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[Department  
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Guidance

# A guide to new special free school revenue funding: 2024 to 2025

Updated 18 November 2024

## Applies to England

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This guidance is for special free schools opening in the 2024 to 2025 academic year.

It sets out:

- how we'll calculate revenue funding for new free schools
- the funding rates for the 2024 to 2025 academic year
- the financial governance and accountability requirements for trusts

The [financial management and governance self-assessment](#) tool helps trusts to assess a free school's financial governance and compliance before opening.

This guidance does not cover:

- funding for:
  - [mainstream free schools](#)
  - [alternative provision free schools](#)
  - [16 to 19 free schools](#)
- special free schools open before September 2024
- any initial funding to help free school proposers develop their projects before opening the school
- capital funding including annual costs of leasing premises
- Value Added Tax (VAT) - when open you can claim back any VAT paid on non-commercial activity, directly from HMRC via the VAT scheme for academies

## School resource management

Effective schools make the best use of resources to have the maximum impact for their pupils. Schools that do this well tend to:

- plan their curriculum and finances together, known as [integrated curriculum and financial planning](#)
- 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 and procurement
- have transparent financial systems and processes

The school resource management offer is a suite of [free tools, guidance and support](#), developed in partnership with the sector. It helps schools and academy trusts build their resource management capability and obtain best value from all their resources.

A [self-assessment checklist](#) is also available to help academy trusts check they are managing resources effectively and identify any adjustments they need to make.

You can access free and impartial procurement support, advice and guidance through [Get help buying for schools](#). This service also provides access to [approved Department for Education \(DfE\)-frameworks](#) which can help you save time and money on regular purchases such as furniture, cleaning services, and ICT.

[School resource management advisers](#) provide free, independent, tailored advice and support on using your schools resources to maximise outcomes for pupils.

To receive regular updates about school resource management tools, support and guidance, [sign up for the school business professional newsletter](#).

## Financial planning

Free schools should plan their expenditure using the most up to date financial template. This will make sure your school is affordable within the funding we provide.

Contact your Regions Group delivery officer for the latest version of the template which contains the 2024 to 2025 funding rates.

If you do not have a delivery officer, [contact the regional office](#) for your area.

You should update your financial plan as you:

- develop your plan for the school
- appoint staff
- develop site plans
- establish your costs
- get confirmation of your funding arrangements

You should review your financial plans regularly to make sure they reflect the:

- likely number of pupils based on the number of applications received
- funding arrangements for each new academic year

We do not have recommended minimal viable numbers (MVN) for pupils of special schools. These will depend on the specific type of provision and number of places that commissioners need.

For presumption free schools, your local authority and trust will determine the

minimum number of pupils you need to be financially viable. We expect local authorities to provide sustainable underwriting arrangements to support the pupil forecasts they have agreed.

## Submitting your financial plans

We ask free schools in the pre-opening stage to submit their current financial plans before entering into a funding agreement. This should include a version modelled around the minimum number of pupils you need to be financially viable.

You'll need to resubmit your financial plans before your readiness to opening meeting. This should be based on the latest available number of accepted offers.

Submit your plans with evidence to underpin your pupil number assumptions which must be realistic and achievable. Your plans should reflect:

- your income which you base on your estimates of available grants
- your outgoings
- the likely number of pupils

Plans should show that you will not go into deficit at any point. We expect to see in-year surpluses of no more than between 3 and 5%, including any contingency.

You need to provide a final finance plan ahead of opening. This will be used to determine your initial funding. Your delivery officer will give you the date that you need to do this by.

The [financial benchmarking service](#) allows you to compare your spending patterns to schools in similar circumstances.

## Funding

In 2024 to 2025, the following funding will be available once open:

- per-place (FTE) funding
- commissioner top-up funding
- business rates grant

- special educational needs top-up funding (high needs)
- teachers' pay additional grant
- teacher's 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)

Special free schools are established in response to demand from local authorities, and their support is essential. Trusts would need to have supplied evidence of demand to support the establishment of the school.

Funding in special free schools comprises of:

- per-place funding for all places for pre-16 and 16 to 19 pupils with education, health and care (EHC) plans
- top-up funding for each pupil placed in the free school

The Education and Skills Funding Agency (ESFA) pay the fixed per-place funding for a number of places which is subject to regular review. The per-place rate is £10,000 in 2024 to 2025.

