



Department
for Education

Completing the mainstream and 16 to 19 free school 2021 to 2022 financial template

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Contents

Introduction	3
Completing the template	3
Cover sheet	3
Pupil numbers sheet	5
Budget sheet	5
Overview	5
Section 1 - Pupil numbers	6
Section 2 - Income	6
Pre-16 ready-reckoner	8
Post-16 ready-reckoner	9
Staff sheet	9
Summary sheet	10

Introduction

1. The 2021 to 2022 mainstream free school financial template covers all phases of mainstream free schools, including institutions which provide for 16 to 19 pupils only.
2. 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 be 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 preopening phase.
3. 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.
4. 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.
5. You may also find it useful to read the [guide to new mainstream free school revenue funding](#) or the [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

6. 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 month/year etc). The template will not work correctly if all relevant fields are not completed.
7. If the school is set up through the local authority presumption route, you will need to select 'Yes' from the drop-down box. This will automatically remove post-opening grant from calculations, as this does not apply to presumption schools.
8. The data you have entered on the cover sheet and pupil place numbers sheet will transfer to the pre-16 and post-16 ready-reckoner sheets, which will calculate your indicative funding using the 2021 to 2022 local authority pre-16 funding rates and/or the national 16 to 19 funding formula. The resulting amounts will transfer back to the budget sheet.

Proposition stage

9. If you are submitting your application to open a free school, please select 'Applicant group'. 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 Group'.

Local authority area

10. It is important that you select the correct local authority to ensure your financial plans are based on the correct funding rates.
11. Some aspects of the funding calculations are based on rates and figures from the previous year (2020 to 21). The local authorities North Northamptonshire and West Northamptonshire did not exist in that year; in those cases the defunct Northamptonshire local authority is used for previous year calculations.

Proposed opening date

12. You may select a month of opening. If the month is any other than September, most income and expenditure calculations on the budget sheet will be pro-rata, depending on the number of months the school will be open in that academic year. For example, opening in December means the school will be open for 9 months of the year instead of 12, so funding amounts will be multiplied by a factor of 9/12. **Any month other than September is unlikely to be used for mainstream and 16 to 19 schools.**

Independent converter

13. We don't currently have any independent converter schools so this should always have 'no' selected in the drop-down box.

Risk protection arrangement (RPA)

14. Free schools are able to opt into a voluntary risk protection arrangement (RPA) offered by the government. This is £19 per pupil from 1 September 2021. The template will calculate the amount that will be deducted from your general annual grant (GAG) to cover RPA: this will automatically be reflected as an expenditure line on the budget sheet.
15. 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. If you intend to opt out of RPA, you should select 'no' in the drop-down box and let your delivery officer know your reasons for doing so.
16. Details of the [risk protection arrangement](#) are available on GOV.UK.

Pupil numbers sheet

17. 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.
18. The template will highlight in blue which rows are relevant for your school type, and in grey those which are irrelevant. For example, if you chose “Primary” on the cover sheet, then the rows for reception through to year 6 will be shaded blue, while the rows for year 7 through to year 13 will be shaded grey. You should only type pupil figures into the rows which are relevant for your school type. Adding pupil places into year groups which are invalid for your school type may result in nonsensical results later in the template.
19. This sheet now also includes an additional table to show if your local authority has agreed to underwrite/guarantee pupil numbers. This is so that DfE and ESFA understand what special arrangements may be in place with the local authority for your school. **You only need to fill this in if the local authority has agreed to underwrite any places.** If you are unsure whether this is applicable to you, you should discuss with your delivery officer before completing.
20. The figures that are actually used for funding calculations later in the workbook (the “Effective” pupil numbers) are whichever has the greater total for that funding year.
21. For example, if you input 40 pupils in total in the 2021 to 22 column in the “Mainstream places” table, and 50 pupils total in the 2021 to 22 column in the “Guaranteed places” table, the “Effective places” table will use the “Guaranteed places” 2021 to 22 column. But at the same time, if there are 60 pupils for 2022 to 23 in the “Mainstream places” table and 55 pupils for 2022 to 23 in the “Guaranteed places” table, the “Effective places” table will use the “Mainstream places” 2022 to 23 column. So, the overall “Effective places” table may contain a mixture of data from both input tables.

