

Free Schools Opportunity or Threat?

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Some initial thoughts

- If all state schools were great – there would be no, or very few, fee paying schools (cf Sweden 1-2%)
- There are some great state schools – so the reason so many fail (51% A*-C inc E+M for GCSE) is down to leadership (at government and school level) and motivation of staff
- The purpose of Free Schools is to break the state monopoly on supply



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What are Free Schools?

- Run by not-for-profit trusts
- Funded by DfE on a per pupil basis
- Funded in a similar way to academies
- Capital contribution estimate £1.5k per pupil/yr
- DfE need to be convinced the Trust can run a school either by itself or with a management contractor
- No selection of pupils



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State Schools – the scale and challenges

- 3,500 secondary schools
- 17,000 primary schools
- Key Stage 2 - 72% of pupils in maintained primaries in England achieve Level 4+ combined English and Maths
- Key Stage 4 - 51% of pupils in maintained secondaries in England achieve 5 A*-C at GCSE including English and Maths
- 54 secondaries & 176 primaries in special measures
- Local authorities (esp in London) facing a perfect storm:
 - Limited capital
 - Revenue cuts of 20-25%
 - Rising pupil demand



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Agenda

- Who's who
- Probable structure
- Revenue Funding
- Capital / Property funding
- Current Status



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Who's Who?

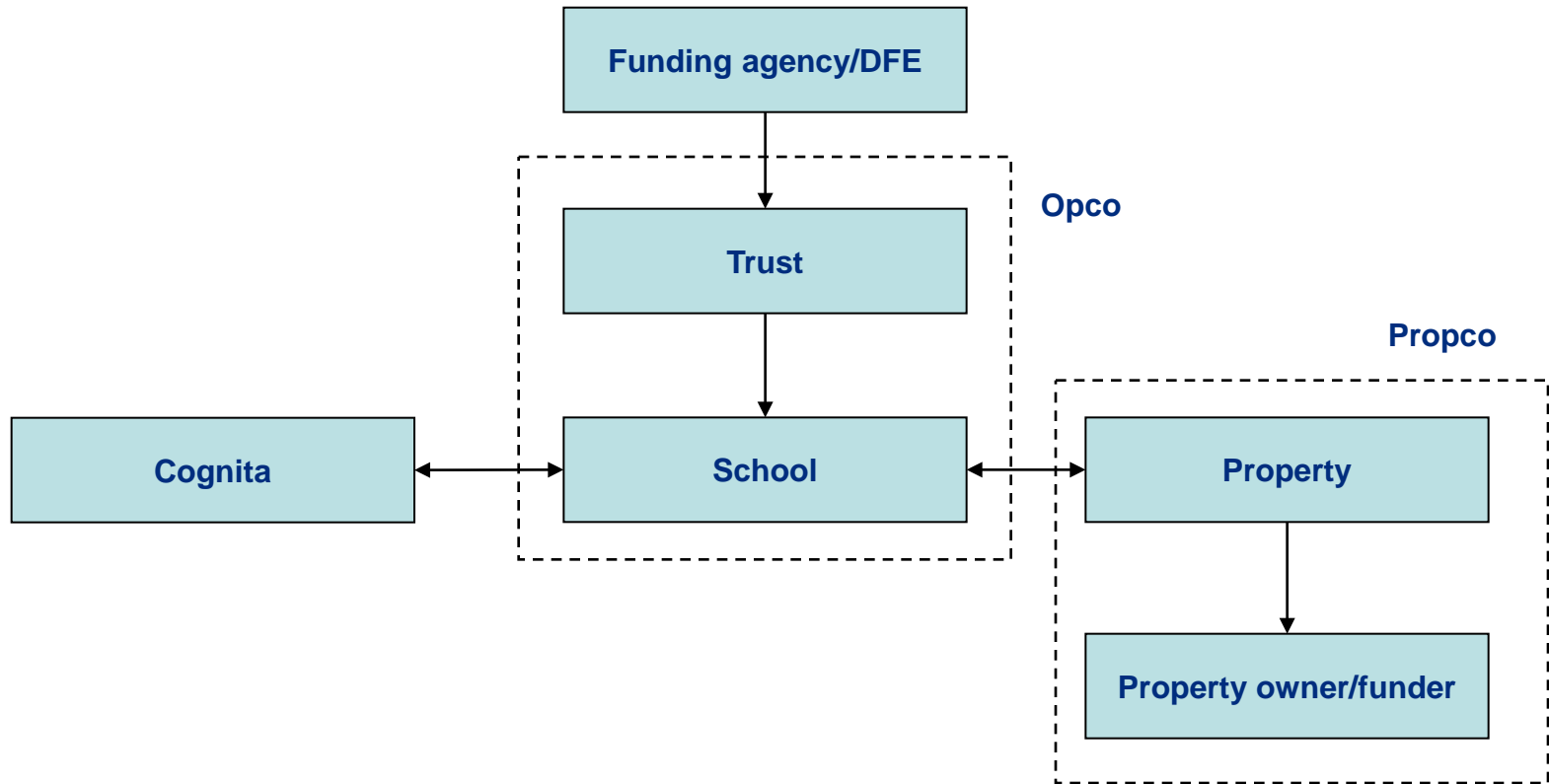
- **Ministers**
 - Michael Gove – Minister for Education
 - Nick Gibb - Schools
 - (Lord) Jonathan Hill – PUS Schools
- **Policy team**
 - Sam Freedman
 - Henry de Zoete
- **New Schools Network**
 - Rachel Wolf



