

Guide to the Funding Formula

The Schools Budget

Overview

1. Local Authorities (LAs) are funded for their Schools Budget responsibilities through the ring fenced Dedicated Schools Grant (DSG). LAs were originally funded by a unique per pupil amount calculated from historic spending levels. It was a flat rate per pupil with no top ups to reflect the characteristics of pupils or the different areas of the country. The amount of DSG that each LA receives and what it can be spent on are set by the DfE and this determines the minimum amount of money in the Schools Budget.
2. In 2013-14 the DSG was re-configured and split into three notional blocks – high needs, early years and schools. This is intended to help with the possible introduction of a new national funding formula that will re-distribute money between areas of the country which will clearly have an impact on the amount of funds available to LAs to allocate to individual schools.
3. The High Needs Block covers funding for education provision for high needs pupils and students from birth to 25. This is in line with the proposals set out in the Green Paper on SEN and disability and covers all providers, not just maintained schools. High Needs Pupils are defined by the DfE as those requiring more than £10,000 of support each year. Maintained schools need to fund individual support needs below £10,000 from their general funding that is provided through the Schools Block which is further explained below.
4. The Early Years Block covers 2, 3 and 4 year olds receiving the entitlement to 15 hours a week free education and childcare that is paid to providers – maintained schools and private, voluntary and independent sector providers – through the Early Years Single Funding Formula (EYSFF). It also covers funds managed by the Council; the early years contingency, central expenditure on under 5s and high needs pupil funding where this is not included in the High Needs Block.
5. The Schools Block covers funding delegated to primary and secondary schools (not special schools as these are in the High Needs Block), and a small range of central services that are managed on behalf of all schools by the Council. Central Services, with details set out in Annex 3. The notional funding in the Schools Block is determined from deducting the notional High Needs and Early Years Blocks from each authority's final DSG, and is therefore a balancing figure.

Calculating school budgets

6. As set out above, DfE regulates LAs and restricts freedoms on local decision making in relation to setting school budgets. The key area where schools can influence funding allocations relates to the budget strategy to be adopted by the Schools Forum in terms of deciding where the DSG should be allocated and the relative importance to be placed on each factor in the Funding Formula i.e. how much money should be distributed by each factor.

The budget strategy

7. In terms of a budget strategy to prioritise funding decisions, the Schools Forum has agreed that the Funding Framework requires a simplistic, high level approach to setting budgets. This mainly arises from the tight financial settlements being made by the government and the restricted number of allowable factors which limits the ability to selectively target resources only to those schools facing cost pressures. Therefore, the following key principles, listed in priority order, are used as a guide in making budget decisions:
 - A. It has been included in the financial settlement from the DfE and it is consistent with local funding priorities;
 - B. It relates to a new or amended statutory responsibility / DfE Regulation;
 - C. There is sufficient income to fully fund changes in pupil characteristics, i.e: changes in pupil deprivation, low prior attainment, number of looked after children, English as an additional language and mobility;
 - D. The pressure relates to a key local priority;
 - E. Any remaining funds should be allocated using per pupil, high deprivation and low prior attainment, in the same proportion as the distribution of funds at the start of the financial year (around 93.6%/3.1%/3.3% in primary and 90.7%/4.6%/4.7% in secondary). If sufficient funding remains for this principle, schools would then be free to deploy the resources to their key priorities and any school specific pressures

The Funding Formula for Schools

8. As set out above, LAs must use a Funding Formula to allocate funds to schools, using up to 13 factors that are permitted by the DfE. Some factors have qualifying criteria which means that only 8 are available for use in BF. All LAs must have a per pupil factor and a deprivation factor. All other factors are discretionary and subject to local decision making. Following consultation with schools, the Schools Forum has agreed that all of the 8 factors available to BF should be used.
9. Delegated funding means that governors have complete freedom to determine where and when money should be spent, for the general purposes of the school. This is subject to any conditions required for statutory regulations e.g. relating to taxation.

Pupil-led funding

10. One of the prime objectives of the DfE is to ensure that a high proportion of funding is allocated to schools through pupil-led factors. This approach is designed to encourage popular and good schools to readily admit more pupils in the knowledge that significant funds will follow.
11. To support this objective, from April 2014, the DfE required all LAs to allocate a minimum of 80% of delegated Schools Block funding through the available pupil-led factors – age weighted pupil unit, deprivation, prior attainment, looked after children and English as an additional language.
12. Furthermore, there is a minimum cash value set for age weighted pupil funding, with the minimum primary rate set at £2,000 and the minimum secondary rate for both Key Stage 3 and Key Stage 4 set at £3,000.

Deprivation

13. All LAs are required to include a deprivation factor in their Funding Formula which should be used in addition to funding from the Pupil Premium to target resources to pupils from deprived backgrounds who tend to achieve less well than those from less deprived backgrounds
14. The BF Funding Formula recognises deprivation by using the two measures permitted by the DfE; pupil eligibility to a Free School Meal (FSM), where all pupils in the same phase are funded at the same rate, and which distributes around 40% of deprivation related funds; and Income Deprivation Affecting Children Index (IDACI¹), which are weighted through the prescribed range of bands, with funding increasing through the bands as levels of deprivation increase by a factor of 50%.

