



Department  
for Education

# **A guide to new mainstream free school revenue funding 2022 to 2023**

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## Introduction

This guide sets out how revenue funding for new free schools will be calculated and paid based upon funding rates for the 2022 to 2023 academic year. It is primarily aimed at free schools opening in the 2022 to 2023 academic year. However, it will also be a useful guide for schools opening in future years. It is important to note that funding may change annually.

This guide also sets out the importance of good financial health and the financial governance and accountability requirements for trusts. The pre-opening [financial management and governance self-assessment](#) tool is a helpful tool for trusts to assess a free school's financial governance and compliance prior to opening.

The following funding will be available in 2022 to 2023 to mainstream free schools upon opening:

- local pre-16 formula funding
- national 16 to 19 formula funding
- pupil premium
- business rates grant
- high-needs funding
- teachers' pay grant
- teachers' pension employer contribution grant
- universal infant free school meals
- PE and sport premium
- post-opening grant (free schools set up through the local authority presumption route are not eligible for this grant)

Each is described in more detail later in this guide.

This guide does not cover:

- funding for special free schools, alternative provision free schools, or 16 to 19 free schools, for which separate guides are available
- free schools open before September 2022 (who will be receiving updates on future funding arrangements from the Education and Skills Funding Agency (ESFA))
- any initial funding which may be provided by the department to help free school proposers to develop their projects before the opening of the school (i.e. project development grant). Further information on project development grant (PDG) is available in the [Free schools: pre-opening guide on GOV.UK](#).
- capital funding (and within this is any ongoing annual costs of leasing premises)
- Value Added Tax (VAT) - open academies and free schools do not receive a separate grant to cover these costs, but will be able to claim back, when open, any VAT paid in respect of their non-commercial activity, directly from Her Majesty's Revenue and Customs (HMRC) via the VAT scheme for academies.

# School resource management and planning overview

## School resource management

Effective schools make the best use of resources, ensuring that every pound is used to have maximum impact for their pupils and the school. Schools that do this well tend to:

- plan their curriculum and finances in a combined exercise, known as integrated curriculum and financial planning (ICFP) which allows them to base their financial planning on delivering educational outcomes, rather than as a separate consideration - ICFP can help analyse the most effective deployment of staff, for example, it can help model the impact of flexible working arrangements on your budget to make the best decision for your curriculum and finances while being inclusive of staff needs
- have a strategic approach towards financial planning for the longer term (3 to 5 years)
- deploy their staff effectively and efficiently, linked to their long-term plan
- have robust challenge from financially skilled governors and head teachers
- have skilled staff responsible for managing finances, who have experience of seeking best value for money when procuring
- have transparent financial systems and processes that encourage constructive challenge within and between schools

The [School resource management collection](#) offers a variety of resources and guidance to support all schools to target their resources to improve the education of pupils.

It includes DfE [approved frameworks](#) that help save money on regular purchases such as furniture, cleaning services, and ICT and support schools to buy compliantly through quality checked suppliers.

The [Risk Protection Arrangement](#), an alternative to commercial insurance and the [supply teacher and agency worker deal](#) which makes fees and mark-ups transparent and removes the temp-to-perm fee after 12 weeks of working for you.

Support for buying can be found through [Get Help Buying for Schools](#), which is a national service providing free access to general advice and guidance, aggregation opportunities and in some instances will undertake complex procurement on behalf of schools.

Other tools that support [excellent resource management include the financial benchmarking service](#), which allows schools to compare their spending patterns to schools in similar circumstances, and the [View My Financial Insights \(VMFI\)](#) tool which gives schools an insight into their financial performance, identifies areas that may require further attention and matches the data with relevant guidance and resources.

The [Teaching Vacancies site](#) allows schools to advertise their vacancies for free.

There is also support and [guidance on financial efficiency](#) to help school leadership teams, including a [curriculum planning tool](#).

Through the [Get Help With Technology](#) page, schools can get support to access laptop, tablets and internet solutions, and get their school set up on a free digital platform.

The [schools resource management: top 10 planning checks for governors](#) guidance contains information to help schools manage their resources efficiently to deliver good educational outcomes. In particular, schools will want to use the important metrics contained within the planning checks to consider the affordability and value of the proposed curriculum and staffing plans

To receive regular updates about the school resource management tools, support and guidance, schools can sign up to DfE's [schools business professionals contact list](#)

School Resource Management Advisers (SRMA) are practising sector financial experts. They provide peer-to-peer tailored advice on how schools and trusts can make best use of resources to deliver the best possible educational outcomes for their pupils. ESFA fully funds SRMA visits to academy trusts and if you are interested in working with a SRMA you should [contact ESFA](#). More information about how SRMAs work with schools and academy trusts can be found in the [Preventing financial failure in schools and academies](#) on GOV.UK.

