



Education & Skills
Funding Agency

**This document has
been withdrawn as it
is out of date.**

Changes to special free school funding: 2019 to 2020

**Guidance for local authorities and special
free schools**

February 2019

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Introduction

1. We have set out some changes to the handling of special free schools' place funding in the ['high needs funding 2019 to 2020: operational guide'](#). From 2019 to 2020, funding for special free school places will be included in local authorities' high needs allocations. Funding for these places will be deducted from local authorities' high needs allocations by ESFA, and paid directly to schools, as for special academies. However, a local authority with a special free school will receive additional funding for places at the school, based on the process set out in in this document, in a way that ensures this does not result in an unfunded cost for that local authority.
2. This document sets out these changes in more detail. It explains:
 - how funding will be allocated to individual special free schools
 - how the funding local authorities receive 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
3. This guide is for primarily for local authorities, particularly those with special free schools in their area, but will also be useful to special free schools and anyone with an interest in high needs funding.

Expiry or review date

4. This guidance will next be reviewed in autumn 2019.

Allocations to special free schools

5. The 2018 to 2019 place numbers for special free schools have been [published](#). For the 2019 to 2020 academic year place numbers have been determined through the [place change notification process](#), as set out in the [2019 to 2020 place change notification: technical note](#). The outcomes of this process were published on 25 January 2019 and local authorities and schools had until 8 February 2019 to query the place numbers through the enquiry window. If a special free school is not included in the outcomes table, this is because no request to change the place numbers was received and 2019 to 2020 academic year funding will continue based on the 2018 to 2019 place numbers.
6. A full list of 2019 to 2020 place numbers at institutions, including all special free schools will be available in March 2019. 2019 to 2020 funding allocations for special free schools open on or before 1 January 2019 will be issued by 31 March 2019.
7. New special free schools opening after 1 January 2019 will be funded in 2018 to 2019 and 2019 to 2020 academic years based on their agreed financial plan. These special free schools will be included in the place change process for their allocations from 2020 to 2021.

Determining local authorities' funding for special free schools

8. From 1 April 2019, funding for places at special free schools will be deducted from local authorities' high needs allocations by ESFA, and paid directly to schools, as for special academies. We want to ensure that this policy change does not create a cost for local authorities and will therefore provide local authorities with additional funding for places in special free schools.
9. The additional funding provided to local authorities in their high needs block allocation will be based on the number of places requested in the place change process and will be calculated as shown below. There may, however, be exceptions where an increase in places for the 2019 to 2020 academic year at a special free school was agreed, but the school was not growing to capacity and funding to reflect the increase in places may not be provided; further information on such cases is provided [further on in this document](#).

Calculating additional funding to local authorities

10. We will use the basic entitlement factor, the import/export adjustment and further adjustments (set out below) in the national funding formula to ensure local authorities attract the right amount of funding for special free schools in their area.
11. Special free schools are included in the basic entitlement 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:

December 2018	Dedicated Schools Grant (DSG) allocations reflect the £4,000 per pupil basic entitlement for pupils in special free schools, based on the October 2018 school census.
March 2019	DSG deductions for place funding at special free schools are updated to reflect places for the 2018 to 2019 and 2019 to 2020 academic years (deducted at £4,167 per place for 2018 to 2019 and £5,833 per place for 2019 to 2020).
May/June 2019	The DSG updates will reflect the following: Import/export adjustment: local authorities will receive an additional £6,000 for every pupil identified on the January

	<p>2019 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 are compensated through the formula, with no additional cost for pupils 'imported' from (resident) local authorities. A table to demonstrate how this works is shown below (Table 2).</p> <p>Further adjustment: a further adjustment is made to cover any difference between the place funding deducted (other than where the increased cost relates to general growth – see later), and the additional funding received through the basic entitlement and import/export adjustments.</p>
July and November 2019	The DSG updates will reflect places deducted and additional funding for any new special free schools not included in the May or June update. The additional funding will cover the cost of the number of places in the financial plan.

Table 1: Timeline for allocations and deductions

12. 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/June.
13. The import/export adjustment works at local authority level, but the following table illustrates how the additional funding related to the import/export adjustment is distributed for a particular school. 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 a neighbouring authority (LA2). It shows that, in this scenario, LA1 is benefitting from £180,000 received 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 be taken into account in the import/export adjustment.