Looked After Children (LAC)

15. DfE prescribes the method that all Funding Formulas must use to allocate resources to schools for LAC. The allocation must be based on DfE data which is collected each year through the SSDA903 census return. Children that have been looked after for any period of time attract funding. All pupils must be funded at the same rate.

¹ IDACI measures by geographical area – post codes – the likelihood of a family with school aged children having low income / receiving income related benefits. It scores the likelihood and relative severity of deprivation on a scale from 0 to 1, with a score of 0.5 meaning the family have a 50% chance of having low income / in receipt of income related benefits.

Prior attainment

16. DfE encourage the use of this factor to target funding to schools for pupils with low cost, high incidence SEN below the £6,000 (approx 16 hours per week support) high needs threshold. This has become a more significant factor now that additional funds must be included in general school budgets to support SEN pupils, rather than making funding allocations to schools on the basis of named pupils.
17. Changes to the Early Years Foundation Stage Profile mean that different aged pupils have a different methodology of funding. Those taking the old profile – Years 3 to 6 - continue to be funded in BF where scores are below 78. For those pupils that took the new Profile from September 2012 funding is allocated to pupils who did not achieve the expected level of development in all 12 prime areas of learning as well as mathematics and literacy. The DfE, allow the funding threshold to be set at below either 78 or 73 for pupils in Years 3 to 6, and there are no plans to change the 78 threshold currently in use in BF .
18. For secondary aged pupils, in 2013-14 funding had to be targeted to pupils that failed to achieve a Level 4 or higher in English **and** mathematics which amounts to around 10% of relevant pupils. As only 20% of pupils who achieved a Level 4 in English **or** mathematics went on to achieve the 5+ (A*-C) GCSEs including English and mathematics, from 2014-15, the measure was changed so that pupils will be identified as having low prior attainment if they fail to achieve a Level 4 or higher in English **or** a Level 4 or higher in mathematics.
19. In 2012 the Key Stage 2 assessment measure was changed. Those pupils taking the old assessments will be identified from the published data. For pupils at Key Stage 2 from 2013 onwards, the English element of the Key Stage 2 measure will identify those who did not achieve a Level 4 in either the reading or teacher assessed writing elements. Grammar, punctuation and spelling test results are excluded “for now”.

English as an additional Language (EAL)

20. DfE prescribes the method that all Funding Formulas must use to allocate resources to schools for EAL. The DfE will only allow funding to be allocated to pupils for the first, second or third years after relevant pupils enter the school system. This reflects the view that after 3 years, pupils should not need additional support due to their language skills. The Bracknell Forest Formula funds EAL pupils for the first three years that a pupil enters the education system. All pupils must be funded at the same rate

Pupil Mobility

21. DfE have changed the allowable method to distribute funds to schools for pupil mobility so that rather than paying a per-pupil amount for all in-year admissions taken into schools, a 10% threshold on “pupil turnover” will be applied to the mobility factor so that it will only support schools which experience a significant change in pupil numbers, with funding allocated only to the number of pupils above the 10% threshold and not all in-year admissions in qualifying schools. This is much closer to how pupil mobility previously operated in BF.
22. This change was made because the existing method is considered to spread funding thinly across a large number of schools and does not target funding to those schools which most need additional support.

Lump Sum Allocations

23. In 2013-14, LAs were permitted to pay a uniform lump sum allocation to **all** schools up to a maximum of £200k with the amount in BF set at £150k for both primary and secondary schools. This was the maximum affordable in the primary phase, although a much larger value would have been possible for secondary schools. The view of the DfE is that the main purpose of the lump sum is to provide sufficient funding to necessarily small schools which could not operate on the basis of per-pupil funding alone.
24. From April 2014, the maximum allowable lump sum was reduced to £175k which is the average amount allocated in 2013-14. The reduction from £200k supports the DfE objective of more money being distributed through pupil-led factors. Differential lump sum payments for primary and secondary schools are now be permitted.

Rates

25. The DfE prescribes the method that all Funding Formulas must use to allocate resources to schools for rates. Funding must be allocated based on the estimated cost of rates. Schools are then charged at the amount included in their budget, so there is never an over or under spending. This is the “in-out” basis.

Exception Factor – Joint Use sports facilities

26. This factor relates to Edgbarrow and Sandhurst secondary schools that need to share sports facilities with Bracknell Forest Leisure Services for which a charge is made for usage. Where such costs are considered significant, the DfE allows the inclusion of additional factors in an LAs Funding Formula. This additional factor has been agreed by the DfE.

For information, Annex 2 shows the factors and units of resource used in the 2015-16 Funding Formula.

