



## Completing the mainstream and 16-19 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. This template covers all phases of mainstream free schools, including 16-19 institutions. 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 tabs for the pre-16 and post-16 ready-reckoners. The data you have entered on the cover sheet, G2, and pupil numbers entered on the budget sheet, G3, will transfer to one or both of the pre-16 and post-16 ready-reckoners, which will calculate your funding using your local authority's pre-16 funding rates or the national 16-19 funding formula. The resulting amounts 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 pupil 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, it is important that you show your team can prepare complete and viable financial plans using the financial template. This will indicate 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 Q and should be consistent with the rest of your plans. You should include references to show the sources of evidence and benchmarking information used.

For example, assumptions made could include the following:

- Pupil recruitment is assumed to grow at a steady rate until steady state is reached.
- Proposed teaching and non-teaching staff salaries are each benchmarked against other local schools.
- Employer National Insurance and pension contributions are each calculated with regard to HMRC and relevant pension providers' guidance. Note: employer contributions to public sector pensions will increase to 2.5% from September 2015.
- Expenditure on heating based on information provided by current occupant
- Sixth-form provision assumed to follow fifth year of pupil recruitment in secondary school

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 - Pupil numbers

The age range you have selected on the cover sheet will dictate your funding, and the template will automatically bring up the age-relevant rows into which you need to enter your pupil numbers. Please enter the total number of pupils that will be enrolled in your school, per year. These numbers should include both new intakes as well as pupils already attending the school. The information will transfer to the relevant pre- or post-16 ready-reckoner, which will calculate your funding, and display it on the budget sheet. The ready-reckoners will display full details of how your funding is made up, according to your local authority's local funding rates.

Although free schools are not funded for nursery places, they will receive some grant funding for nursery places (see below), so you should enter in the relevant row the number of FTE nursery places you will offer.

Funding for primary and 11-16 pupils is also affected by the characteristics of a school's intake. The ready-reckoner will pre-populate your expected percentage uptake for deprivation factors, such as free school meals (FSM) and looked-after children, based on local authority averages. Where the characteristics of your intake are likely to be different from the LA average, you have the opportunity to override the pre-populated figures for each of the LA formula factors on the pre-16 ready-reckoner in the green cells. This should only be completed by exception where there is clear evidence that the characteristics of the pupil intake will differ from the LA average, which will be unlikely before you open. If you do override the LA average, please note that the template will apply your figure to the first year only. It calculates deprivation funding for subsequent years based on the

LA average: you can calculate the extra funding you could receive after year one (manually, based upon the year one funding) and show in 'other income'. If you do not hold the required data, leave the cells blank and the averages for the LA will automatically be multiplied by the pupil numbers you entered on the budget sheet. Note: it is especially unlikely that free schools will be able to provide estimates with any accuracy for IDACI or prior attainment at this stage.

## **Budget sheet section 2 – Income**

### **Education services grant**

Mainstream free schools (not 16-19 institutions) receive a fixed per-pupil education services grant (ESG) to cover the cost of services which would previously have been provided by the local authority. In 2014, this is £140 per pupil; **in 2015 it will be £87 per pupil.**

### **Nursery income**

Free schools do not receive funding for nursery places, but if you intend to provide nursery places, you will receive the ESG per FTE nursery place. To receive funding for nursery places (other than ESG), you need to register with the local authority which will provide funding for the free entitlement (up to 15 hours per week) for three and four-year-olds, and some of the most deprived two-year-olds. Your free school budget must not depend on funding received for the nursery provision. You may charge for nursery provision: please show any resulting income as Other income, and include a line in the Other expenditure section to represent all expenditure related to your nursery. This will then ensure that the nursery is cost neutral for the purposes of your free school budget. Please note there are strict guidelines for charging for additional nursery provision, as set out in [Annex A of the How to apply guide](#), which you should discuss with us if you are successful.

### **Business rates**

Free schools receive a grant from the EFA to cover the full cost of business rates at the discounted charity rate. Row 34 (in the income section) will be populated once you have entered details of the rates in row 96 (in the expenditure section).

### **Insurance**

From 2014, free schools are able to opt into a voluntary risk protection arrangement offered by the government at the rate of £25 per pupil. There is an allowance of £25 per pupil for insurance included in the general annual grant (GAG); you should show this figure as insurance in the expenditure section. 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 pupil amount. Any costs above this should therefore be included in your financial plan. Details of the new arrangements are [here](#) on GOV.UK.

### **Universal infant free school meals**

All infant pupils in years Reception to Y2 are entitled to a free school meal from September 2014. Extra funding is available for the provision of meals to those pupils who would not otherwise be eligible for free school meals. Pupils who meet the existing criteria for free school meals still attract deprivation funding, and this will be taken into account in the methodology for calculating the new funding.

It is, however, intended to be cost-neutral and should not impact upon your planning, so should not be included in your financial plans.

## **Other income**

If you expect income from sources other than the EFA (e.g. fundraising) please include them in your budget sheet. You should use the assumptions column (column Q) 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 your pupil number entries. You will receive this grant for any new pupils you take each year until you reach capacity.

Your leadership grant will be calculated automatically by putting in the number of empty cohorts you will have each year. An empty cohort is a year group between reception and year 11 – sixth-form year groups are not included in this calculation – which the school intends to have when at full capacity but which in the early years has no pupils in it. Independent schools will not normally be eligible for a leadership grant.

16-19 free schools opening from September 2015 will receive a fixed-rate leadership grant in the first two years, which will automatically be entered in 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; high-level teaching assistants; learning support assistants for pupils with high levels of SEN or who have EAL; nursery nurses; modern language assistants; 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.