The top-up funding comes from the local authority commissioning the place. The local authority determines the funding based on the pupil's assessed needs and the cost of meeting those needs in the school. The special free school gets this top-up funding for as long as the pupil attends the school. The local authority pays the top-up funding directly to the school.

Special schools can only admit pupils without EHC plans in certain circumstances. The [SEND code of practice](#) and your funding agreement provides more information.

Special free schools' continuing financial viability depends on the ongoing support of local authorities, both in terms of a commitment to commission placements, and their willingness to provide associated top-up funding.

We base place funding for the first year on the evidence you provide in pre-opening of the estimated number of FTE places required for the number of pupils attending the free school. You will have to provide evidence of commissioned places during pre-opening.

We include funding for special free schools in local authorities' high-needs allocations. The local authority will propose the number of places we fund at special

free schools from their second year of opening onwards through the [place change notification process](#). The local authority will consult with the free school.

More information on [high-needs funding](#) is available.

## Payments

ESFA pays schools their funding monthly in equal instalments. This is usually on the first working day of the month. The only exception will be in your first month of opening, when ESFA will pay you on the sixth working day of the month.

## Pupil premium

The [pupil premium](#) provides schools with extra funding to improve education outcomes for disadvantaged pupils. It is not a personal budget for pupils and carries no individual entitlements.

In 2024 to 2025 schools receive funding for each pupil registered as eligible for free school meals at any point in the last 6 years.

Schools will also receive funding for each pupil who has left local authority care through:

- adoption
- a special guardianship order
- a child arrangements order
- 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 funding.

ESFA makes pupil premium payments in quarterly instalments. We calculate a school's pupil premium allocation from the information it submits in the October school census. We apply allocations from the start of the next financial year (April), paid in arrears so you'll receive the first payment in June.

Local authorities will also receive funding for each looked-after child in their care. They should spend this on their personal education plan in consultation with the child's school. They can pass all the funding on to schools or retain some to fund activities that will benefit a group, or all, of the local authority's looked-after children.

Children from service families attract a separate grant – the [service pupil premium](#). This grant is to support of children whose parents are or were in the armed forces.

## Teachers' pay and pension employer contribution funding

### Teachers' pay

In 2023 to 2024, teachers and headteachers in maintained schools received a pay award of 6.5%.

DfE provided £525 million to schools in 2023 to 2024, and £900 million in 2024 to 2025, alongside this award. Of the £900m of additional funding, £825m of this is going to mainstream schools and high needs in 2024 to 2025 through the [teachers' pay additional grant \(TPAG\)](#).

Local authorities will receive 2 payments for their special schools and AP schools in 2024 to 2025.

We will confirm local authorities' first allocations of teachers' pay additional grant (TPAG) funding for special schools and AP schools in May 2024. This allocation will be based on place numbers as reported to ESFA by April 2024 and the first payment will be made to local authorities in June 2024.

Local authorities will receive a second allocation of TPAG funding for special schools and AP schools in March 2025. We will allocate funding for local authorities to pass onto individual schools as listed in the [eligibility for the grant](#) section, except for Non-Maintained Special Schools (NMSS) who will be funded directly by ESFA.

### Teachers' pensions

The teacher pension employer contribution grant (TPECG) is providing £1.1 billion in 2024 to 2025 to support with the increase to the Teachers' Pension employer contribution rate.

The additional funding will be distributed via the new [teachers' pension employer contribution grant \(TPECG\) 2024](#). Over £920 million will be distributed to mainstream schools via this grant.

## High needs settings

TPECG 24 will fund the following high needs settings:

- maintained special schools
- special academies and free schools
- pupil referral units
- alternative provision academies and free schools
- hospital schools
- non-maintained special schools (NMSS)
- independent special schools

## Business rates grant

Free schools pay business rates at the 80% discounted charitable rate. They get a grant to cover the actual costs paid.

You can [claim for national non-domestic rates](#). Your [billing authority](#) may submit a claim on your behalf.

## Universal infant free school meals

State-funded schools in England must provide free lunches to infant pupils who are not otherwise entitled to benefits-related free school meals.

Schools will receive an initial provisional payment in October based on:



- the pupil numbers estimate we use to issue your indicative funding letter
- the average universal infant free school meals take up rate in your local authority.