Minimum Funding Guarantee (MFG)

27. The MFG requires a funding top-up to be paid to schools where the ordinary operation of the Funding Formula results in a reduction in per pupil funding in excess of the maximum prescribed by the DfE. It compares the final budget from one year to the next, and adjusts for changes in the number of pupils. For 2013-14, 2014-15, and 2015-16 the MFG has been set at a maximum per pupil reduction of 1.5%. This will ensure a degree of funding stability through the first few years of the new arrangements.
28. The calculation of the MFG is not straightforward and goes through two stages. Firstly, a number of funding allocations are excluded from the guarantee as the DfE determine them to be outside the control of schools and therefore the funding change on such items should be excluded from the operation of the MFG. For example, if a school experiences a significant increase in high need, low incidence pupils, the additional resource such pupils attract should not be included in the calculation of the guaranteed funding level because it has been allocated to finance a specific new cost. If it was included, the allocated funding could be reduced which is not the intention of the MFG. The second set of adjustments relate to changes required to ensure that the guarantee is calculated on a like for like basis between years and normally reflects changes being proposed by LAs. So if there are changes in responsibility or funding arrangements, the impact needs to be removed from the budget for both years to remove any potential distortions.
29. Due to the significant re-distribution of funds between schools from the requirements of the new funding framework, there is an increase to the cost of meeting the MFG protection, which in a period on flat funding settlements, creates financial difficulties for LAs in setting their Schools Budget. Therefore, the DfE is allowing a cap to be applied to those schools receiving

funding increases to limit gains to an amount that would fund the cost of MFG payable to those facing reductions. Therefore, schools have a top up addition when below the MFG, a deduction where more than 1% above the MFG, or no change if between these parameters.

Additional delegation

30. Arrangements for school funding require all LAs to delegate funding for the same services and functions, with a general presumption of additional delegation. However, where relevant representatives on a Schools Forum agree that the whole budget for their phase e.g. primary/secondary, should be returned to the Council for central management, this is allowed. This recognises that there are reasons of cost effectiveness, ease of organisation and management or risk sharing that a strategic approach can bring. The DfE term this approach “de-delegation”.
31. Overall, around £1.3m of funding is involved across the services, and covers Behaviour Support Services, support to schools in financial difficulty, targeted EAL services, FSM eligibility checking; SIMS software and other licence fees and official staff absences, such as maternity leave and trade union duties.
32. Whilst the Council accepts that schools should have a choice over whether services should be delegated or not, with the option to de-delegate if supported by relevant representatives on the Schools Forum, there are a number of services that for reasons of cost effectiveness, ease of organisation and management or risk sharing that a strategic approach should be taken. This ensures a collective responsibility to support all schools, sometimes on services that are used infrequently, but often when they are required, significant costs are involved or where central procurement delivers significant cost benefits. The Schools Forum must approve annually any decision on de-delegation that all appropriate funds should be returned for strategic management by the Council.

Annex 3 sets out the budgets that are currently de-delegated.

Schools Block budgets that are centrally managed by the Council

33. The DfE recognises that it is appropriate for some school and education related budgets to be centrally managed. In such instances, where qualifying criteria is met, relevant services are provided without charge to academy schools.
34. Centrally managed budgets fall into 2 those where the budget is limited to the amount agreed in the previous financial year, and those with no restrictions on annual increases.
35. The budgets with annual spending restrictions relate to a range of services that support families and social needs of children such as a Family Intervention Project, educational support to looked after children (through the LACES Team), young people in sport, education health partnerships plus a number of other services, together with arrangements for school admissions and redundancy payments to school staff. Retained budgets that are not subject to annual spending restrictions cover the schools contingency, placement fees for vulnerable children and payment of the Carbon Reduction Commitment tax.

Annex 4 sets out the relevant items and budgets in full.

In-year budget adjustments and other funding available to support schools

36. Whilst the majority of budget allocations must be fixed to the amount confirmed in March, some adjustments will be made where relevant criteria is met. These relate to:

- Funding for High Needs Pupils. Any changes in the numbers or needs of BF pupils assessed to have educational needs greater than £6,000 will result in in-year budget adjustments. See from paragraph 47 below for more information on funding for high need pupils..
- Funding for Early Years. Funding for the free entitlement to education and childcare for 3 and 4 years is initially calculated on actual hours participation in the previous financial year against the hourly funding rate at current prices. Funding will be re-calculated each term based on actual participation and budgets adjusted accordingly. See paragraph 53 below for more information on funding for early years pupils.
- Contingency for funding schools for in-year increases in pupil numbers. To provide in-year financial support to schools experiencing significant increases in pupil numbers, LAs are permitted to retain funding in a contingency for allocation once qualifying criteria is met. The Schools Forum has agreed for funding allocations where there is an increase of at least 20 pupils between the census point used for funding school budgets and the actual intake at the start of the next academic year. The Schools Forum must be consulted before any money is allocated to schools from this fund.
- Contingency for funding schools to meet Key Stage 1 class size regulations. In a similar way to which funds can be retained for allocation in year to schools experiencing significant increases in pupil numbers, LAs are also permitted to create a contingency to allocate funds in-year to support schools facing additional costs to ensure Key Stage 1 class size regulations to limit classes to no more than 30 pupils per teacher are not breached. The Schools Forum must be consulted before any money is allocated to schools from this fund. A comparison is made between the number of pupils (classes) a school has been funded for at the start of a financial year and the number of pupils on roll in the relevant term. If additional pupils mean that a new class of pupils is required then the allocation based on the number of missing pupils multiplied by an amount per missing pupil for the number of months in the relevant term.