## Financial planning

Free schools should plan their expenditure using the most up to date [financial template](#) to ensure that it is affordable within the funding provided. This should be an on-going process with financial plans updated as plans for the school are more fully developed, staff are appointed, site plans are developed and other costs are more firmly established. Projects should also refresh financial plans as further details of funding arrangements are confirmed and review them regularly to ensure they reflect the likely number of pupils based on the number of applications. In doing this, they will want to make sure they are aware of funding arrangements for each new academic year.

The department will need assurance that free schools are on-course to be financially viable on opening. In order to provide a sustainable, broad and balanced curriculum, there is a presumption that primary provision should have a minimum of 2 forms of entry of 30 pupils (total of 60), and secondary provision (years 7 to 11) have a minimum of 4 forms of entry of 30 pupils (total of 120). Financial plans are not expected to be based on fewer pupil numbers unless otherwise agreed with the department.

For local authority presumption free schools, the local authority and trust are required to determine the minimum viable number of the school, i.e. the minimum number of pupils required in order to be financially viable. The department expects local authorities to

provide sustainable underwriting arrangements for presumption schools in support of the pupil forecasts agreed between the trust and the local authority.

If applying to open a free school you may be required to complete a financial plan for the proposed school. All applications, including those with an innovative or new approach, must demonstrate that the school will be financially viable. You can find the full criteria against which we will judge financial viability of free school applications in the [how to apply guide](#).

Free schools in pre-opening will be asked to share their current financial plans with the department before entering into a funding agreement. This should include a version modelled around the minimum number of pupils required in order to deliver an educationally and financially viable offer. The minimum viable number should not be lower than the numbers stated in paragraph 17.

Financial plans will need to be resubmitted ahead of the school's readiness to opening meeting (ROM) and should be based on the latest available number of accepted offers. Please note that at post-16, an adjustment of at least -30% should be applied to take account of historical drop out between accepted offers and start date, due to students being able to hold multiple offers. It should also be noted that not all 16 to 19 students progress from Year 12 to Year 13; this drop off is typically around 15%. (The details included in this plan will be used in order for draft funding statements to be issued).

Projects should submit their plans with evidence to underpin their pupil number assumptions which must be realistic and achievable. The department will want to see that as far as possible the plans reflect the school's income based on the best estimates of available grants, the school's outgoings and the likely number of pupils. Plans should show that the school will not go into deficit at any point.

Plans should be based on the most up-to-date available estimates of grant funding. The free school [financial template](#) containing 2022 to 2023 funding rates is available from the department and will calculate indicative General Annual Grant (GAG) funding using the up-to-date funding rates.

## **Annual revenue funding for free schools**

Except where stated below, the funding for each free school will be calculated and paid by ESFA. Pre-16 and 16 to 19 funding will be paid monthly in equal instalments. With the exception of the school's first month of opening, when the school will be paid on the eighth working day of the month, the ESFA pays schools their pre-16 and 16 to 19 funding on the first working day of the month.

## Local formula funding (pre-16)

Schools, high-needs and early years funding allocations for 2022-23 have been published through the Dedicated Schools Grant (DSG): [Dedicated schools grant \(DSG\): 2022 to 2023 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/publications/dedicated-schools-grant-dsg-2022-to-2023)

In addition to DSG funding, mainstream schools will receive Schools Supplementary Grant funding in 2022-23 – a total of £1.2 billion nationally. Forecasts of funding allocations (at local authority level) have been published at the DSG link above. This link also includes a calculator tool, for schools to accurately estimate the funding that they will receive through the Schools Supplementary Grant. Further information on the Schools Supplementary Grant, including the funding rates, is published at the following link: <https://www.gov.uk/government/publications/schools-supplementary-grant-2022-to-2023>. School-level allocations of the grant will be published in May 2022.

Overall, core schools funding is increasing by £4 billion in 2022-23 – a 4% increase in real terms per pupil from 2021-22. This funding boost will give schools the resources they need to raise attainment, provide the right support to all pupils and students, increase teacher pay and continue to rise to the challenges of Covid response and recovery.

The increase in core schools funding includes an increase in mainstream school funding for 5 to 16-year-olds of £2.5 billion in 2022-23, compared to this year. This is equivalent to an average 5.8% cash increase, or an average of £300 per pupil - with each local authority forecast to see at least a 4.7% increase per pupil.

Every mainstream school will receive at least £4,362 for primary schools and £5,669 for secondary schools through the 2022-23 national funding formula (NFF) and the supplementary grant together.

The schools NFF for 5 to 16 provision came into force in April 2018. The NFF distributes school funding to local authorities according to a formula based on the individual needs and characteristics of every school in the country. This is directing resources where they are needed most and providing transparency and predictability for schools.

