

<p><b>CHAPTER 15</b> <b>Earmarked Funds</b></p>	<p><b>Chapter:</b> 15.0 <b>Page:</b> 1 of 21 <b>Date:</b> April 2013</p>
---	--

15.0 Earmarked Funds

15.1 **Introduction**

Prior to April 2011, schools were in receipt of a number of specific grants that were earmarked – i.e. they could only be used for a specific purpose in line with the grant accounting body’s instructions.

In recent years, there has been a concerted effort by Central Government to reduce the number of grants that are earmarked for specific purposes within schools. In April 2011, the DfE mainstreamed many grants within the Dedicated Schools Grant.

There do still remain a number of areas for which the funding is classed as “earmarked” for a particular purpose.

This chapter covers the funding arrangements for a number of earmarked funds:

<b>Type of Fund</b>	<b>Section</b>
Early Years Funding	15.2
Pupil Premium	15.3
Post 16 Funding including High Needs	15.4
Non-Specific Earmarked Funds	15.5
Grants Procedures	15.6
Administration of Funds from Third Parties	15.7

### 15.2 Early Years Funding

#### **PART 1: The Early Years Single Funding Formula**

##### 15.2.1 Introduction

All early years providers in North Yorkshire are funded through a local single funding formula for the early years' free entitlement known as EYSFF. The EYSFF has been developed in consultation with providers in North Yorkshire and operates within the constraints of the Statutory Guidance for Local Authorities on the Delivery of Free Early Education for three and four year olds and the school funding regulations.

The single funding formula supports the delivery of pre-school education provision via a diverse sector of providers. It is based on the number of hours attended by eligible two, three and four year old children.

For a provider to receive early years funding they must be included in the Directory of Providers. It is a statutory requirement for local authorities to maintain a local directory of providers who are in receipt of funding to deliver the free early education entitlement. Nursery schools and schools with nursery classes are automatically included and are subject to the provisions of the statutory guidance.

This guidance relates to the funding of provision at the local authority's maintained schools.

##### 15.2.2 Free Entitlement

Two year olds who meet the eligibility criteria and all three and four year olds become eligible the term after they turn two and three respectively. A child's entitlement is for 15 hours for 38 weeks of the year, a total of 570 hours. These hours are taken at times to best support the child's learning and the needs of the parents. It is subject to:

- i. No session being longer than 10 hours;
- ii. No session being shorter than two and a half hours; and
- iii. The session not being before 7am or after 7pm

##### 15.2.3 Eligibility for Funding

The funded hours that can be claimed for each eligible child are the hours they attend during headcount/ census week. To be eligible to claim for funding, a child must

- i. be registered with the school on headcount week; and
- ii. attend a session of at least 2.5 hours in length.

A minimum of 2.5 and a maximum of 10 hours in one day between the hours of 7am and 7pm can be claimed.

The 15 hours can be taken over a minimum of two days and usually at no more than two providers. A child can, legitimately, attend a maximum of two providers. It is only an issue if the total number of funded hours for a child is over the free entitlement of 15 hours a week.

Funding is not adjusted for children who leave or start at the school after the headcount date.

Where a child is not accessing their full entitlement of 15 hours, schools/providers cannot claim for those hours not taken up within the term.

Parents are required to complete a Parental Agreement. This determines which school/provider is to receive the funding for the free entitlement.

Schools must ensure that documentation regarding proof of eligibility; i.e. a Birth Certificate has been seen and every effort must be made to avoid duplicate claims being submitted. Where duplicate claims are discovered during or after the process of allocating funding,

discussions will need to take place between the providers concerned and the parents/guardians involved in order to clarify where the funding for the particular child is to be allocated.

Prior to each headcount, the School Related Budgets and Early Years Team will write to nurseries and schools to provide the guidance necessary for them to complete that term's headcount.

The eligible children in nursery schools, nursery classes and pre reception classes are taken from the census that is administered by Performance and Outcomes. The information is checked against headcount returns from other schools/providers and an electronic confirmation download is made available via Anycomms approximately one month after the census day each term. The confirmation sheet gives details of the children who will be funded for the term.

The funded hours and total hours should agree with what the children attended on census week. It is important to ensure that the hours a parent is paying for are NOT recorded as funded hours.