High Needs Funding Block

37. As set out above, DfE requires schools to meet the first £10,000 of additional support needs of individual pupils from the general funding received from the LAs Funding Formula. This comprises £4,000 of general per pupil funding, which the DfE state is the average allocation for all pupils in England, plus up to another £6,000 of support needs for individual pupils.
38. Where the assessed needs of a pupil are above this £6,000 / £10,000 level, then schools will receive top up funding, on a named pupil basis. Funding can change each year if the needs change, or pupils start or leave schools. Funding adjustments can therefore be additions or deductions. These top up amounts are funded from the High Needs Funding Block.
39. The DfE has agreed to Local Authorities introducing a High Needs top-up contingency fund. This is to assist those schools with significant numbers of high needs pupils in a school. As the move to a formulaic approach to fund schools for SEN pupils, rather than on the basis of assessed need of individual pupils can mean that some schools are not receiving sufficient funds to support SEN pupils.
40. It should also be noted that this fund only reflects the incidence of pupils with support needs above the £6,000 / £10,000 and does not recognise schools with a high incidence of pupils with SEN up to £6,000 / £10,000.
41. The budgets currently funded from the High Needs Block are:
 - Top up payments to mainstream schools above the £6,000 / £10,000 threshold -
 - Kennel Lane Special School
 - Other LA special schools and SEN resource units, together with private, voluntary and independent sector special schools
 - College Hall Pupil Referral Unit and out of school education services
 - Sensory Impairment, Speech and Language, Autism Support and Language and Literacy Services
 - Other SEN support Services
42. The funding framework places the burden of collecting some SEN funding directly on schools rather than it being collected on their behalf by BFC. Instead of the home LA paying all additional support needs to their schools, LAs will only pay schools top-up funding for pupils ordinarily resident in their area, irrespective of which school they attend. Therefore BFC will include funding top-ups in school budgets only for BF resident pupils. Funding for pupils placed by other LAs will be paid directly to schools by the responsible LA. Schools will need to account for this in their budget by incorporating an appropriate amount of income in their budget.

Early Years Funding Block

43. The Early Years Funding Block is notionally available to fund mainstream schools and other providers of the free entitlement to 15 hours a week education and childcare for 2, 3 and 4 year olds, and a range of DfE approved centrally managed budgets.
44. In terms of funding providers for education and childcare for 3 and 4 year olds, again LAs must implement a Funding Formula from the same list of approved factors as used for statutory aged pupils plus a measure to reward high quality can be used if agreed locally. The Early Years Single Funding Formula (EYSFF) allocates around and comprises:
- A basic per pupil hourly funding rate
 - A deprivation supplement based on assessed deprivation profile of each setting through home address of children, on the IDACI measure.
 - A quality supplement, as measured by workforce qualifications. Providers with qualified teachers on UPS2 or higher cost with at least 75% of staff on level 3 or above receive £0.48 per hour. Those with Graduate (level 5 or 6) leading the EYFS Practice and 60% of staff at level 3 or above receive £0.27 per hour. Workforce qualifications below these thresholds do not receive any funding addition for high quality.
45. Providers are funded on actual participation rates on each of the termly census points, which means funding will fluctuate in line with attendance levels.
46. With effect from September 2014, LAs have a new statutory duty to roll out the free entitlement to the most deprived 2 year olds in their area. A flat hourly rate of £5.10 is paid to providers and in total, is expected to cost £0.894m.
47. Central funding is managed by the LA to provide targeted specialist support to children with SEN and their providers, undertaking assessments and a contingency to support providers.

Other Funding streams available to schools

The Pupil Premium:

48. The pupil premium was introduced in April 2011 and is allocated to schools to work with pupils who have been registered for free school meals at any point in the last six years (known as 'Ever 6 FSM'). Schools also receive funding for children who have been looked after at any time, and children of service personnel. The pupil premium is also used to fund Summer School Programmes for disadvantaged pupils to support their transition to secondary schools in September. With effect from April 2015 Pupil Premium is paid to all eligible 3 and 4 year old pupils in Private, Voluntary, Independent and Mainstream provision. A supplement of £0.53 an hour is paid retrospectively as part of the termly recalculations.
49. Schools are held accountable for how they spend the Pupil Premium through:
- the performance tables which show the performance of disadvantaged pupils compared with their peers
 - the Ofsted inspection framework, under which inspectors focus on the attainment of pupil groups, and in particular those who attract the pupil premium
 - the reports for parents that schools have to publish online
50. How schools present the information in their online statement is a matter for each school. There is certain information that must be in the report: the school's pupil premium allocation in respect of the current academic year; details of how it is intended that the allocation will be spent; details of how the previous academic year's allocation was spent, and the impact of

this expenditure on the educational attainment of those pupils at the school, in respect of whom grant funding was allocated.

