

Guidance Special free schools adjustments: a guide for local authorities

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Introduction

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.

It may also be useful to special free schools and others with an interest in high needs funding.

This document explains:

- how funding adjustments are made to a local authority's dedicated schools grant (DSG) for new and growing special free schools, to ensure this does not result in an unfunded cost
- 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 ESFA's allocations process

We will review this guidance in autumn 2021.

Place numbers at special free schools

We have published a full list of the 2020 to 2021 place numbers at institutions, including all special free schools.

Local authorities should discuss with special free schools the places to be funded in the 2021 to 2022 academic year, notifying ESFA of any changes to the place numbers through the place change notification process in the autumn.

Special free schools opening from October 2020 will not be included in the 2021 to 2022 place change notification process and so will be funded in both the 2020 to 2021 and 2021 to 2022 academic years based on their agreed financial plan. These schools will be included in the place change process from 2022 to 2023.

When determining place numbers, as with any institution type, it is 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.

Determining local authority funding for special free schools

Since 1 April 2019, funding for places at special free schools has been 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, we have 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 or 2020 to 2021 academic year, the additional funding has been included in local authorities' baselines used to calculate the 2021 to 2022 high needs funding formula allocations. Place funding for these schools will therefore 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 local 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.

How to identify special free schools that have reached the end of their period of growth

Schools identified as reaching the end of their period of growth in 2019 to 2020 continue to be funded through the national funding formula. For 2020 to 2021 we have defined special free schools that have completed their initial period of growth as a new free school on a similar basis as last year. This is through a combination of funded places and occupancy levels based on the following criteria, where both:

- the school's 2020 to 2021 funded places are at least as high as its total capacity on Get Information About Schools (GIAS)
- the January 2020 school census shows at least 90% of all places are occupied, where the number of places is the lower of a) the 2020 to 2021 funded places or b) the total capacity on GIAS

How to define 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 2021 to 2022 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.

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 are 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. We will allocate this funding on a financial year basis, as for special academies. The mechanism and timings for this are:

December 2020

Dedicated schools grant (DSG) allocations reflect the £4,660 per-pupil basic entitlement for pupils in special free schools, based on the October 2020 school census.

March 2021

DSG deductions for place funding at special free schools are updated to reflect places for the 2020 to 2021 and 2021 to 2022 academic years.

Deductions are made at:

- £4,167 per place for 2020 to 2021 (£10,000 * 5/12 for April to August)
- £5,833 per place for 2021 to 2022 (£10,000 * 7/12 for September to March)

May/June 2021

The DSG updates will reflect that:

- local authorities will receive an additional £6,000 for every pupil identified on the January 2021 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 further education (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 June.

Local authorities will also be responsible for passing on to the special free schools in their area, as a payment separate from the funding at £10,000 per place and top-up funding, the high needs funding equivalent of the teachers' pay grant, teachers' pensions (employer contributions) grant and pensions supplementary fund paid to the special free schools in their area in 2020 to 2021. This is being added into the DSG from 2021 to 2022, through changes to the high needs national funding formula, as explained in the [high needs operational guide](#).

A worked example of new and growing special free schools' deductions and allocations

The calculation of the adjustment for local authorities can be divided into several parts. These are funding:

- a) received through the high needs national formula basic entitlement factor (October 2020 school census)
- b) adjustments based on the import/export data (January 2021 school census)
- c) deducted for the number of places funded at £10,000 per place at the school (or the place number capacity of the school, if lower than the number of funded places)
- d) for a further adjustment, if additional funding is required, to reflect the difference between the amount deducted (c) minus the funding received through the basic entitlement and import/export adjustment (a+b)

We have provided an example below to illustrate how these are calculated. In this scenario:

- 40 places were funded in the 2020 to 2021 academic year
- the local authority requests that 65 places are to be funded in the 2021 to 2022 academic year (to allow for general growth in the number of pupils to be placed at the school)
- a total capacity of 60 places are recorded on GIAS
- 38 pupils are recorded in the October 2020 and January 2021 censuses
- 8 pupils are resident in other local authorities in the January 2021 census

Calculating the allocation

Step 1 - the basic entitlement element is included in the December DSG allocation. It uses the October 2020 census (38 pupils at the school) and multiplies this by the basic entitlement rate of £4,660, less £660 (teachers' pay and pensions funding) = £4,000. This gives funding of £152,000 (A).

Step 2 - Calculate the import/export element (B). The import/export adjustment is calculated at a local authority level, but the following table illustrates how the additional funding related to a particular school flows through the import/export adjustment. 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. It also shows that LA2 will receive £48,000 from ESFA, which will then flow through the import/export adjustment to LA1.

Row	Calculation element	LA1	LA2
i	Pupils resident in LA	30	8
ii	Additional ESFA funding (Row i * £6,000)	£180,000	£48,000
iii	Pupils attending school	38	0
iv	Net import/export adjustment - pupils (Row iii-i)	8	-8
v	Net import/export funding adjustment (Row D * £6,000)	£48,000	£-48,000
vi	Actual funding change (Row ii+v)	£228,000 (B)	£0

Step 3 - ESFA calculate the number of places for which additional funding will be provided (C). This is based on the places funded or the total capacity on GIAS if lower than places funded, so in this scenario:

- 40 places funded at £10,000 per place for April to August ((40 * £10,000) * 5/12) = £166,667, plus
- 60 places funded at £10,000 per place for September to March ((60 * £10,000) * 7/12) = £350,000

This gives a total financial year amount of £516,667 (C).

Step 4 - calculate the difference between the amount for which additional funding will be provided and funding received to give you the further adjustment, if required. To illustrate:

- the amount for places to be funded by ESFA is £516,667 (C)
- less funding received (basic entitlement £152,000 as in step 1 above (A), plus the import/export adjustment £228,000 as in step 2 above (B)) totalling £380,000
- giving a difference of £136,667 (C-(A+B))

This amounts to a further adjustment of £136,667. If the difference were a negative amount, we would not seek to recover funding.

To note, in this example the local authority chose to fund 5 more places than the 60 places in the school's planned capacity due to general growth. The actual DSG deduction will be higher than the amount shown in this calculation.

Annex 1: Schools funded through the national funding formula for 2021 to 2022

This table lists those schools that, for the purpose of the national funding formula, are being treated as having completed their initial period of growth. For more information about how these are identified see the section 'How to identify special free schools that have reached the end of their period of growth'.

LA establishment number	Institution name
8527050	Rosewood Free School
3137003	The Rise Free School
8817002	Grove House School
9287003	Red Kite Academy
3837004	Lighthouse School Leeds
8747000	City of Peterborough Academy, special school
2067000	St Mary Magdalene Academy: The Courtyard
2137000	The St Marylebone Church of England Bridge School
8417000	Marchbank Free School
8707000	Thames Valley School
9357009	Churchill Special Free School
8957001	NAS Church Lawton School
2067001	The Bridge Integrated Learning Space
3127001	Pentland Field School
9337000	The Mendip School
8017003	Venturers' Academy
9357013	The Everitt Academy