and June 2020:

The DSG updates will reflect the following:

- local authorities will receive an additional £6,000 for every pupil identified on the January 2020 school census as living in their area and attending a special free school. The funding will flow through the import/export adjustment, ensuring that local authorities with special free schools in their area are compensated through the formula, with no additional cost for pupils 'imported' from other local authorities. A table to demonstrate how this works is shown below
- a further adjustment will be made for the difference between the place funding deducted (other than where the increased cost relates to place numbers exceeding capacity), and the additional funding received through the basic entitlement factor and import/export adjustments

Special free schools form part of the overall import/export adjustment, which also includes special academies, mainstream schools and FE colleges. They are not shown separately in the net import/export adjustment in the DSG allocation, but can be identified in the institution level information, issued to local authorities in May and June.

The import/export adjustment works at local authority level, but the following table illustrates how the additional funding related to a particular school flows through the import/export adjustment. The example below is based on a special free school (located in LA1), where 38 pupils attend – 30 living in that authority, and 8 resident in and placed in the school by a neighbouring authority (LA2). It shows that, in this scenario, LA1 receives £180,000 from ESFA, plus £48,000 through the import/export adjustment, so will be compensated for all 38 pupils at the school. As the import/export adjustment is a net adjustment taking into account all imports and exports at local authority level, for a particular authority this may be a notional amount. It also shows that LA2 will receive £48,000 from ESFA, which will then flow through the import/export adjustment to LA1.

5.4 Import/export Adjustment: additional funding flow

	LA1	LA 2
A Pupils resident in local authority	30	8
B Additional ESFA funding (Row A*£6,000)	£180,000	£48,000
C Pupils attending school	38	0
D Net import/export adjustment - pupils (Row (C)-(A))	8	-8
E Net import/export funding adjustment (Row (D)*£6,000)	£48,000	-£48,000
F Actual funding change (Row (B)+(E))	£228,000	£0

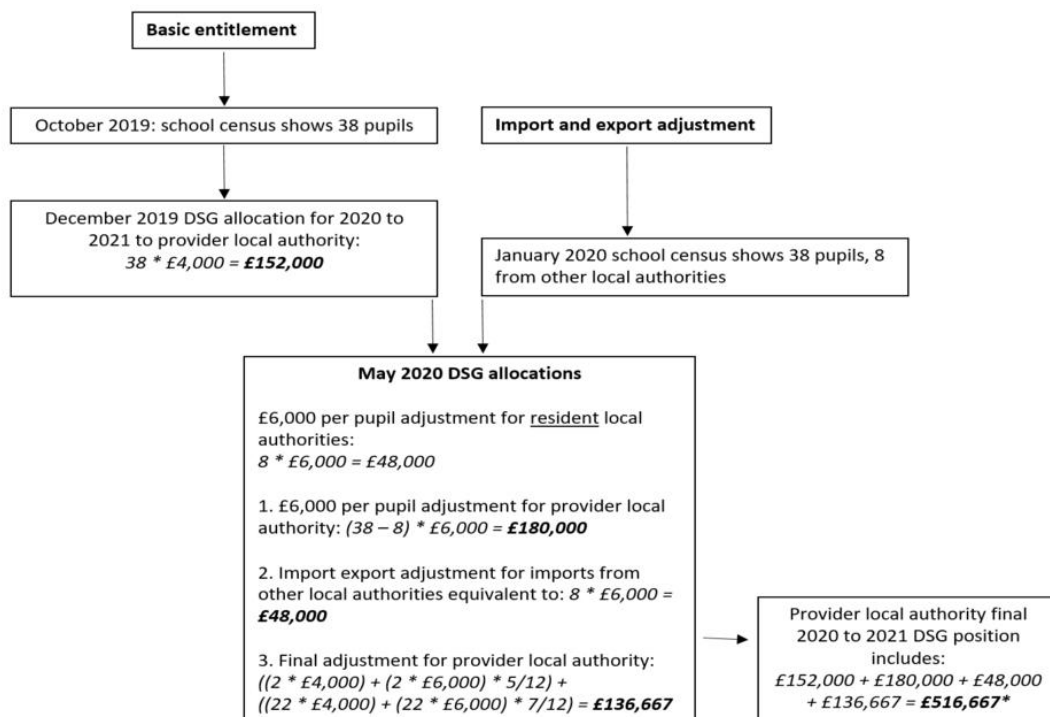
6. New and growing special free schools' deductions and allocations: a worked example

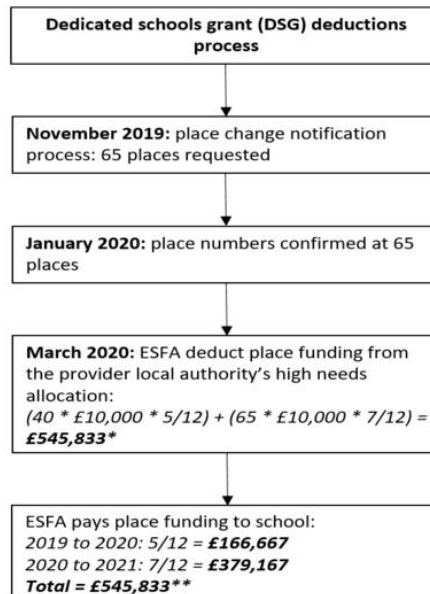
Figure 1 illustrates when and how we will calculate the DSG allocation for the local authority and the deductions to be made for a new or growing special free school. This example is based on a growing special free school with:

- planned capacity in 2019 to 2020 = 40
- planned total capacity = 60
- number of places requested for 2020 to 2021, to allow for general growth = 65
- number of pupils recorded in the October 2019 and January 2020 censuses = 38
- number of pupils placed by other local authorities in 2019 to 2020 = 8

Figure 1 shows that the provider local authority will receive a total allocation of £516,677. This is made up of £152,000 (basic entitlement), £180,000 (the £6,000 per pupil adjustment) and £48,000 (import/export adjustment from other local authorities). It will also include a further adjustment of £136,667. This represents funding for the difference between the planned capacity and pupil numbers for the 2 financial years. In this example, for 2019 to 2020 this is the basic entitlement and £6,000 adjustment for 2 places (40 – 38) payable for April to August, plus 22 pupils (60-38) in 2020 to 2021 payable for September to March.

6.1 Figure 1





* The total DSG allocation of £516,667 is less than the place funding deducted by ESFA because in this example local authorities have planned to fill five more places than the 60 places in the school's planned capacity, due to general growth. The difference between the numbers is the cost of the five places over September 2019 to April 2020.
 ** All figures are rounded to the nearest pound

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