The government will ensure that any new free schools that are not yet open but are in the pipeline, or will enter the pipeline during 2022 to 2023, are funded consistently with other schools.

We are not changing local authorities' role in the distribution of this funding in 2022-23, and so local authorities will remain responsible for setting local funding formulae which determine individual schools' budget allocations. The government has recently put forward its proposals to complete its reforms to the NFF in future, such that schools' budgets will be determined directly by DfE rather than through local formulae set by each local authority. This will level up the school funding system so that all schools across the country are funded on a fair, consistent basis.

Most of the annual revenue funding for 5 to 16 provision within mainstream free schools is based on the local funding formula applied to all schools in the relevant local authority, including maintained schools and academies. The local formula is a simple and transparent formula, agreed by a local schools forum (a body predominantly made up of representatives of local schools – which must include academy representation broadly proportionate to the number of pupils in academies). The formula can only incorporate the following elements (it need not incorporate them all, but those that are mandatory are marked as such):

- a basic local funding unit for each pupil aged 5 to 16 attending the school (mandatory)
- deprivation measured by rate of current uptake of free school meals, Ever6 FSM (pupils entitled to free schools meals at any time in the last 6 years), and/or income deprivation affecting children index (IDACI) (mandatory)
- the minimum per pupil funding levels (mandatory)
- minimum funding guarantee at between +0.5% and +2%, to protect schools from excessive year-on-year changes (mandatory)
- looked-after children
- low prior attainment
- pupils with English as an additional language
- pupil mobility (the number of pupils entering the school at non-standard entry points)
- a lump sum of up to £175,000
- split sites
- rates
- exceptional premises funding factors
- Private Finance Initiative contracts
- Sparsity

In Buckinghamshire, Essex, Hertfordshire, Kent and West Sussex only, an additional factor is allowed for schools on the London Fringe

## **Funding protection for local formula funding (pre-16)**

The free schools protection (FSP) protects new free schools in their first year of opening from significant reductions in pre-16 funding relative to the funding that they would have received the previous year had they been open. With the potential for local formulae to change each year, this protection provides free school projects with the certainty needed to be able to plan the school's finances during the year prior to opening. The level of protection offered by the FSP in the first year is linked to the minimum funding guarantee (MFG) level set by the respective LA for that year, described below.

The FSP calculation uses the local authority averages for pupil characteristics to calculate the current year and previous year funding for the purposes of the protection. This is the case even where a school is planning its finances on the basis of alternative characteristics.