51. There are no specific spending restrictions attached to the Pupil Premium by type of expenditure or time limitation and it is allocated to schools on a national formula prescribed by the DfE. For 2015-16 the rates are:
- £1,325 for each primary aged pupil eligible for FSM, rate for secondary aged pupils £935
 - £1,900 for each child looked after
 - £300 for each child from a service family (subject to review)
 - £500 for pupils in Year 7 catch up classes

52. Sports and P.E Grant

Schools must spend the grant to improve the quality of the PE and sport activities they offer their pupils, but they are free to choose the best way of using the money.

For example, to:

- hire specialist PE teachers
- hire qualified sports coaches to work with teachers
- provide existing staff with teaching resources to help them teach PE and sport
- support and involve the least active children by running or extending school sports clubs, holiday clubs and Change4Life clubs
- run sport competitions or increase pupils' participation in the School Games
- run sports activities with other schools

This is an academic year grant. Funding is based on a lump sum of £4,000 plus £8 for every pupil recorded in year groups 1 to 6 on the previous January Census.

53. Universal Infant Free School Meal Grant

The grant is designed to support schools in delivering the legal requirement to offer free school meals, meeting the school food standards, to all their pupils in year groups reception, year 1 and year 2. The calculation is taken from an average of the number of newly eligible pupils recorded in years 1 & 2 on the previous October and January School Censuses. For reception the data used will be the actual take-up based on newly eligible children in reception recorded on the previous January Census.

EFA Sixth Form Grant

54. Schools are funded for their sixth forms through the Education Funding Agency through a national funding formula applied to all post 16 providers. It is generally based on previous October census data, with the 2015-16 formula comprising:
- Student Numbers X
 - National funding rate per student (based on timetabled hours per course, as assessed by Education Funding Agency) X
 - Individual provider staying on-rate (retention) X
 - Individual provider programme cost weighting +
 - Individual provider assessed disadvantage funding X
 - Area cost adjustment (12% uplift for BFC)
55. The EFA pays grant direct to LAs to "passport" on directly to providers. There are no specific spending restrictions attached to the grant by type of expenditure or time limitation although the LA has a duty to audit schools for their use of the grant through the normal audit programme and provide assurance to the EFA.

Other financial support to schools

56. The following areas are available to support schools and are in addition to the funds set out above in paragraph 46 relating to changes to the number and needs of High Needs Pupils, early years provisions, schools with significant in-year increases in pupil numbers and assistance to help schools meet the class size limitations at Key Stage 1.
57. The LA has two main options to support schools requesting additional financial support. Where significant budget difficulties exist, and it is unreasonable to expect a school to be able to solve these through the management of their normal budget allocations, or where a school is in or at risk of falling into one of the Ofsted categories of causing concern, additional funding can be provided that does not need to be repaid. Alternatively, loans can be agreed. Loans can either be to assist a school that is experiencing medium term financial difficulties that over time can be readily managed and the school return to a surplus, or where a capital investment is proposed but the school does not yet have the full resources to afford the purchase. In these circumstances, schools fully repay any loan, including where relevant, any associated interest.

Additional funding allocations

58. Within the Schools Budget, the LA manages funds that can be allocated to schools in financial difficulty which does not need to be repaid. In order to allow funds to be allocated within an appropriate time scale, the Schools Forum has delegated a range of powers to the Director of Children, Young People and Learning to allocate funds up to but not exceeding £150,000 in any financial year, dependent on the Ofsted category of the school, or where there is considered a risk of being placed in a category. Any such allocations would subsequently be reported to the Schools Forum for information.
59. The level of allocation of funds would be:
- schools judged to be inadequate and having serious weaknesses (up to £20k per year)
 - schools deemed to be in need of Special Measures (up to £50k per year)
 - schools at risk being judged to be inadequate (up to £30k per year)
60. Where schools enter an Ofsted category of concern ((judged to have serious weaknesses or placed in Special Measures) the LA establishes a Management Intervention Board (MIB). The Board has an independent chair and senior officers of the LA as members. The headteacher and Chair of Governors of the school also attend the MIB to report on progress. A support plan outlines the actions to be taken by the school and the LA in order to effect rapid improvement. Where the school is unable to fund these actions from its own delegated budget the MIB can request that additional resources be sought. Any such requests are approved by the Director of Children, Young People and Learning. Funds would be allocated to the school from those held for schools in financial difficulty.

