



Completing the alternative provision free school 2014/15 financial template

This guidance relates to the template updated in January 2015, which uses 2014/15 funding rates but reflects changes to 2015 ESG and the base rate.

The financial template is a tool to help you to demonstrate that the education plan and staffing structure proposed are affordable within the funding available from the Education Funding Agency. It is important that it is consistent with the rest of your plans, that you use it to demonstrate how your plans will be made a reality and that your assumptions clearly show what strategic financial decisions you have made. You will need to update your financial plans on this template as your plans develop throughout the pre-opening phase.

It is important that you read the guidance in tab G1 before starting to populate the spreadsheet as it contains key information and advice.

You will also need to start by completing the cover sheet on tab G2 as the information you provide (pupil numbers, local authority, phase of school and opening date) is the data needed for your funding calculations. It is important to make sure you select the correct local authority in G2 to ensure your financial plans are using the correct funding rates.

You will also see a tab for the post-16 ready-reckoner. The data you have entered on the cover sheet, G2, and pupil numbers entered on the budget sheet, G3, will transfer to the ready-reckoner, which will calculate your funding using the national 16-19 funding formula. The resulting amount will transfer back to the budget sheet.

You will find it useful to also read the department's [guides to revenue funding](#) to further your understanding of how your funding is calculated.

Budget

Forecasts should be prepared on an academic year (September to August) basis. Please enter unrounded amounts (e.g. £15,750) when completing the worksheets. The financial template automatically calculates indicative levels of per-place funding and post-opening funding based on the information you enter. The actual funding that a school will receive in a given academic year will not be established until closer to opening and projects that progress to pre-opening will be asked to complete revised financial plans before the department enters into a funding agreement. However, at this stage it is important that you show your team can prepare complete financial plans using the financial template. This allows us to assess whether the proposed school is affordable and whether your trust has the capability to develop a robust and balanced financial plan.

You should refer to the [academies financial handbook](#) in planning your budget. For example, forecasts should be prepared on the 'accruals' basis of accounting, which means that you should recognise expenditure in the accounting period in which it is incurred, which may be earlier than when the invoice is actually paid.

Budget assumptions should be listed throughout this sheet at column P and should be consistent with the information provided in the rest of your application. You should include references to show the sources of evidence and benchmarking information used.

For example, assumptions made could include the following:

- Proposed teaching and non-teaching staff salaries are each benchmarked against other local schools.
- Pupil numbers are assumed to vary between 80% and 120% of average full-time equivalent (FTE) attendance during the year.
- The local authority has confirmed that they would commission XX places for the XX/YY academic year.

Employer National Insurance and pension contributions are each calculated with regard to HMRC and relevant pension providers' guidance.

These are just some examples of the kind of assumptions that you will want to consider including. For each line of income and expenditure you will want to think about whether additional commentary is needed to help the department understand how you have derived numbers or to highlight where approximations have been used.

The template

Section 1 - Places

Place numbers in each cell throughout the spreadsheet should be the full-time equivalent (FTE) averaged over the academic year – for instance, 20 pupils attending on a FT basis and 50 pupils attending for three days a week: total $20+30=50$ FTE places.

Please enter all FTE places for Key Stage 1 (Years Reception to 2) in row 9, Key Stage 2 (Years 3-6) in row 10, Key Stage 3 (Years 7–9) in row 11, and Key Stage 4 (Years 10-11) in row 12.

All pre-16 FTE places in alternative provision free schools will attract base funding in 2014 of £8,000 per place. From 2015, this will be £10,000. This funding will automatically pre-populate in the template when you enter the number of FTE places.

Commissioners (schools, academies and local authorities) will provide top-up funding above this base level to cover the total cost of provision. This top-up funding is based upon the pupil's assessed needs and the cost of meeting those needs in the school, and will come from the local authority or other school that commissions the place. This should be paid in or close to the real-time movement of the pupil, and will flow directly between the commissioner and the provider. Please enter the average rate you have agreed with commissioners for the pre-16 key stages for which you will cater in rows 14-17, and for post-16 in row 23.

Places for post-16 pupils will attract an allocation of mainstream funding calculated by the national 16-19 funding formula. The 16-19 rates per place will be calculated for you when you enter your total post-16 place numbers in row 20.

Free schools eligible to receive this funding, like all other providers of post-16 education funded by the Education Funding Agency (EFA), can receive an additional allocation for any high-needs

places for pupils with special educational needs. Please enter into row 21 the number of your post-16 places which will be high-needs and attract the additional funding.

An individual 16-19 place cannot attract both commissioner-led and EFA funding streams at the same time so should only be entered once. It is, however, possible to have both funding streams active at the same time as long as they are for different pupils.

You will need to provide supporting material showing evidence of your commissioners' (local authorities, schools or academies) willingness to pay your rates for pre-16 (and any post-16) places they commission.