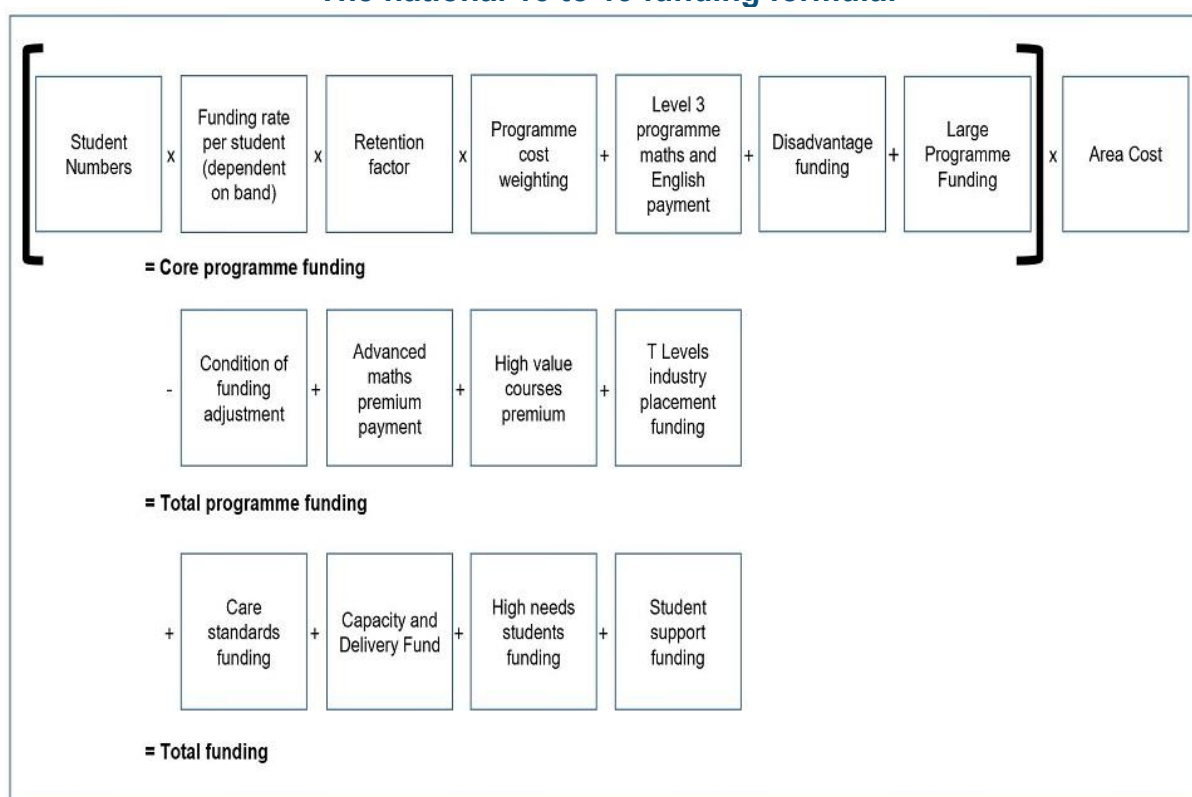


From the second year onwards, open free schools are protected by the MFG which ensures that a school's pre-16 funding is still receiving at least a minimum increase in their per pupil funding regardless of any changes made to the local formula between years. This restricts schools to a maximum per pupil loss on most of their budget. In 2022 to 2023, local authorities can choose to set the MFG at any value between +0.5% and +2.0%.

## National 16 to 19 formula funding

We use a [national funding formula](#) to calculate an allocation of funding for each 16 to 19 institution, each academic year.

### The national 16 to 19 funding formula:



New free schools planning to offer 16 to 19 provision in their first 2 years of opening will have an opportunity to submit a business case in the spring before they open to provide evidence to support assumptions about the characteristics of provision to be reflected in the formula. This will inform the final funding allocation.

Normally the funding formula factors are based on historic data from the latest full year of data. For example, to calculate 2022 to 2023 allocations, data from each institution from the end of the 2020 to 2021 academic year is used. For new institutions, factors for the first 2 years will be based on national or local authority level averages for school and academy sixth forms. Where a business case has been submitted and is approved, the approved factor will be used instead of the average for the first 2 years. In all cases, the allocation will revert to using actual historic data from year 3.

Students are placed into funding bands based on the number of planned hours in their study programme. Each funding band is assigned a national funding rate. The bands and funding rates per student for 2022 to 2023 are:

**Table 1: 2022 to 2023 Funding Rates**

<b>Band</b>	<b>Annual planned hours</b>		<b>National funding rate per student</b>
5	580+ hours	16 and 17-year-olds, students aged 18 and over with high needs	£4,542
4a	485+ hours	Students aged 18 and over who are not high needs	£3,757
4b	485 to 579 hours	16 and 17-year-olds, students aged 18 and over with high needs	£3,757
3	385 to 484 hours	All students	£3,056
2	300 to 384 hours	All students	£2,416
1	Up to 299 hours	All students	£4,542 per full time equivalent (FTE <sup>1</sup> )

For new free schools it will be assumed that all students are full-time and under 18 unless we are informed otherwise. Students will therefore attract the national funding rate of £4,542 per student. It is important to note that all funding can be subject to change.

The retention factor recognises the number of students who are continuing on their programme or are 'retained' to their anticipated end date. Each student who remains in learning to the planned end date of their study programme, or who is recorded as completed or continuing, gets full funding. Each student who is not retained attracts 50% of the full funding rate. For new free schools, the national average will be used (0.98581 in 2022 to 2023).

The programme cost weighting recognises that some programmes are more costly to deliver than others. Most academic and some vocational programmes are weighted at the base rate of 1. Other programmes are weighted higher than 1, depending on the sector subject area assigned to the core aim of the programme or where an academic programme includes 2 or more eligible science A levels. For new free schools the national average will be used (1.03937 in 2022 to 2023) unless a different factor can be

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<sup>1</sup> FTE means the proportion of 600 hours

justified and a business case is approved due to the specific programmes of study being offered.

The [Level 3 programme maths and English payment](#), is provided to support the delivery of maths and English to those students on substantial level 3 study programmes who have not yet attained a grade 9 to 4 (legacy grade C) in either or both of these subjects. Qualifying students on eligible 1-year programmes will attract a single payment per subject (maths and/or English) of £375. Qualifying students on eligible 2-year programmes will attract a single payment of £750. For new free schools, the national average instances per student will be used (0.02268 for 1-year programmes and 0.02866 for 2-year programmes in 2022 to 2023) unless a different factor can be justified and a business case is approved.