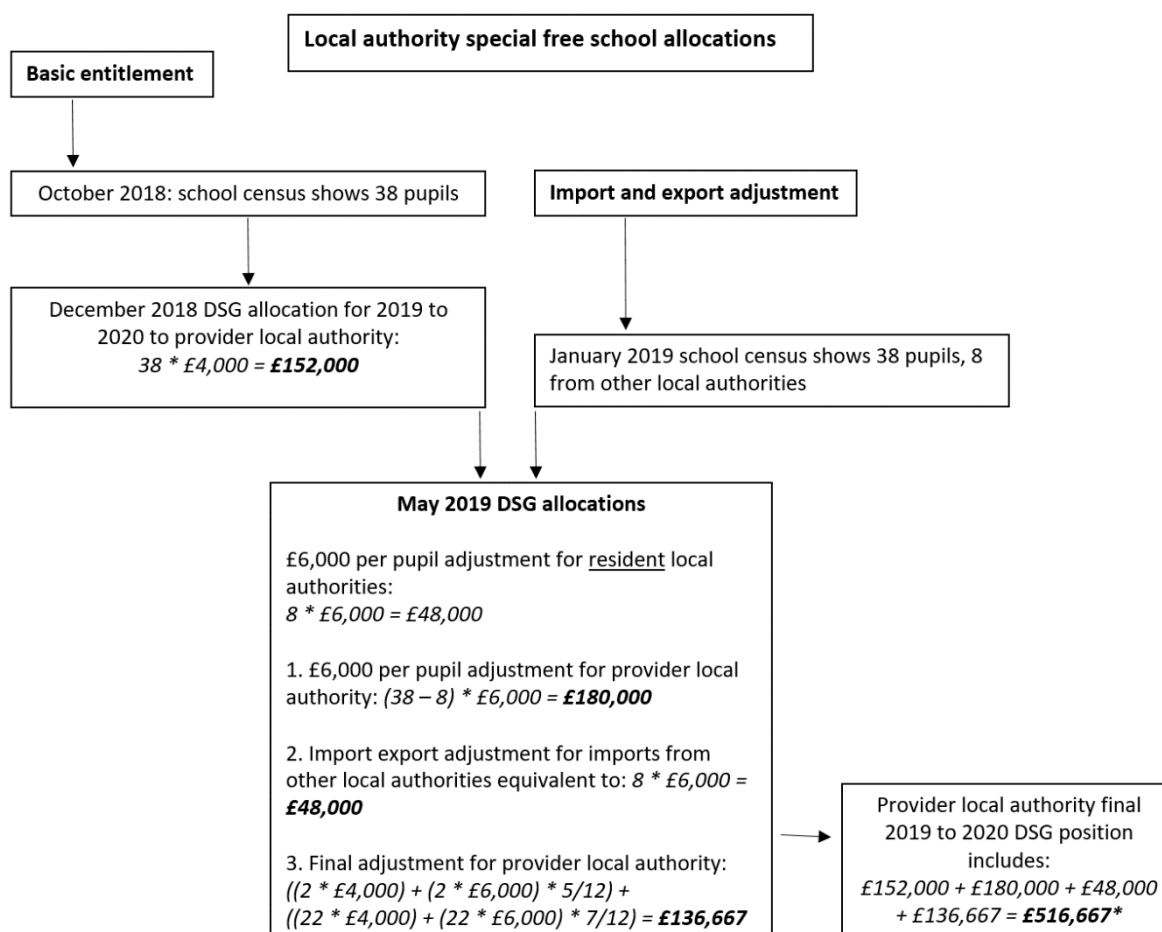
		LA1	LA2
(a)	Pupils resident in LA	30	8

		LA1	LA2
(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

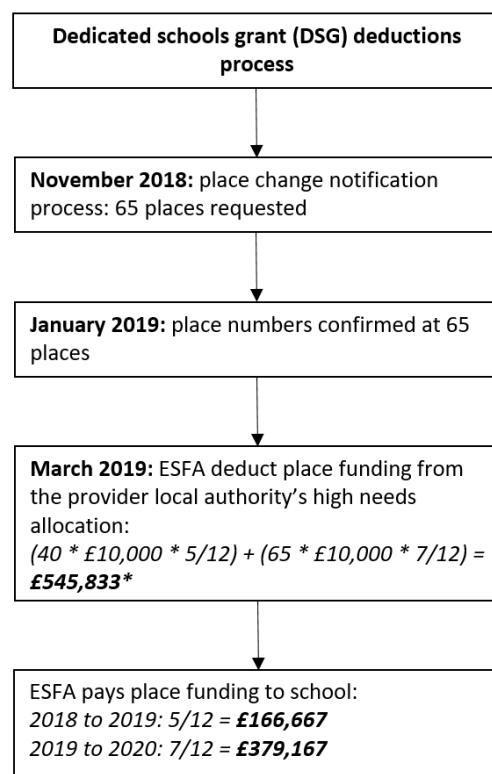
Table 2: Import/Export Adjustment – additional funding flow

Special free schools deductions and allocations: a worked example

14. The diagrams below illustrate when and how we will calculate the DSG allocation for the local authority and the deductions to be made for the special free school. This example is based on a special free school with a planned capacity of 40 in 2018 to 2019. Its planned total capacity is 60, but the local authority has requested five more places (65 in total) for 2019 to 2020 to allow for general growth in the area. 38 pupils were recorded on the October 2018 and January 2019 census, and 8 pupils were placed by other local authorities in 2018 to 2019.
15. These show that the provider local authority will receive £152,000 through the basic entitlement, £180,000 through the £6,000 adjustment, and £48,000 within the import/export adjustment from other local authorities placing pupils in the school. It will then receive £136,667 through a final adjustment to cover the difference between these amounts, and the cost of funding 40 places at the school in April 2019 to August 2019 and 60 places in September 2019 to April 2020.



* The total DSG allocation of £516,667 is less than the place funding deducted by ESFA because in this example the local authority chose to fund 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.



Funding for growth in established schools

16. ESFA will fund local authorities for the increase in places for schools still growing to capacity. We will not fund local authorities for increases in the 2019 to 2020 academic year which result from general growth, as we expect local authorities to fund this from their high needs allocation in the same way that they would fund an increase in the number of places in a special academy. The number of places we fund for the 2019 to 2020 academic year will therefore not exceed the higher of the following:

- pupil numbers at the school, as shown in the October 2018 school census
- the number of places the school was funded for in 2018 to 2019
- the school's planned capacity

Where the number of places requested exceeds this, the special free school will still receive funding for the higher number of places, and the additional cost will be met out of the local authority's high needs allocation.



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