



## Completing the UTC 2015/16 financial template

The financial template is a tool to help you to demonstrate that your education plan and staffing structure will be 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 find it useful to also read the [guide to new UTC revenue funding](#) to further your understanding of how your funding is calculated. Please note that a version of the guide updated for 2015/16 will be available in summer 2015.

### Budget

Forecasts should be prepared on an academic year (September to August) basis. The financial template automatically calculates indicative levels of funding based on the information you enter. The actual funding that a UTC 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.

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 must be listed throughout this sheet at column P and 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:

- Pupil recruitment is assumed to grow at a steady rate until steady state is reached.
- Employer National Insurance and pension contributions are each calculated with regard to HMRC and relevant pension providers' guidance.
- Expenditure on heating based on information provided by current occupant.

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

## Cover sheet

You will 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. The template will not work correctly if all relevant fields are not completed.

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.

## Proposition stage

If you are submitting your application to open a free school, please select 'Applicant'. Once you have received approval to proceed to the next stage, you will need to refresh your plans at key points, and should select 'Approved to pre-opening' in this box.

## Local authority

It is important that you select the correct local authority to ensure your financial plans are based on the correct funding rates.

## Risk protection arrangement

UTCs are able to opt into a voluntary risk protection arrangement (RPA) 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). If you intend to opt into the arrangement, you should select 'yes' in the drop-down box on the cover sheet. The template will calculate the amount that will be deducted from your GAG to cover RPA: this will automatically be reflected on the budget sheet in row 140.

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 equivalent of £25 per pupil. Any costs above this amount should therefore be included as expenditure in your financial plan in row 140.

Details of the new [risk protection arrangements](#) are on GOV.UK.

## Budget sheet section 1 - Pupil numbers

Please enter the total number of pupils that will be enrolled in your UTC, per year. These numbers should include both new intakes as well as any existing pupils.

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 or national post-16 funding rates.

Funding for 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 the various formula 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 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 UTCs will be able to provide estimates with any accuracy for IDACI or prior attainment at the application stage.

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

### **Schools block protection for 15/16**

As new local funding formulas are introduced, interim protection ensures that new UTCs' funding is not reduced unexpectedly or by a large amount from what they may have received if they had opened the previous year. This per-pupil funding protection limits the difference in the pupil-led factors (excluding looked-after children and mobility and all institution-led factors such as lump sum) to a reduction of 1.5% from the previous year. The template automatically calculates the amount of protected funding, if any is due.

### **Education services grant**

UTCs (not 16-19 only institutions) receive a fixed per-pupil education services grant (ESG) of £87. This grant is intended to cover the cost of services which would previously have been provided by the local authority. The amount of ESG you will receive, based on your pupil numbers, will populate in row 37.

### **Business rates**

UTCs receive a grant from the EFA to cover the full cost of business rates at the discounted charity rate. You should claim for this via the [online form](#) on GOV.UK. Row 37 (in the income section) will be populated once you have entered details of the rates in row 112 (in the expenditure section).

### **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 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 UTC's offer or to save towards capital projects and should not be fundamental to the operation of the UTC. UTCs are expected to be viable on the basis of their EFA grant income against projected costs.

### **Post-opening grant**

New UTCs receive additional funding to reflect the additional costs of establishing new publicly-funded schools. The post-opening grant provides funding in two elements: per-pupil resources; and leadership diseconomies. Please see the [guide to new UTC revenue funding](#) for further information.

The non-staffing resources element will be calculated automatically using your pupil number entries. The per-pupil rate is £500. You will receive this grant for any new pupils you take each year until you reach capacity. The template will show the amount you will receive in rows 52.

The second element (leadership) is a fixed-rate grant, which will pre-populate in the template in row 69.

**Please note:** this fixed rate will not apply to UTCs opening in September 2015 which had a signed funding in place before December 2014. They will receive this element according to the previous methodology: if 2015 is selected as opening year on the cover sheet, the rows for leadership grant will reflect this.

## 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, such as furniture, fittings and equipment, excluding land and buildings. This is where items such as specialist equipment, 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 P. We would expect contingency to be around 1% of overall income.

Visit [schools benchmarking](#) information and [academies' spend data](#) for 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 your UTC 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 expected 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-M 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 on [the LGPS website](#). 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; instructors; lab technicians; coaches; mentors etc. Education support staff are separate from administration staff.

The [schools benchmarking](#) and [academies' spend data](#) pages on GOV.UK also 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 UTC. Where a financial plan using the budget planning tool indicates that a significantly greater or lesser proportion of the UTC budget will be spent on staffing than is typical, we would expect you to set out clearly why this is appropriate for your UTC.

## Summary sheet

This sheet will provide you with key financial indicators using benchmarked figures for your pupil and staff numbers and staff structure as well as giving you a set of financial ratios on strands of your expenditure against overall costs. We will be particularly looking at the annual surplus/deficit (including POG) in row 9. 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 N.