Disadvantage funding is made up of 2 blocks:

- Disadvantage Block 1 provides funds to support students from areas of economic deprivation based on the indices of multiple deprivation (IMD). For the 2022 to 2023 allocations, we will be using IMD 2019. For new free schools the local authority average will be used, unless a different uplift can be justified and a business case is approved.
- Block 2 provides additional funding to support young people who have not yet achieved a GCSE Grade 4 (legacy grade C) in maths and/or English by the end of year 11. Each student without GCSE English or maths at grade 4 (or above) attracts one instance of block 2. Where a student does not have a grade 4 (or above) in both subjects, this attracts 2 instances. The institution receives £504 per full-time instance of block 2. For new free schools the national average will be used (0.16193 instances per student in 2022 to 2023) unless a different value can be justified and a business case is approved.

The cost of education in London and parts of the South East is higher than in the rest of England, due to the cost of premises and maintenance, staff and other costs. We give institutions in these parts of England additional funding through the area cost uplift. The area cost uplift varies from 20% to 1%. Area cost uplift is not applied outside London and the South East.

The [High Value Course Premium](#) is to support the sector to grow the number of students studying substantial level 3 study programmes in [selected A level subjects or Sector Subject Areas \(SSAs\)](#) that lead to higher wage returns. Programmes which include at least 2 A levels or a level 3 qualification of 360 guided learning hours or more and are included on our published [list of qualifying qualifications](#) will attract an additional £600 for each year of the programme. For new free schools, the national average (0.31004) will be used unless a different value can be justified and a business case is approved

Discretionary bursary funding consists of 2 elements. Element 1 (financial disadvantage) is based upon the student's home postcode. Those in the top 27% most deprived areas of the country (based on IMD 2019) attract an instance value for element 1. Element 2 (travel costs) takes account of rurality and the distance travelled by each student to the

delivery location. Instances are then averaged to calculate the average instances per student for each element. For new free schools we will use the local authority average to take account of local variances.

High-needs funding may be allocated at £6,000 per student for each place as identified by local authority commissioning plans and decisions.

Other elements of the funding formula, such as Large Programme Uplift, Advanced Maths Premium, T levels, and Capacity and Delivery Funding are not applicable for new free schools.

For further information, please refer to the [16 to 19 funding guidance](#) on GOV.UK.

## **Pupil number adjustment (PNA)**

It is vital to produce robust and realistic estimates of pupil numbers to ensure that the school is funded accurately (without the need for subsequent funding adjustments) and that they remain financially viable. In the first year of opening, an early PNA exercise shall be undertaken and if the October schools census shows that the school has not admitted the predicted number of pupils, any excess funding will be clawed back in the following academic year.

Where more pupils are recruited than have been funded for, ESFA will carry out an in-year reconciliation and pay any additional funding in February of the current academic year. ESFA will initially base allocations on an estimated number of pupils and local authority average pupil characteristic data. Any positive or negative adjustment calculated will also take account of the actual pupil characteristics returned in the October census and replace the averages initially used if it produces a more favourable outcome for the school.

From the second year of opening and for as long as the free school is funded on a basis of estimated pupil numbers, ESFA carries out the in-year reconciliation for the number of pupils, [in accordance with the published process](#), with any additional funding paid in July of the current academic year and recoveries commencing in the following academic year.

In cases where academies have a positive PNA identified and also a historical PNA liability is outstanding.

- where there is a net positive payment ESFA shall, in all cases, reduce the PNA by the amount of the outstanding debt
- where there is a net negative adjustment, ESFA will use the positive amount to offset the debt and ask for any agreed deferrals or repayment plans to be re-confirmed against the lower amount to ascertain if the changed circumstances make earlier repayment possible

Where local authorities have already funded for growth in pre-16 pupil numbers to meet basic need, ESFA will deduct the amount they have paid from any positive PNA to ensure that academies are only funded for the growth once.

## Pupil premium

The pupil premium is a grant to provide schools with extra money to meet local challenges, chiefly those that may arise from deprivation. It is not a personal budget for pupils (like SEND funding) and carries no individual entitlements. Schools should assess the needs of all their eligible pupils and spend the pupil premium budget to meet those needs appropriately; some will need less expensive support, some will need more intensive support.

In 2022-23 schools receive the following funding for each pupil registered as eligible for free school meals (FSM) at any point in the last 6 years:

- £1,385 for pupils in reception to year 6
- £985 for pupils in year 7 to year 11

This includes pupils from families with no recourse to public funds (NRPF) that are temporarily eligible for FSM and registered in a claims process run by the Education and Skills Funding Agency (ESFA). Pupil premium eligibility was extended temporarily to some groups of pupils with NRPF in 2021-22.

Schools also receive £2,410 for each pupil who has left local authority care through adoption, a special guardianship order, a child arrangements order or a residence order. If a pupil has registered as eligible for free school meals at any point in the last 6 years and has also left local authority care for one of these reasons, they will attract the £2,410 rate.