#### 15.2.4 The Early Years Single Funding Formula (EYSFF)

The funding formula currently includes the following elements:

- i. **Funded Hours** – calculated at the beginning of each financial year, this is based on the number of funded hours in the previous three terms; it is updated during the year following each term's headcount to reflect the actual number of funded hours.
- ii. **Hourly Rate** – this varies depending on the category of provision and age of the children, i.e. two year olds attract a higher level of funding than three and four year olds.
- iii. **Delegated Deprivation/Inclusion Funding (only applicable to three and four year old funding)** – this is based on the Index of Multiple Deprivation score. This is calculated by identifying the postcode of each child attending the setting on the January headcount and the IMD score attributable to that postcode.

Additional sources of funding include the following:

- i. **High Needs Low Incidence SEN Funding** – additional funding that has been allocated for children assessed as having high needs. Adjustments to funding are actioned at the point of change.
- ii. **Inclusion** – additional funding that a provider can apply for in order to support children with low need/high incidence special education needs (SEN) as a top up to the delegated inclusion funding. It is paid at a standard hourly rate for all providers. The maximum allocation of funding equates to 75% of the time a child spends in the funded place; 50% is the minimum. The amount of funding allocated for inclusion in the EYSFF is taken into consideration when calculating the top up. Any child that needs support for more than 75% of the time would be considered to have high needs and may be subject to a statutory assessment (see Special Educational Needs Handbook). Funding can be provided for 100% of the time a child is in a funded place up to a maximum of 15 hours per week.
- iii. **Sparsity** - Additional funding is available to ensure that providers remain viable where they are operating in areas where there is limited early years' provision. The following eligibility criteria applies:
  - There must be no other similar provision within three miles; and
  - 50 per cent of the funded children who attend are attending their nearest similar provider.

<b>CHAPTER 15</b> <b>Earmarked Funds</b>	<b>Chapter:</b> 15.0 <b>Page:</b> 4 of 21 <b>Date:</b> April 2013
---	---

A financial assessment is undertaken to confirm eligibility for funding and to consider whether the school is projecting a loss over the next 12 months without the additional funds. This assessment will take into consideration additional costs the school has incurred as a result of operating a nursery class/pre-reception class or having nursery aged children as part of a foundation unit. A condition of funding is an agreed action plan.

**15.2.5 Payment Arrangements**

Funding is paid to schools in monthly instalments in the same way as for their Section 251 funding. The schedule of payment is shown below for information:

<b>Month</b>	<b>Make up of payment</b>
April	6/52 of the indicative budget
May	2/12 of the indicative budget less previously paid
June	3/12 of the indicative budget less previously paid
July	4/12 of budget adjusted for the summer term, less previously paid
August	5/12 of budget adjusted for the summer term, less previously paid
September	6/12 of budget adjusted for the summer term, less previously paid
October	7/12 of budget adjusted for the summer term, less previously paid
November	8/12 of budget adjusted for the summer term, less previously paid
December	9/12 of budget adjusted for the autumn term, less previously paid
January	10/12 of budget adjusted for the autumn term, less previously paid
February	11/12 of budget adjusted for the autumn term, less previously paid
March	12/12 of budget adjusted for the spring term, less previously paid

A timetable of payment dates is provided at the beginning of the financial year.

**15.2.6 Overpayments**

As payments are based, initially, on the previous year's funded hours, it is possible that once payments are adjusted to reflect the actual termly headcount hours, a school may have received more funding to date than that to which they are entitled. Any overpayments of this nature will be offset against future monthly payments until the amount has been fully recovered.

<p><b>CHAPTER 15</b></p> <p><b>Earmarked Funds</b></p>	<p><b>Chapter:</b> 15.0</p> <p><b>Page:</b> 5 of 21</p> <p><b>Date:</b> April 2013</p>
--	--

**PART 2: Accounting Arrangements**

15.2.7 Early Years Budget Statement

Prior to the start of the financial year, schools receive their individual S251 budget allocation in the form of a series of budget data sheets, Part 10 of which relates to early years funding. If a school is in receipt of early years funding, this shows the indicative level of funding for the year and is based on the total hours taken during the previous summer, autumn and spring terms.

15.2.8 Processing the Early Years Part 10 in BPS Formula Allocation Module

The figures in the indicative funding statement (Part 10) should be replicated onto the Financial Planning Software under the Formula Allocation Module – Section 251 Funding Early Years Pupil Information tab.

In order to calculate the delegated inclusion figures, the deprivation percentage figure should be input into weighted (& targeted where applicable) pupils cells.

