



Department  
for Education

# **Completing the mainstream and 16 to 19 free school 2018 to 2019 financial template**

**May 2018**

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## Introduction

This template covers all phases of mainstream free schools, including institutions which provide for 16 to 19 pupils only.

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 and Skills Funding Agency (ESFA). 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.

We would encourage you to use the **Checklist at the front of the template** before submitting financial plans to the department. The checklist highlights areas we commonly see incorrectly completed or overlooked resulting in delays in clearing plans.

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

You may also find it useful to read the [guide to new mainstream free school revenue funding](#) or [guide to new 16 to 19 free school revenue funding](#) to further your understanding of how your funding is calculated.

# Completing the template

## Cover sheet

You will need to start by completing the cover sheet on tab G2 (for example, local authority, age range of school, capacity when full, opening date etc). The template will not work correctly if all relevant fields are not completed.

Depending upon the age-range selected, you will see tabs for the **pre-16 and/or post-16 ready-reckoners**.

The data you have entered on the cover sheet will transfer to one or both of the pre-16 and post-16 ready-reckoners, which will calculate your indicative funding using the 2018 to 2019 local authority pre-16 funding rates or the national 16 to 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'

### Local authority

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

### Independent schools

Independent schools converting to become free schools will not usually receive post-opening grant funding. If your school is an existing independent, you should select 'yes' in the relevant drop-down box to ensure your funding is calculated correctly.

### Risk protection arrangement

Free schools are able to opt into a voluntary risk protection arrangement (RPA) offered by the government at the current rate of £20 per pupil. There is an allowance of £20 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 as an expenditure line on the budget sheet.

You are able to arrange your own insurance if you prefer. However, you should note that there will be no extra funding available for this. Any insurance costs should be recorded in the expenditure section of the budget sheet.

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

## Pupil Numbers sheet

The template will automatically display the age-relevant rows (based on information selected on the cover sheet) into which you need to enter your pupil numbers. You should enter the number of pupils estimated to be present in each year group, for each academic year. These numbers should include both new intakes as well as pupils already attending the school.

## Budget sheet

### Overview

The Budget sheet shows the school's indicative income, and is to be used to plan your expenditure.

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, using the 2018 to 2019 funding rates. The actual funding that a school will receive in a given academic year will not be established until closer to opening.

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 consistent with the rest of your plans and should be detailed throughout this sheet in the 'Assumptions/Rationale' column. Where relevant, 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.
- Expenditure on heating is based on information provided by current occupant.

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.

### Section 1 – Pupil Numbers

This section is automatically populated from the information you have provided on the Pupil Number sheet.

### Section 2 – Income

Income is calculated by the pre- and/or post-16 ready-reckoners (separate tabs within the template), and the results are shown in the Income section of 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 (pre-16) and national rates (16 to 19). For more detail on how revenue funding is calculated for free schools, please refer to the [guide to new mainstream free school revenue funding](#) or [guide to new 16 to 19 free school revenue funding](#).

## Nursery income

Free schools do not receive funding under the free school programme for nursery places. To receive funding for government funded nursery places, free schools should register with their local authority, who may provide funding for the government entitlements where appropriate. Please refer to the [guide to new mainstream free school revenue funding](#) for information on the funding of nursery provision.

Free schools may also, subject to their funding agreement, charge for nursery provision over and above government funded hours. 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.

## Business rates

Free schools receive a grant from ESFA 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.

The income section includes a row for “ESFA rates grant”. This row will be populated automatically when you enter details of rates in the expenditure section (listed under ‘Premises’).

## Universal infant free school meals (UIFSM)

All infant pupils in years Reception to Y2 are entitled to a free school meal. Extra funding is available for the provision of meals to those pupils who would not otherwise be eligible for benefits related 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 funding.

Profit should not be made from UIFSM, it is intended to be cost-neutral. Where funding for UIFSM is included in your plan, then the same amount of expenditure should also be included.

## Other income

If you expect income from sources other than the ESFA (for example, fundraising) please include them in your budget sheet. You should use the assumptions/rationale column to provide 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 ESFA grant income against projected costs.

## Post-opening grant (POG)

New central route free schools receive additional funding to reflect the additional costs of establishing new publicly-funded schools; Post-Opening Grant (POG). Please note that the ESFA does not pay POG to free schools being set up through the local authority presumption route, or independent converters. The post-opening grant provides funding in two elements: per-pupil resources; and leadership grant. Please see the [guide to new mainstream free school revenue funding](#) and [guide to new 16 to 19 free school revenue funding](#) for further information.

The template automatically calculates POG based on the information you have provided on the pupil number sheet. The resources element is based on the number of new pupils each year until the school reaches capacity. The leadership element for primary, secondary and all-through schools is based on the number of empty year groups each year, between reception and year 11 (sixth-form

year groups are not included in this calculation). Independent schools will not normally be eligible for a leadership grant.

16 to 19 free schools receive a fixed-rate leadership grant in the first two years, which will automatically be entered in the template.

### 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 the replacement/renewal 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 detailed in the assumptions/rationale column.

We would expect contingency to be around 1% of overall income.

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. 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.

### Pre-16 Ready Reckoner

Funding for primary and 11 to 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. It is especially unlikely that free schools will be able to provide estimates with any accuracy for IDACI or prior attainment at the application stage. Please note that if you plan to have only reception pupils in any given year, you will not receive funding based upon the prior attainment factor.

### Post-16 Ready Reckoner

Funding for 16 to 19 provision is affected by a number of factors. For new schools, the default is that funding for the first two years is based on national or local authority level averages. New free schools planning to offer 16 to 19 provision in their first two years of opening will be asked to submit a short business case in the spring before they open to provide evidence to support their assumptions about the characteristics to be reflected in the formula. Where the ESFA agrees to

variations from the national or local authority averages, the agreed factors should be included in the post-16 ready-reckoner.

## 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 the respective columns. 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 [the LGPS website](#) website. You should contact the relevant fund manager in the first instance to get a likely estimate of the rate in your area.

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 special educational needs (SEN) or who have English as an additional language (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 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 you to set out clearly why this is appropriate for your school.

## Summary sheet

This sheet provides some key summary information based on the information provided in the template including: surpluses and deficits; staff / pupil ratios; income; expenditure; and average salaries. Certain cells will flag as red where your ratios and planned 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 the assumptions/rationale column.



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