Pupil premium payments are made to academies and free schools in quarterly instalments. A school's pupil premium allocation is calculated from the information it submits in the October schools census. Allocations are applied from the start of the next financial year (April), paid in arrears so maintained schools receive the first payment in June and academies in July.

Local authorities receive £2,410 for each looked-after child in their care, to be spent on their personal education plan in consultation with the child's school.

There is more information in [Using pupil premium: guidance for school leaders - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/publications/pupil-premium-allocations-and-conditions-of-grant-2021-to-2022), including an explanation of the accountability requirements that can be found on <https://www.gov.uk/government/publications/pupil-premium-allocations-and-conditions-of-grant-2021-to-2022>

Children from service families attract a separate grant – the service premium, currently £320 per head. This has no connection with disadvantage - it is paid from the same

budget for convenience and is solely for the pastoral support of children whose parents are or were in the armed forces. More information about the service premium is available in: Service pupil premium (SPP) - GOV.UK ([www.gov.uk](http://www.gov.uk)).

## **Teachers' pay grant**

From the 2021 to 2022 financial year the majority of the historic teachers' pay grant (TPG), teachers' pensions employer contribution grant (TPECG) and pensions supplementary fund money has been incorporated into the high-needs NFF allocations to local authorities.

The basic entitlement factor value in the NFF was increased by £660 to reflect the TPG/TPECG previously paid to local authorities for their maintained special schools, special academies and independent special schools.

We will continue to provide support to schools with respect to the 2018 and 2019 teachers' pay awards in the 2022 to 2023 financial year. From 2021 to 2022 the majority of this funding has been paid through the schools and high-needs national funding formulae (NFF).

We have ensured that the additional funding schools attract through the NFF is as close as possible to the funding they would have received if the funding was continuing as separate grants, without adding significant complexity to the formulae. More details can be found in the [NFF policy document](#).

We included funding previously paid through the teachers' pay grant within the core funding schools receive as part of their national funding formulae (NFF) allocations from April 2021 for maintained schools, and September 2021 for academies.

Maintained nursery schools, school nurseries, sixth forms, and 16-19 schools, are not funded through the NFF. In the 2022 to 2023 financial year the early years elements of the teachers' pay grant (TPG) will continue be paid as separate grants in 2022-23. The post-16 element of the TPG will be rolled into core 16-19 funding from the 2022/23 academic year. We will pay eligible schools the post-16 element of the TPG up to this point as a separate grant.

Beyond 2022-23 we intend to continue to simplify the allocation of this funding, by continuing the process of rolling in this funding into core allocations. We will provide information on how we intend to do that past 2022-23 in due course.

## **Teachers' pension employer contribution grant**

The teachers' pension employer contribution grant (TPECG) provides additional funding to schools, to cover the cost of the increase in the employer contribution rate of the teachers' pension scheme (TPS) from 16.4% to 23.6% from September 2019.

We will continue to provide support to schools with respect to the 2019 increase to the employer contribution rate in the TPS 2022 to 2023 financial year. From 2021 to 2022 the majority of this funding has been paid through the schools and high needs national funding formulae (NFF). We included funding previously paid through the TPECG within the core funding schools receive as part of their national funding formulae (NFF) allocations from April 2021 for maintained schools, and September 2021 for academies.

We have ensured that the additional funding schools will attract through the NFF is as close as possible to the funding they would have received if the funding was continuing as separate grants, without adding significant complexity to the formulae. More details can be found in the [NFF policy document](#).

Maintained nursery schools, school nurseries, sixth forms, 16-19 schools, are not funded through the NFF. In the 2022 to 2023 financial year the early years and post-16 elements of the TPECG will continue be paid as separate grants.

Beyond 2022-23 we intend to continue to simplify the allocation of this funding, by continuing the process of rolling in this funding into core allocations. We will provide information on how we intend to do that past 2022-23 in due course.

## **Risk protection arrangement (RPA)**

Risk protection arrangement (RPA) is an alternative to commercial insurance, whereby government funds cover any losses that arise. The RPA will cover losses that are in scope of the [RPA membership rules](#).

The RPA membership year runs from 1 September to the following 31 August, however members can join at any time. Please note, free schools can join the RPA scheme and receive cover prior to opening; there is no cost or premium to join the RPA in pre-opening. Free schools in the pre-opening stage, should have discussions with their delivery officer regarding RPA and inform them if they wish to opt into the RPA scheme at an early stage.

Once a school is open, ESFA will deduct the per-pupil cost at source from the free school's general annual grant (GAG). The cost of RPA will be £21 per pupil.