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Trust funding and property model



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Revenue Funding

DSG

+

Top slice

=

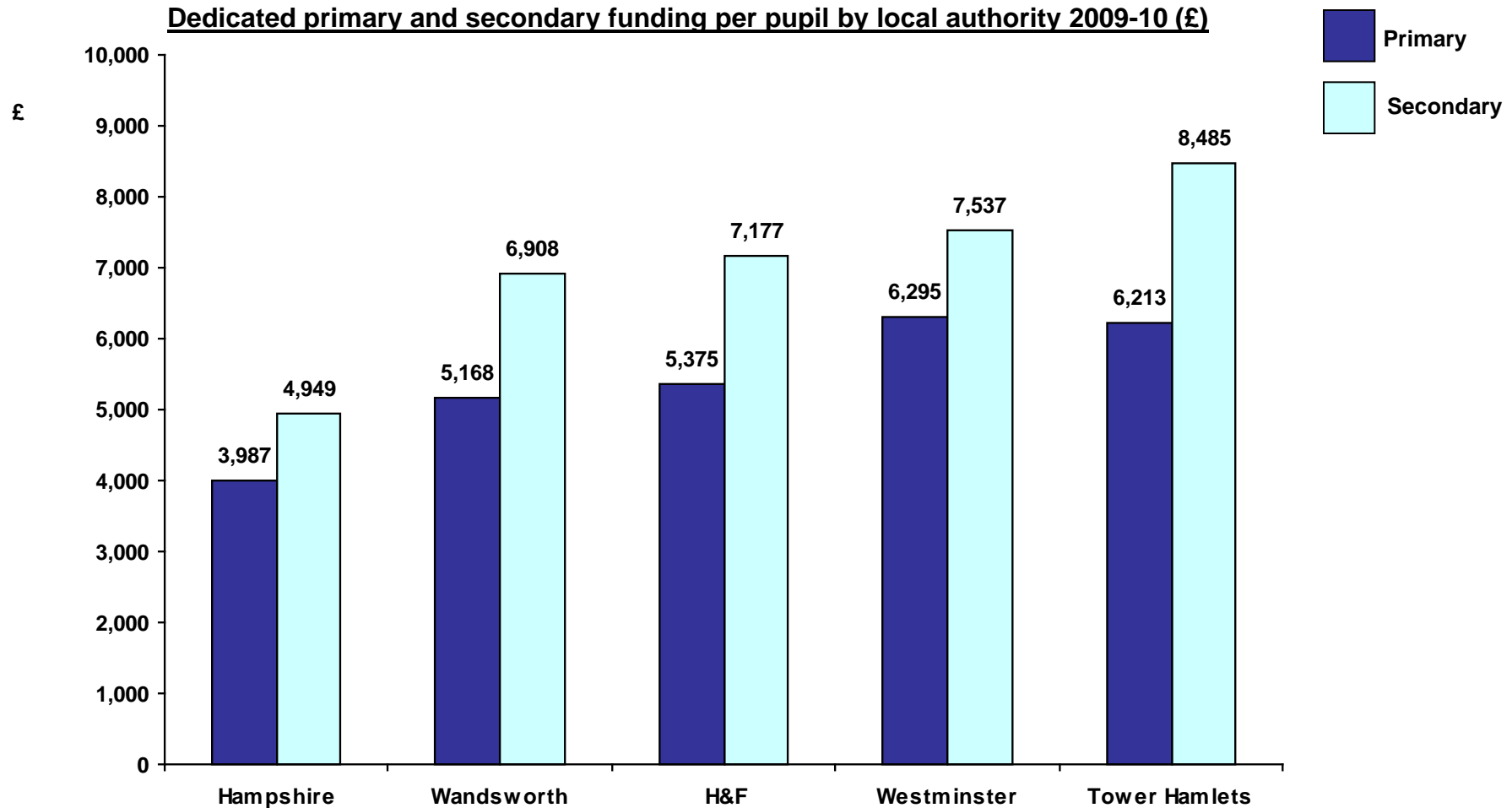
Funding per pupil



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SAMPLE OF LOCAL AUTHORITIES SHOWS THE RANGE OF DEDICATED FUNDING IN PRIMARY AND SECONDARY



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DATA FROM SHIRE, MANCHESTER AND BIRMINGHAM LEAs SHOWS THERE IS VARIATION IN TOP SLICE

LEA	Dedicated gross revenue ⁽¹⁾	LEA Top Slice ⁽²⁾	% Top Slice	Number of pupils at Jan 2009	Dedicated revenue per pupil	Top slice per pupil	Total funding per pupil
Manchester	£338,776,246	£39,039,062	11.5%	63,799	£5,310	£612	£5,922
Birmingham	£963,623,722	£61,058,170	6.3%	172,654	£5,581	£354	£5,935
Surrey	£683,791,664	£65,802,232	9.6%	138,622	£4,933	£475	£5,407
Bucks	£362,842,130	£35,451,015	9.8%	72,671	£4,993	£488	£5,481
Kent	£1,009,293,303	£85,316,790	8.5%	202,600	£4,982	£421	£5,403
Essex	£937,780,657	£86,475,040	9.2%	190,155	£4,932	£455	£5,386
Hampshire	£831,480,622	£76,916,500	9.3%	167,138	£4,975	£460	£5,435

(1) DSG plus all devolved dedicated funding

(2) All SEN provision, Learner support, Asset Management, LEA functions and non-devolved grant funding

