



Schools Funding Forum 22nd September 2016 ITEM 6

Subject Heading:

**Adjustments to Local Authority
Funding Related to Free Schools -
Consultation Response**

Report Author:

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Manager**

Eligibility to vote:

All members

SUMMARY

This item provides an overview of a DfE consultation on proposed changes to free school funding and the LA's response.

RECOMMENDATIONS

To note the LA's response to the consultation (to be tabled).

REPORT DETAIL

On 21st July the DfE launched a consultation seeking views on proposals to change the local authority recoupment arrangements for mainstream free schools. The closing date for the consultation is 21st September.

At present there are two ways in which free schools can be established:

Where the local authority has identified the need for a new school in the local area (known as the presumption process)

Where an application to open a free school is made directly to the department by a proposer (known as the centrally delivered process)

Under the current arrangements where a free school is established through the presumption process, the funding allocated is recouped from the local authority's Dedicated Schools Grant from the point of opening. If it is established through the centrally delivered process, the DSG is charged from the second year that the school is open.

The DFE is proposing that the funding is recouped from the DSG from the first year of opening.

The DFE rationale for this is that a local authority's DSG is allocated for a financial year based on the number of pupils at the preceding October which would therefore include those at a newly opened free school. The EFA is also funding the free school for the first year so there is an issue of double funding.

e.g. October census (all other schools) 1,000 pupils
 October census (free school) 30 pupils

DSG funded on 1,030 pupils. However, for the first year the free school will be funded by the EFA so the 30 places are double funded.

Clarification is required regarding the funding period September to March, the estimation and funding of pupil numbers for newly opened free schools and the diseconomies of scale for new schools that are not full.

At the time of preparing this agenda item these issues have not been clarified but the LA will submit a response to this consultation by the deadline of 21st September which will be tabled at the meeting.