Free schools do not have to enter the scheme and are free to make their own alternative insurance arrangements; however, there will be no additional funding provided should extra costs be incurred. More information on [RPA](#) can be found on GOV.UK.

## **Business rates grant**

Mainstream free schools pay business rates at the 80% discounted charitable rate. They will receive a grant to cover the actual costs paid if their billing authority is not adopting



the new NNDR payment process. This needs to be claimed via the online form on GOV.UK.

## **Special educational needs (SEN) top-up funding (high needs)**

Mainstream free schools will receive additional funding, known as top-up funding, for pupils aged 0 to 19 with high needs (usually with an Education Health and Care Plan) from the local authority which commissioned the place. Schools will be expected to fund the first £6,000 of additional educational costs (over and above standard teaching and learning) for each high-needs pupil from their own budget. More information on high-needs funding arrangements can be found on [high-needs funding](#) on [GOV.UK](#).

## **Universal infant free school meals (UIFSM)**

State-funded schools in England are required by law to provide free lunches to infant pupils (in reception, year one and year 2) who are not otherwise entitled to benefits-related free school meals.

Schools currently receive £445 for each of the eligible pupils, which is the equivalent of £2.34 per day for a school year for each of the eligible pupils. For free schools in their first year of opening, free school meals will initially be funded based on the estimates of the pupil numbers used to issue their indicative funding letter. Please note that any updates to the funding rate will be published with the allocations in June.

Schools will receive an initial provisional payment in October based on these estimates and the average UIFSM take up rate in their local authority. Adjustments to reflect actual pupil numbers will be made in July, based upon meal take up to date from the October and January schools' census. The July payment will also include an additional allocation for the first 2 terms of the next academic year.

## **PE and sport premium**

Free schools with primary age pupils receive [PE and sport premium](#) funding from ESFA, based on the number of pupils in years 1 to 6. This grant is for a specific purpose, and will be paid separately to the GAG funding. Schools must use the funding in line with published guidance to make additional and sustainable improvements to the quality of physical education (PE), physical activity and sport they offer.

Open school allocations are based on the January schools census (for example January 2021 census for the 2021 to 2022 academic year). For new schools or a school teaching eligible pupils for the first time in the 2022 to 2023 academic year, funding will be based on the data from the October 2022 school census. For free schools that open in September 2022, the funding will be based on the data from the October census and will be paid to the school in the following March.



The free school will receive PE and sport premium funding for a new academic year from the ESFA in two separate payments. These are:

- 7/12 of the funding allocation in November 2022 (or in March 2022 for new schools)
- 5/12 of the funding allocation in May 2023.

The Department for Education is considering arrangements for the Primary PE and sport premium for the 2022-23 academic year and beyond. We are aware of the importance of providing schools with sufficient notice of future funding and will confirm the position as soon as possible.

## **Post-opening grant (POG) - central route projects only**

Free schools (with the exception of LA presumption free schools) are provided with a post-opening grant to reflect the additional costs in establishing a new publicly-funded school which cannot be met through the GAG. The POG provides funding in 2 elements as the free school grows: non-staffing resources, paid on a per-pupil basis; and a leadership grant. These titles reflect the basis on which the funding is calculated, but the grant can be spent on any legitimate purpose of the school.

The first element (resources) is paid each year that the school builds up to capacity for each new pupil *expected* to be on roll, is not revisited to reflect actual pupil numbers and is taken from the final finance plan submitted before opening. It is paid at the following rates:

- £250 for each new mainstream pupil in the primary phase (years R to 6)
- £500 for each new mainstream pupil in the secondary and 16 to 19 phases (years 7 to 13)

The second element (leadership) is paid annually based on the number of year groups that the school will ultimately have that do not yet have pupils. The amount paid to mainstream schools with pupils aged 5 to 15 each year depends on how many year groups (cohorts) are empty, and is set out in the table below.

**Table 1: Post-opening grants**

Empty cohorts	6+	5	4	3	2	1	Maximum
Primary	£80,500	£67,500	£54,000	£40,500	£27,000	£13,500	£283,000
Secondary (regardless of whether the school plans to have a sixth form)			£125,000	£93,500	£62,500	£31,000	£312,000
All-through (regardless of whether the school plans to have a sixth form)	£125,000	£93,500	£62,500	£54,000	£40,500	£27,000	£402,500

The resource element of POG is paid over the first 3 months of the academic year, with 50% paid in month 1, 25% in month 2 and 25% in month 3.

The leadership element of POG is paid monthly.

Free schools set up through the local authority presumption route are not eligible for POG. They should liaise with the local authority to agree what, if any, post-opening/diseconomies funding the local authority will provide when the school opens.