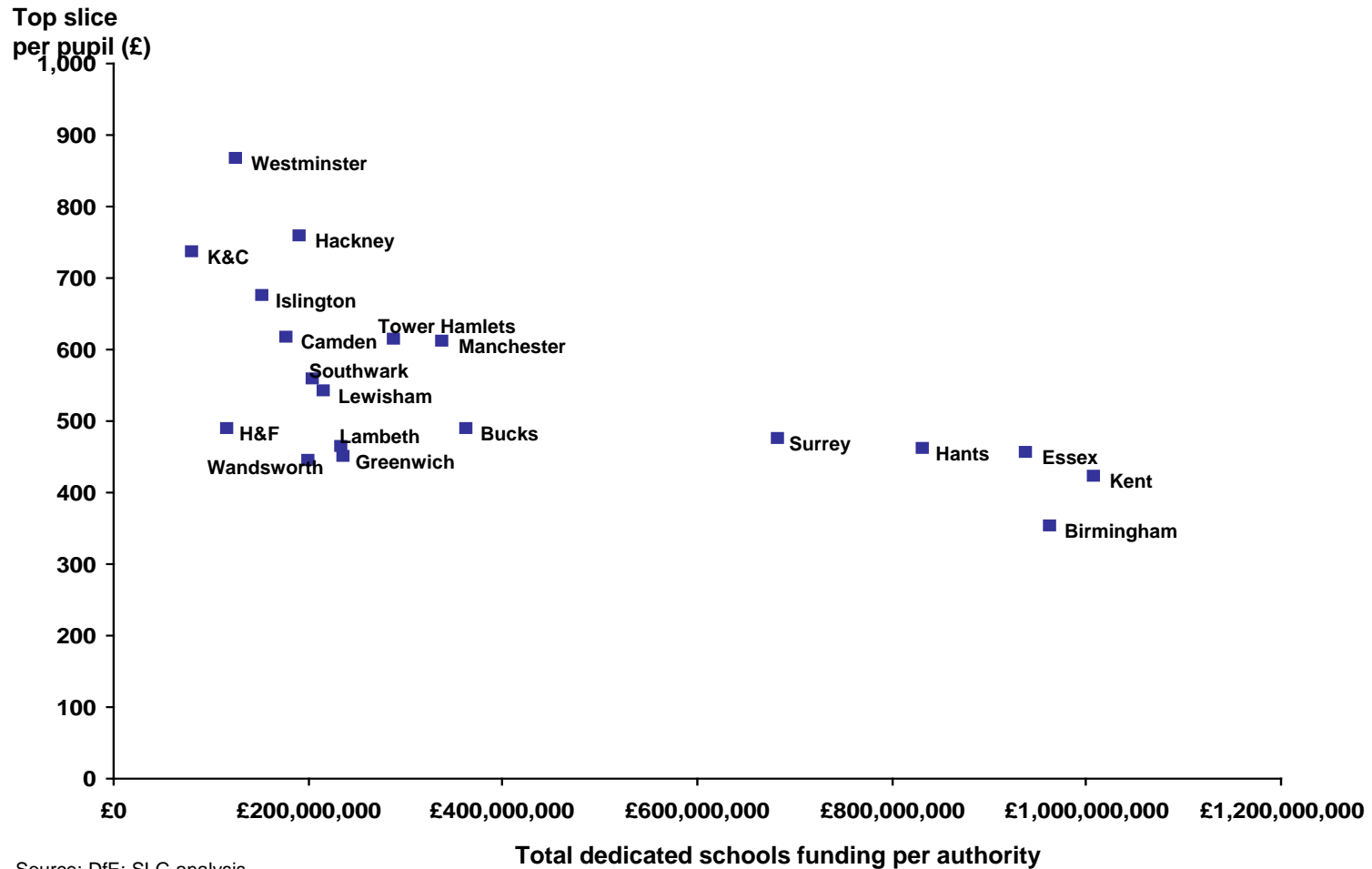
Source: DfE; Westminster Education Commission; SLG analysis