Section 2 - Income

Education services grant (ESG)

Alternative provision free schools receive a flat-rate ESG to cover the cost of services which would previously have been provided by the local authority. In 2014, this is £525 per place; **The rate in 2015/16 will be about £326 (actual amount to be confirmed).** For pupils aged 16-19 (except in a 16-19 only institution), ESG is paid at the mainstream rate: in 2014/15 this is £140; **in 2015/16 this will be £87.**

Business rates

Alternative provision free schools receive a grant from the EFA to cover the full cost of business rates at the discounted charity rate. Row 45 will be populated once you have provided details of the rates in row 105 (in the expenditure section).

Insurance

From 2014, AP free schools are able to opt into a voluntary risk protection arrangement offered by the government at the rate of £25 per place. There is an allowance of £25 per place for insurance included in the general annual grant (GAG), so this will be cost-neutral and you should include this against the Insurance expenditure line. You are able, if you prefer, to arrange your own insurance: you should note, however, that there will be no extra funding available if it costs more than the £25 per-place amount. Any costs above this should therefore be included in your financial plan. Details of the new arrangements are [here](#) on GOV.UK.

Other income

If you expect income from sources other than the EFA please include them in your budget sheet. You should use the assumptions column (column P) to provide robust evidence on why it is realistic and achievable to assume the levels of income you have included. Any additional income would usually be used to enhance, extend, and enrich the school's offer or to save towards capital projects and should not be fundamental to the operation of the school. Schools are expected to be viable on the basis of their EFA income against projected costs.

Where a pupil who receives additional funding (for instance the Pupil Premium) is referred to an AP free school, it will be for the AP free school and commissioner to ensure that that funding follows the child. This should be built into the commissioned rate and should not form a separate income stream.

Post-opening grant

The curriculum materials (books and equipment) element will be calculated automatically using the number of places you have entered in section 1. You will receive this grant for any new places you create each year until you reach capacity.

The second element (leadership) is paid annually based on the percentage of places that are offered (compared to the final total number of places the alternative provision free school will have). For alternative provision free schools, the amount of this element of the post-opening grant will be agreed on a case-by-case basis following negotiation based on the needs of the new school. Please enter the funding you think you will need up to the point you have pupils in each year group in row 61.

Alternative provision free schools are expected to reach capacity within four years of opening so will receive the resources element of the post-opening grant for the first four years and the leadership element for the first three years.

Section 3 – Expenditure

Please enter your expenditure total under the headings: Other staff, Premises, Educational resources, Professional services and Other expenditure. We have suggested some areas where we would expect to see expenditure listed. Staff costs will be calculated automatically once the 'Staff' worksheet is completed.

It is sensible to include costs associated with depreciation of assets, excluding land and buildings. This is where items such as laptops or minibuses (but not day-to-day items) will need to be replaced. As an example, a good financial plan using the budget planning tool might show that there is a need to buy more laptops in the third year, then replace other assets in the fifth year. These assumptions should be reflected in column Q. We would expect contingency to be around 1% of overall income.

The DfE website includes [schools benchmarking](#) information and [academies' spend data](#). These provide details of the non-staff costs typically incurred by maintained schools and academies. The benchmarking information on the schools benchmarking website does not cover the costs of purchasing and providing services that an academy or free school will need which would be provided by a local authority to its maintained schools. You can access information on the schools benchmarking website by using the 'Guest login' link.

Staff

The information you enter here should match your proposed staffing model. Please provide details of the position, type of position, salary, allowance, pension rate and National Insurance rate in columns C-G. Columns H-O require you to input a number 0-1 setting out the full time equivalence of that role depending on whether the member of staff is full or part time. Each member of staff needs to be entered in a separate row. An example is given at the top of the sheet.

You can find out who your local government pension scheme manager is [here](#). You should contact the relevant fund manager in the first instance to get a likely estimate of the rate in your area.

You should note that from September 2015, employer contributions to public sector pensions – including the Teachers' Pension Scheme – are increasing by 2.5%.

National Insurance is not a fixed rate and varies with earnings. For further information visit [the HMRC website](#).

Education support staff are non-teachers who have an active role in supporting the education of pupils. They can include: teaching assistants; learning support assistants for pupils with high levels of SEN or who have EAL; nursery nurses; instructors; lab technicians; coaches; sports coaches; mentors; family support workers etc. Education support staff are separate from school administration staff.

The GOV.UK website includes [schools benchmarking](#) information and [academies' spend data](#). These provide details of the non-staff costs typically incurred by maintained schools and academies. You should explain in your assumptions how you have taken these benchmarks into account when setting the level of spend on staffing costs for your school. Where a financial plan using the budget planning tool indicates that a significantly greater or lesser proportion of the school budget will be spent on staffing than is typical, we would expect the financial section of the application form to set out clearly why this is appropriate for your school.

Summary sheet

This sheet will provide you with a breakdown of your funding allocation, your pupil and staff numbers, staff structure as well as giving you a set of financial ratios on strands of your expenditure against overall costs. Cells will be red-rated where your ratios and allocated spending differ from what we might expect to see; this is intended as a guide only, and not a mandatory target. Please provide any notes or reasoning in column P.