## Nurseries

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 will provide funding for the government entitlements where appropriate. The government early education entitlement offer includes:

- 15 funded hours for the most disadvantaged 2-year-olds;
- 15 funded hours for all 3 and 4-year-olds; and
- an additional 15 funded hours, making 30 hours, for the 3 and 4-year-olds of working parents.

Whilst they cannot charge parents for taking up an entitlements place, all childcare providers can charge parents for meals, consumables (such as nappies and sun cream) and for additional activities (such as trips). They also have the additional flexibility of being able to charge parents for extra hours taken up beyond entitlements. However, none of these extras can be made a condition of receiving the free entitlement.

The government funds local authorities to deliver the early education entitlements. Local authorities are required to pass this through to providers to deliver the entitlements (at

least 95% for the 3 and 4-year-old entitlements only) using each local authority's local funding formula. If free schools are interested in offering nursery provision, they should speak to their local authority to find out how much they could receive.

Free schools are also able to offer nursery provision which exceeds any local authority funded entitlement, including for under 3-year-olds. Subject to their funding agreement, free schools may fund this by charging parents directly to cover their costs in delivering this provision. This can also be done through a subsidiary company, or by contracting with an independent provider who levies charges.

## **Financial governance and accountability**

Trusts will need to ensure that spending decisions are transparent, in the school's best interests and should not give rise to criticism of the trust by Parliament, and/or the public, and/or the media. Free schools will need sound financial procedures, the capacity to handle public money and good governance arrangements. On opening, a free school will need to have a robust framework to manage its funding and ensure proper accountability and procedures are maintained.

## **Academy Trust Handbook**

The [Academy Trust Handbook](#), together with the funding agreement, sets out the financial management and governance requirements for academy trusts.

Trusts must comply with the handbook throughout the pre-opening period and once open. This is outlined within the grant agreements underlying any funding trusts receive from the department and/or ESFA. Non-compliance with the handbook is considered a breach of contract and may trigger various sanctions.

The handbook includes requirements in relation to financial oversight, financial planning, internal control, financial monitoring and management and proper and regular use of public funds as well as a number of other specific matters. The handbook also sets out the audit requirements for academy trusts.

The handbook is aimed at trustees, accounting officers (principals and chief executives), principal finance officers (finance directors and business managers), governance professionals (clerks) to the board of trustees, local governing bodies of multi-academy trusts and auditors.

The handbook clearly articulates that the accounting officer is personally responsible to Parliament, and to the accounting officer of ESFA, for the resources under their control. This personal responsibility extends to ensuring regularity, propriety and value for money. The accounting officer also has responsibilities for keeping proper financial records and accounts, and for the management of opportunities and risks.

## Financial statements

Free schools, including those in the pre-opening phase, with a funding agreement with the Secretary of State and an open academy at any point during the accounting period must submit audited annual report and financial statements to ESFA, for each year ending 31 August, by 31 December.

The [academies accounts direction](#) prescribes detailed guidance for academy trusts on preparing and auditing academy trusts' annual financial statements. Prior to signing the funding agreement financial statements should be prepared in accordance with company law.

Trusts should set their [accounting reference date](#) to 31 August at Companies House. This is the date to which their financial statements will be produced.

The accounts must also be filed by 31 May (i.e. within 9 months of the end of the accounting period) with Companies House. Further information can be found on the [Companies House website](#).

## Other financial returns

Trusts must also submit the following financial returns to the ESFA once open:

- budget forecast return outturn in May and the budget forecast return three-year in July. Note: the budget forecast return outturn is not required in 2022.
- audited financial statements for the year ending 31 August, by the following December (as noted in paragraph 104 above).
- academies accounts return for the year ending 31 August, by the following January.
- [land and buildings collection tool](#) as at 31 August, by the following November.
- [financial management and governance self-assessment](#) submitted to ESFA within 3 months of opening. The self-assessment highlights the main requirements academies must have in place soon after opening. The pre-opening self-assessment questions are available via the link above and are a helpful tool for trusts to assess a free school's financial governance and compliance prior to opening

Trusts are responsible for keeping up to date with the latest deadlines and requirements. More information about [academies financial returns](#) are available on GOV.UK.

Trusts can also keep up to date through the [ESFA Update](#)

## Document exchange

Document exchange is a secure, online service accessible via DfE sign-in. It enables academies to receive and exchange documents with ESFA.

Document exchange automatically uses information from Get Information About Schools (GIAS) to add the academy to document exchange as soon as the academy has opened. An organisation's approver will be able to add the service for their organisation's users.

Our [Document exchange user guide](#) can help you get started with the service. For questions or queries regarding document exchange, please contact us via [the ESFA online enquiry form](#).

## Further information

Further information on academies revenue funding is available on [the ESFA pages](#) on gov.uk.



Department  
for Education

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