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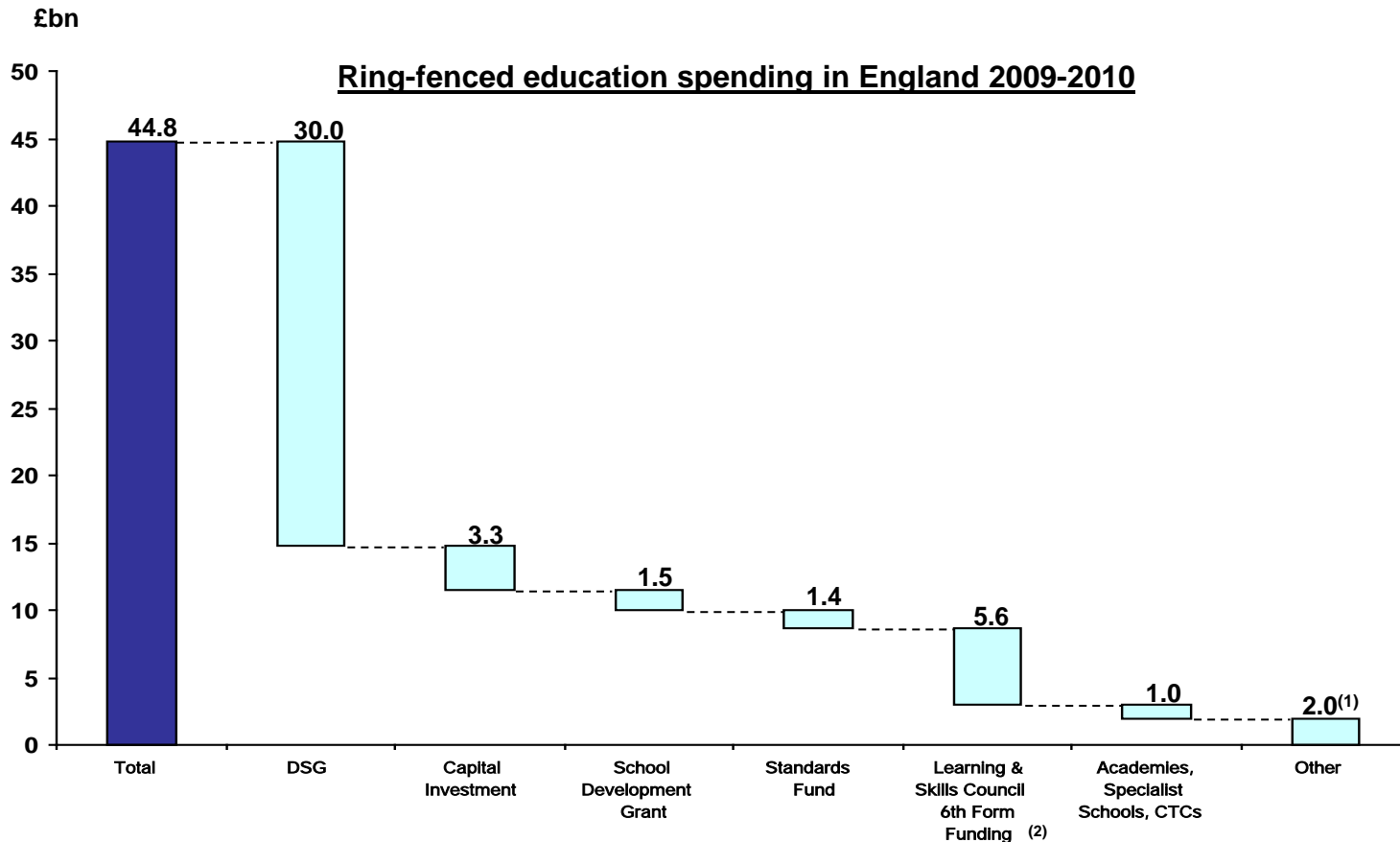
THERE ARE NO SIGNIFICANT ECONOMIES OF SCALE. LARGER LEAs ARE NOT NECESSARILY MUCH CHEAPER



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THE DSG IS NOT THE ONLY RING-FENCED SOURCE OF SCHOOLS FUNDING. IT ACCOUNTED FOR 70% OF SPENDING IN 2009/10



(1) Assumption made using 2007/08 figures inflated by growth rate in DSG over same period

(2) Now replaced by Young People's Learning Agency and Skills Funding Agency

Source: Institute for Fiscal Studies; DfE; SLG analysis



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Revenue Funding - Summary

- You can make it work but you have to pick your authority



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Capital Funding

- Understand circa £1.5k per pupil
- So with 350 pupils (2 form entry primary, 25/class) revenue when full is £525k
- With a 7% yield gives £7.5m capital
- You should be able to build/acquire and fit out a site for this



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Capital Funding

- It works but
- who takes the per pupil risk?



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Current Status

- Done
 - Announced
 - Academies Bill paves the way
 - Initial applicants have submitted plans
- To be done
 - Revenue and capital funding (CPR Oct '10)
 - Planning legislation
 - Awarding of contracts to Trusts
 - Awarding of management contracts (if any)
 - Decision on capital funding risks
 - VAT decision



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Q+A

- Opportunity or Threat?



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