Loans

61. There are circumstances where schools may experience budget difficulties and in order for the school to continue to function effectively, a temporary overspend of budget allocation may be desirable. The Scheme for Financing Schools has provisions to allow for this through loan arrangements (formerly licensed deficits) which provide for a short term loan advance so that schools have sufficient time to manage expenditure reductions or receive additional income that demonstrate the ability to fully repay any over spending within an agreed period. Both the Schools Forum and Executive Member for Children, Young People and Learning need to agree loan requests.
62. A summary of the circumstances in which a loan may be agreed is as follows

- Where a school would not otherwise achieve its improvement targets;
 - It would not be reasonable to effect immediately the savings required as a result of a significant reduction in pupil numbers;
 - A major building project is proposed;
 - To finance an invest to save scheme.
63. As a preliminary to presenting a loan for comment and agreement, officers of the LA undertake detailed reviews of school requests. This usually involves discussions with the Headteacher, Chairman of Governors and Bursar.
64. The governing body of a school receiving agreement to a loan / licensed deficit has to agree a medium term budget plan which will be kept under review by the LA on at least an annual basis. If it becomes apparent that any significant differences occur in the underlying budget and expenditure assumptions, then this may require subsequent changes, which will need to be agreed with the Director of Children, Young People and Learning and the Borough Treasurer and endorsed by the Executive Member. Should any changes be proposed to these arrangements during the year, they will be presented to the Schools Forum and Executive Member for a decision.

Other income

65. There are a small number of other areas of income that schools should consider in making their financial plans:
- Use of assets e.g. lettings
 - Donations and fund raising
 - Bursaries and other grants
 - Support received in-kind
 - Balance of unspent budget allocated by the LA through the Funding Formula

Capital Funding

Funding for LAs – school places and planned works

66. DfE provide direct grant funding to LAs and schools for investment in capital projects. The vast majority of funding comes to LAs and is intended to support construction projects to expand schools to meet the demand for additional places arising from the increasing population. Further funding is provided to LAs to undertake planned works at schools to ensure buildings are fit for purpose.
67. Where the Council undertakes works in a school, the Schools Forum has agreed that the school will contribute 10% of the cost from its Devolved Capital Funding (see section below), up to a maximum ceiling of 75% of their Devolved Formula Capital allocation.

Funding for schools – Devolved Formula Capital (DFC)

68. DFC forms part of the New Deal for Schools (NDS) package and is in response to the continuing need for additional resources to be spent on improving the condition and suitability of school accommodation. Allocations have to be made on the basis specified by the DfE. This provides for a fixed lump sum of £4,000 for every school, irrespective of size. Additionally, primary schools will receive £11 per pupil, secondary pre-16 pupils £17 secondary post-16 pupils £22 and special £34.
69. DFC gives schools direct funding for the priority capital needs of their buildings, which can be capital repair, remodelling or new build and investment in ICT equipment. In deciding how to prioritise this funding with this additional freedom, it is essential that schools do not neglect their buildings, but consider all their longer term premises and infrastructure needs, including

ICT, and the longer term benefits of improving them. All capital investment at maintained schools should contribute to raising educational standards and should be in line with the priorities agreed locally, and set out in the LA's Asset Management Plan (AMP), which are Condition, Suitability and Access. Decisions on the use of DFC will be made by schools, following local discussions in the context of the AMP and in relation to the priority needs of school buildings.

70. Schools are required to receive consent from the LA before any DFC funded projects are undertaken to ensure that they appropriately maintain school buildings which continue in the ownership of the Council.

71. The DfE requires DFC to be spent within 3 years and 1 term of allocation. Unspent balances are subject to reclaim by the DfE. DFC can only be spent on eligible capital expenditure. A summary of examples is set out below:

- DFC must not be used for general maintenance, redecoration or routine repairs;
- DFC must not be used for the purchase of books, ICT software or training materials/services;
- DFC is distinct from any element for routine repairs and maintenance that may be included in delegated budgets;
- DFC must not fund operating leases in respect of equipment or facilities. Finance leases are classed as borrowing, for which explicit approval from the Secretary of State must be sought;
- DFC may not be used for the hire of temporary accommodation, unless it is part of a larger project which has a short-term requirement to re-house classes.
- DFC cannot be used for expenditure where the amount falls below the LA's minimum capital spend threshold of £2,000.
- DFC cannot be used to fund the cost of salaries or wages.
- Schools must receive consent from LA before commencing any projects

Note: Revenue budgets can be used to supplement capital spend but capital budgets cannot be used for revenue purposes.

The above DFC related paragraphs apply to community and voluntary controlled schools only. In accordance with DfE funding arrangements, allocations of DFC to Voluntary Aided Schools are not made through the LA and relevant school should therefore contact their diocesan authority for guidance in this area.

Allowable factors for LA Funding Formulas - April 2015

The simplification of the Funding Formula means that from the 'Schools Block' only the following 13 options are available to distribute funding to schools for the items subject to delegation, of which only 1 - 8 are relevant to BFC.

Factors that are relevant to BFC

1. A basic per-pupil entitlement – there will be a single unit for primary aged pupils and a single unit for each of key stage 3 and Key Stage 4.
2. Deprivation, measured by Free School Meals (FSM) and/or IDACI. There can be separate unit values for primary and secondary.
3. Looked after children.
4. Prior attainment as a proxy measure for SEN.
5. English as an additional language, for a maximum of 3 years after the pupil enters the school system. There can be separate unit values for primary and secondary.
6. Pupil mobility.
7. A standard lump sum for each school, with an upper limit of £175,000.
8. Rates, which must be at actual cost

Factors where BFC schools do not meet qualifying criteria:

9. Split sites
10. Private finance initiative (PFI) contracts
11. For the 5 local authorities who have some but not all of their schools within the London fringe area, an uplift to enable higher teacher pay scales in those schools to be reflected
12. Sparsity factor for small schools
13. A per-pupil factor which continues funding for post-16 pupils up to the level that the authority provided in 2012-13.

