



Completing the special 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 post-opening grant rates.

The financial template is a tool to help you to demonstrate that your 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:

- Employer National Insurance and pension contributions are each calculated with regard to HMRC and relevant pension providers' guidance.
- The local authority has confirmed that they would be prepared to pay £XXX per academic year on top of the per-place funding the school will receive for a full-time place for a child who has moderate learning difficulty.

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

Budget sheet section 1 - Places

You will need to provide supporting material showing evidence of your local authorities' willingness to pay your rates for pre-16 (and any post-16) places they commission for this stage of your application.

Places in each cell throughout the spreadsheet should be the full-time equivalent (FTE) averaged over the academic year.

Please enter all FTE primary places in rows 11, 18, 25, 32 and secondary places in rows 12, 19, 26, 33. **Please include the number of places for post-16 pupils who have statements of SEN or Education, Health and Care Plans (EHC) within your secondary rows.**

All places for pre-16 and post-16 pupils with statements of SEN or EHC plans in a special free school attract per-place funding. This amount will pre-populate the template when you enter your place numbers.

Schools will also receive top-up funding for each pupil placed in the free school, based on the pupil's assessed needs and the cost of meeting those needs in the school. That top-up funding comes from the local authority that commissions the place.

This top-up funding will be paid in or close to the real-time movement of the pupil, and will flow directly between the local authority and the special free school. Please enter the average rate you have agreed with commissioners for the pre-16 key stages for which you will cater in rows 13-14, 20-21, 27-28 and 34-35.

Places for post-16 pupils without statements or EHC plans will attract an allocation of mainstream funding calculated by the national 16-19 funding formula. This figure will automatically be calculated when you enter your total post-16 place numbers in row 39. Please provide your assumptions in column P.

In the first year, post-16 high-needs place numbers will be based on estimates agreed with the local authorities commissioning places. You should enter into row 40 the number of your post-16 places which will be high-needs, and therefore attract the additional funding.

A special free school may also have an element of non-statemented (or without EHCP) pre-16 provision, and this will attract an allocation of funding calculated by the local funding formula. You will need to use the mainstream financial template to calculate the funding for mainstream pre-16 places, and then include any funding you will receive in row 76. Please provide any commentary in column P. *Please note: currently the pre-16 ready-reckoner will include a lump sum, to which special free schools are not entitled. You will need to deduct the lump sum from the amount you transfer from the mainstream template to your finance plan.*

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

Budget sheet section 2 - Income

Education services grant (ESG)

Special free schools receive a flat-rate ESG per place to cover the cost of services which would previously have been provided by the local authority. In 2014, this is £595 per statemented (or EHCP) place and £140 per non-statemented (without EHCP) place; in 2015 it will be around (actual amount to be confirmed) £370 per statemented place (or EHCP) and £87 per post-16 and non-statemented (without EHCP) place.

Business rates

Free schools receive a grant from the EFA to cover the full cost of business rates at the discounted charity rate. Row 72 will be populated once you have provided details of the rates in row 132 (in the expenditure section).

Insurance

From 2014, special free schools are able to opt into a voluntary risk protection arrangement provided 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.

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.

Special free schools opening from 2015 onwards will receive a fixed-rate leadership grant. This will automatically be entered on the template.

Budget sheet 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 sheet

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 your assumptions 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.