We'll adjust it to reflect actual pupil numbers in July. We'll base this on meal take-up to date from the October and January school census. The July payment will also include an additional allocation for the first 2 terms of the next academic year.

Find out more about [universal infant free school meals funding amounts](#).

## PE and sport premium

Free schools with primary age pupils receive [PE and sport premium](#) funding from ESFA. ESFA base this on the number of pupils in years 1 to 6. This grant is to make improvements to the quality of physical education (PE), physical activity and sport schools offer. ESFA pay this separately to general annual grant funding.

We base school allocations on the January school census. For example, January 2023 census for the 2023 to 2024 academic year. For free schools that open in September 2024, we'll base the funding will on the data from the October 2024 census. ESFA will make payments in the following March.

The free school will receive PE and sport premium funding for a new academic year from the ESFA in 2 separate payments. These are:

- 7/12 of the funding allocation in November 2024 (or in March 2024 for new schools)
- 5/12 of the funding allocation in May 2025

## Post-opening grant - central route projects only

We provide special free schools with a post-opening grant. Free schools set up through the local authority presumption route are not eligible for the post-opening grant.

The post-opening grant covers additional costs in establishing a new publicly funded school which are not covered by the general annual grant. It provides funding in 2 elements as the free school grows:

- non-staffing resources, paid on a per-pupil basis
- a leadership grant

We pay the resources element each year that the school builds up to capacity for each new pupil expected to be on roll. We do not revise it after opening to reflect actual pupil numbers. We take these numbers from the final finance plan you submit before opening. We pay it at the following rates:

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

We pay it over the first 3 months of the academic year. 50% paid in month 1, 25% in month 2 and 25% in month 3.

The leadership element for special schools is a fixed-rate payment of £170,000. 50% in the first year, 30% in the second, and 20% in the third. We pay it in equal monthly instalments.

## Risk protection arrangement

[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. You can join at any time. Free schools can join the RPA scheme and receive cover before opening. There is no cost or premium to join the RPA in pre-opening. Free schools in the pre-opening stage, should discuss joining the RPA scheme with their delivery officer.

Once a school is open, ESFA will deduct the per-pupil cost at source from the free school's general annual grant. The cost of RPA for the academic year (1 September 2024 to 31 August 2025) will be £25 per pupil.

Free schools do not have to join the RPA scheme and can make alternative insurance arrangements.

# Financial governance and accountability

Trusts will need to ensure that spending decisions are transparent, and in the school's best interests. Free schools will need:

- sound financial procedures
- the capacity to handle public money
- good governance arrangements

On opening, you will need to:

- have a robust framework to manage your funding
- make sure you maintain proper accountability and procedures

## Academy Trust Handbook

You must comply with the [Academy Trust Handbook](#) throughout the pre-opening period and once open. It sets out the financial management and governance requirements for academy trusts.

Non-compliance with the handbook is a breach of contract.

The handbook includes requirements on:

- financial oversight
- financial planning
- internal control
- financial monitoring and management
- the proper and regular use of public funds
- auditing

The handbook sets out 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
- the management of opportunities and risks

# Financial statements

All academy trusts with a funding agreement must submit an audited annual report and financial statements to ESFA by 31 December. This includes trusts with free schools.

The [academies accounts direction](#) explains the requirements for preparing and auditing academy trusts' annual financial statements. Before signing your funding agreement, prepare your financial statements following company law.

Trusts must set their [accounting reference date](#) to 31 August at Companies House. This is the date you will use to produce your financial statements.

Trusts must file their accounts by 31 May with [Companies House](#).

## Other financial returns

Once open, trusts must also submit the following financial returns to ESFA:

- an [academies budget forecast return \(BFR\)](#) by the end of August
- [audited financial statements](#) for the year ending 31 August, by the following December
- [internal scrutiny summary report](#) for the year ending 31 August, by the following December
- [academies accounts return](#) academies accounts return for the year ending 31 August, by the following January
- the [land and buildings collection tool](#) as at 31 August, by the following November
- a [financial management and governance self-assessment](#) within 3 months of opening
- a [school resource management self-assessment checklist](#) by the specified annual deadline

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

## Document exchange

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

As soon as you open it, it will add you to the document exchange. It will use your information from [get information about schools](#).

Use the [Customer Help Portal](#) if you have any queries.

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