In addition to the factors listed above, one further funding stream is available to schools which is funded outside the 'Schools Block':

1. The Early Years Single Funding Formula that funds relevant schools for the free entitlement to early years education and childcare. No changes are proposed on this for 2015-16.

Summary of the BF Funding Formula used in 2015-16

Reception Uplift	No		Number of Pupils		Sub Total (£)	Total (£)	Proportion of funding(%)
	Amount (£) per pupil		Pupil Units				
				0			
Primary (including reception)		£2,842.95		9,703.0	£27,585,143.85	£49,981,376.00	44.35%
Key Stage 3		£4,066.86		3,331.0	£13,546,710.66		21.78%
Key Stage 4		£4,066.86		2,176.0	£8,849,487.36		14.23%
Description	Primary amount per pupil (£)	Secondary amount per pupil (£)	Number of eligible primary pupils	Number of eligible secondary pupils	Sub Total (£)	Total (£)	Proportion of funding(%)
Primary FSM	£439.03		880.6	0.0	£386,604.00	£2,456,475.00	3.95%
Secondary FSM		£1,355.12	0.0	413.8	£560,694.00		
IDACI Score 0.2 - 0.25	£339.54	£1,113.32	1,511.7	700.6	£1,293,284.00		
IDACI Score 0.25-0.3	£509.30	£1,669.98	156.8	71.0	£198,392.00		
IDACI Score 0.3- 0.4	£679.07	£2,226.65	3.0	7.0	£17,501.00		
IDACI Score 0.4-0.5	£848.84	£2,783.31	0.0	0.0	£0.00		
IDACI Score 0.5-0.6	£1,018.61	£3,339.97	0.0	0.0	£0.00		
IDACI Score 0.6-1	£1,188.38	£3,896.63	0.0	0.0	£0.00		
	Amount (£) per pupil		Number of Pupils		Sub Total (£)	Total (£)	Proportion of funding(%)
LAC_X_Mar11	£211.86		61.2		£12,956.00	£12,956.00	0.02%
LowAtt_%_PRI_78	£509.19		1,834.6		£934,165.00	£2,075,864.00	3.34%
Secondary pupils not achieving (KS2 level 4 English and Maths)	£902.88		1,264.5		£1,141,699.00		
EAL_3_PRI	£239.12		810.5		£193,811.00	£249,298.00	0.35%
EAL_3_SEC	£239.12		93.0		£22,236.00		

Other Factors

Factor	Description	Total (£)	Proportion of funding(%)
7) Lump Sum	A lump sum of £160,000 per school for 31 Primary schools, £170,000 for 6 Secondary schools	£5,980,000.00	9.61%
8) Fringe Payments	N/A	£0.00	0.00%
9) Split Sites	N/A	£0.00	0.00%
10) Rates	Estimated actual cost.	£1,372,940.00	2.21%
11) PFI funding	N/A	£0.00	0.00%
12) Sixth Form	N/A	£0.00	0.00%
13) Exceptional circumstances (can only be used with prior agreement of EFA)			
Circumstance		Total (£)	Proportion of funding(%)
Exceptional Circumstance 1	The Authority was granted approval by the EFA 12 September 2012 for Joint Use of Sports facilities to be excepted. This affects 2 secondary schools: Edgbarrow and Sandhurst.	£85,048.47	0.14%
Total Funding for Schools Block Formula (excluding MFG Funding Total) (£)			£62,201,001.00
14) Minimum Funding Guarantee MFG is set at -1.5%, gains may be capped above a specific ceiling and/or scaled			
MFG Funding Total (before capping or scaling) (£)			£96,371.00
Capping Factor (%)	1.00%	Scaling Factor (%)	41.95%
Explanation as to how capping and/or scaling has been applied:			
All schools scaled by 41.95% which is the rate required to fund the cost of MFG.			
If capped and/or scaling applied: Total deduction (£)			-£96,371.00
TOTAL FUNDING FOR SCHOOLS BLOCK FORMULA (£)		£62,201,001.00	
% DISTRIBUTED THROUGH BASIC ENTITLEMENT		80.35%	
% Pupil Led Funding		88.04%	
RETAINED FOR GROWTH (£)		£319,040.00	
PRIMARY/SECONDARY RATIO		1:	1.35%