Budget sheet

Overview

22. The budget sheet shows the school’s indicative income and is to be used to plan your expenditure.
23. 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 2021 to 2022 funding rates. The actual funding that a school will receive in a given academic year will not be established until closer to opening.
24. 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.

25. 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.

26. 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.

27. 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

28. This section is automatically populated from the information you have provided on the pupil number sheet.

Section 2 - Income

29. Income is calculated by the pre- and post-16 Ready-Reckoners (separate tabs within the template), and the results are shown in the Income section of the budget sheet.

30. The Ready-Reckoners will display full details of how your funding is calculated, 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 sections about the pre- and post-16 Ready-Reckoners later in this document, or the [guide to new mainstream free school revenue funding](#) or the [guide to new 16 to 19 free school revenue funding](#).

Business rates

31. Free schools receive a grant from ESFA to cover the cost of business rates at the discounted charity rate. You should claim for this via the [online form](#) on GOV.UK.

32. 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').

Additional ESFA/DfE funding

33. There is an additional section for manual entry of any additional grants the school may receive, for example: universal infant free school meals, PE and sports premium etc. Information on other grants is available in the [guide to new mainstream free school revenue funding](#) and the [guide to new 16 to 19 free school revenue funding](#). Where you choose to enter other grants, please use the boxes provided to include explanations of what assumptions you have made in calculating these.

Universal infant free school meals (UIFSM)

34. State-funded schools in England are required by law to provide free lunches to infant pupils (in reception, year 1 and year 2) who are not otherwise entitled to benefits-related free school meals. Extra funding is available for the provision of meals to those pupils who would not otherwise be eligible for benefits related free school meals.

Please refer to the [guide to new mainstream free school revenue funding](#) for more information on UIFSM funding.

35. 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.

Nursery income

36. 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.

37. 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.

Other third party income

38. If you expect income from sources other than the ESFA (for example, lease of school playing fields or local authority diseconomies funding for presumption schools) 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)

39. New central route free schools receive additional funding, via POG, to reflect the additional costs of establishing new publicly funded schools. The POG provides funding in two elements: per-pupil resources; and leadership grant. Please see the [guide to new mainstream free school revenue funding](#) and the [guide to new 16 to 19 free school revenue funding](#) for further information.
40. Free schools set up through the local authority presumption route are not eligible for POG. You should liaise with the local authority to agree what, if any, post-opening/diseconomies funding the local authority will provide when the school opens.
41. 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).
42. 16 to 19 free schools receive a fixed-rate leadership grant in the first 2 years, which will automatically be entered in the template.

Section 3 - expenditure

43. 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.
44. 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.
45. We would expect contingency to be around 1% of overall income.
46. 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.

Pre-16 ready-reckoner

47. If you have no pre-16 pupils, **this sheet is not relevant to you and you may ignore it.** It will contribute no funding to the budget sheet (except possibly for the lump sum factor).

48. 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 local authority average, you have the opportunity to override the prepopulated figures for each of the local authority formula factors on the pre-16 ready-reckoner in the blue cells in the table on the left hand side of the sheet. This should **only be completed by exception** where there is clear evidence that the characteristics of the pupil intake will differ from the local authority 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 local authority will automatically be multiplied by the pupil numbers you entered on the budget sheet. Once open, if the school's actual pupil characteristics reported in the October census mean that the school is due additional funding, the ESFA will provide this through the pupil number adjustment (PNA) process.
49. It is especially unlikely that free schools will be able to provide estimates with any accuracy for income deprivation affecting children index (IDACI) or prior attainment at the application stage.
50. Projects in preopening who plan to enter alternatives should discuss with the delivery officer before doing so.

Post-16 ready-reckoner

51. If you have no post-16 pupils, **this sheet is not relevant to you and you may ignore it**. It will contribute no funding to the Budget sheet.
52. Funding for 16 to 19 provision is affected by a number of factors. For new schools, the default is that funding for the first 2 years is based on national or local authority level averages. New free schools planning to offer 16 to 19 provision in their first 2 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

53. The information you enter here should match your expected staffing model. Please provide details of the position, type of position, salary, allowance, pension rate in the respective columns and National Insurance (NI) category, from the drop-down list. Each member of staff needs to be entered in a separate row. An example is given at the top of the sheet.
54. 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.

55. NI contributions are dependent on the employees NI category. Guidance on NI categories and rates is available [here](#).
56. 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.
57. 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

58. 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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