Items subject to de-delegation

Budget Item	Budgets to be de-delegated £
<u>Items that can be de-delegated from a maintained school's budget</u>	
Behaviour Support Services *:	
Behaviour Support Team – provides support to young people, children and their families in the home environment and schools to manage behaviour.	£299,787
Anti-bullying co-ordinator – assists schools in their capacity to address bullying issues.	£25,027
Schools in Financial Difficulty – additional support where a school is in, or likely to fall into one of the Ofsted categories of causing concern.	£280,000
English as an Additional Language – to support under performing EAL pupils.	£127,066
SIMS and other licences – purchase of the licence required by the software that performs most finance and administration tasks in schools.	£90,452
Premature Retirement/Dismissal costs – to fund one-off redundancy costs following staffing restructure in schools.	£52,000
FSM Eligibility checking -	£20,000
Exceptional costs(primary schools only) to support schools facing exceptional costs that could not be predicted when the budget was set	£10,000
Official staff absence e.g. maternity leave, union or magistrates duty, jury service, council membership, staff suspension.	£345,420
Total Schools Budget	£1,249,752

Initial 2015-16 Schools Block budgets to be centrally managed by the Council

Budget item	Schools Budget Centrally Managed		
	Allocations to schools £	Centrally retained £	Total £
	2014-15	Proposed Changes	2015-16
<u>Spending limited to amount agreed in the previous financial year</u>			
Combined Services Budgets*:			
Family Intervention Project	£100,000	£0	£100,000
Educational Attainment for Looked After Children	£133,590	£0	£133,590
School Transport for Looked After Children	£42,890	£0	£42,890
Young People in Sport	£18,050	£0	£18,050
Common Assessment Framework Co-ordinator	£42,470	£0	£42,470
Domestic Abuse	£6,000	£0	£6,000
Education Health Partnerships	£30,000	£0	£30,000
SEN Contract Monitoring	£32,680	£0	£32,680
Miscellaneous (up to 0.1% of Schools Budget):			
Forestcare out of hours support service	£4,850	£0	£4,850
Borough wide Initiatives	£27,270	£0	£27,270
Support to Schools Recruitment & Retention	£7,470	£0	£7,470
School Admissions	£175,970	£0	£175,970
Schools Forum	£21,440	£0	£21,440
Sub total	£642,680	£0	£642,680
<u>No restriction on annual increases</u>			
Schools Contingency:			
Significant in-year growth in pupil numbers	£305,648	-£123,000	£182,648
Key Stage 1 class sizes	£86,392	£0,000	£86,392
Boarding Placements for Vulnerable Children	£45,880	£30,000	£75,880
Central copyright licensing	£30,000	£15,000	£45,000
Sub total	£467,920	-£28,000	£439,920
Total	£1,110,600	-£28,000	£1,082,600

* Combined Service Budgets funded by the DSG generally support vulnerable children and link to other programmes funded by the Council which together result in better, more effective use of resources with improved outcomes for children than if provided independently.

Financial Responsibilities

As part of the Scheme of Management, the Council has agreed a framework for managing the authority's financial affairs which also applies to schools. This framework is set out in Financial Procedure Rules which specify the financial regulations that need to be complied with together with annexes of detailed information on how the regulations need to be implemented. They have been designed to promote and maintain the high standards expected of the public sector in dealing with the Council's and school finances and require all Officers to carry out their responsibilities in an open and consistent manner. Revised regulations were introduced in June 2012.

In accordance with the employee code of conduct, Officers also have a general responsibility for taking reasonable actions to provide for the security of assets under their control, and for ensuring that the use of Council resources is lawful, is properly authorised and provides value for money.

Headteachers are also responsible for ensuring that all staff in their school are aware of the existence and content of the authority's financial regulations and other internal regulatory documents and that they comply with them

The Council's detailed financial procedures, setting out how the financial regulations will be implemented, cover the following areas:

1 Financial Management – Appendix A

- 1.1 Financial Management Standards
- 1.2 Preparing reports for Decision
- 1.3 Scheme of Virement
- 1.4 Treatment of Year End Balances
- 1.5 Accounting Policies
- 1.6 Accounting records and returns
- 1.7 The Annual Statement of Accounts

2 Financial Planning – Appendix B

- 2.1 Budgeting – Format of the Budget
- 2.2 Revenue Budget preparation, monitoring and control
- 2.3 Budgets and Medium Term Planning
- 2.4 Resource Allocation
- 2.5 Capital Programmes
- 2.6 Maintenance of Reserves

3 Risk Management and Control of Resources – Appendix C

- 3.1 Risk Management
- 3.2 Internal Controls
- 3.3 Internal Audit
- 3.4 External Audit
- 3.5 Preventing Fraud and Corruption
- 3.6 Assets - Security
- 3.7 Asset Disposal
- 3.8 Treasury Management
- 3.9 Staffing

4 Financial Systems and Procedures – Appendix D

4.1 General

4.2 Income

4.3 Ordering, paying for work, goods and services

4.4 Payments to Employees and Members

4.5 Taxation

5 External Arrangements – Appendix E

5.1 Partnerships

5.2 External Funding

5.3 Work for Third Parties

The full regulations can be found at:

[http://democratic.bracknell-forest.gov.uk/\(X\(1\)S\(nliktx450gyu3eakih1qej45\)\)/mgConvert2PDF.aspx?ID=16113](http://democratic.bracknell-forest.gov.uk/(X(1)S(nliktx450gyu3eakih1qej45))/mgConvert2PDF.aspx?ID=16113)

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