As with main school funding, when the budget forecast is run, this will then correctly populate the relevant subjective codes in the following CFR Headings (where applicable) within the budget:

I01	9500	Early Years Delegated Budget
I03	9525	Early Years Inclusion Funding
	9526	Early Years High Needs Funding

15.2.9 Updating Early Years in BPS Formula Allocation Module after Headcount

Following the termly headcount, schools will receive revised statements in July, December and March of each year. The revised statements reflect the **actual** hours for the previous term. The impact of these expected adjustments should be incorporated into Start Budgets to show a realistic financial position for the year.

The **total** expected adjustment against the indicative funding (surplus or deficit) should be shown within the Start Budget against subjective code 9501 (I01) as this is where the actual funding adjustments will be made via Oracle Financials.

15.2.10 Early Years Ready Reckoner

***Schools will be advised when this available to use and this chapter will be updated accordingly.***

15.2.11 Sparsity Funding

Sparsity funding, where applicable, is paid in three termly instalments to schools via Oracle Financials on subjective code 9225.

15.2.12 Free School Meals

Three and four year olds who access provision of at least 2.5 hours before **and** after lunch may be eligible for a free school meal up to three times a week **if** the family meets the appropriate criteria for entitlement to free school meals. The Free School Meal Application procedure is the same as for those children who are of statutory school age.

Nursery Free School Meals funding is calculated by CYPs Finance from information obtained from North Yorkshire County Caterers. Funding is processed in termly instalments and

<p><b>CHAPTER 15</b> <b>Earmarked Funds</b></p>	<p><b>Chapter:</b> 15.0 <b>Page:</b> 6 of 21 <b>Date:</b> April 2013</p>
---	--

reflects the actual nursery free meals taken in the Spring term (processed in the Summer term), the Summer term (processed in the Autumn term) and the Autumn term (processed in the Spring Term) via Oracle Financials to I16 Community Focused School Funding subjective code 5094. An estimate of this income (based on information from the school/previous year info) should be incorporated into the Start budget.

The costs of Free School Meals for nursery children are included in the charges against subjective code 3551 as calculated by NY County Caterers and these, too, should be allowed for within the Start Budget by assuming expenditure is equal to the income amount, i.e. cost neutral.

Where lunchtime sessions are chargeable, the parent should not be charged where the nursery child is in receipt of a free school meal.

15.2.13 Other Income & Charges

i. Paid Meals and Lunchtime Supervision Charges

Where schools charge for a school meal and additional lunchtime supervision, the income should be split based upon the nursery meal charge with the remainder being the staffing cost element of the supervision.

The income should be allocated to separate codes under **I17 Community Focused Schools Facilities Income**. The use of the subjective range (**5155 to 5164**) will vary between schools as I17 is not used solely for Early Years.

The charges for paid nursery meals will be shown under **E32 Community Focused Schools Costs - subjective code 3009** Nursery Meals. Charges will be processed via Oracle Financials along with all other meal charges the school incurs.

For the supervisory staffing, the charge that should be put to **E31 Community Focused Schools Staff- subjective code 1562** Early Years Additional Staffing, will be an internal charge within the budget and will cover the amount of income received for staffing as a transfer from the relevant staffing costs (i.e MSA, GTA etc). An RM Finance transfer journal is required.

ii. Charges for Additional Sessions over the 15 hours Entitlement

• Schools selling minimal Additional Sessions

Most mainstreamed school settings will only sell a few spare sessions and this income should be coded under Community Focused School Facilities Income (**I17**).

In order to bring this income back into the school budget but also show the expenditure within Community Focused Expenditure (**E31**), a transfer journal in RM Finance should be made (in the same way as lunch time supervision income) from existing staff codes (i.e. ATA or GTA).

The Community Focused School Revenue balance, B06, at year end should illustrate the net effect to the budget – hopefully, it will be cost neutral but there could be legitimate reasons why income and expenditure will not match i.e. bad debts.

• Schools Selling a Significant amount of Additional Sessions

If a setting is selling a significant amount of sessions and the staff can be specifically identified, then their hours should, where possible, be coded via the employee module of the financial planning software to the pay codes for E31 Community Focused School Staff (1560 - 1566) or, where this is not

## SCHOOLS FINANCE MANUAL

<b>CHAPTER 15</b> <b>Earmarked Funds</b>	<b>Chapter:</b> 15.0 <b>Page:</b> 7 of 21 <b>Date:</b> April 2013
---	---

possible, the relevant costs should be made via transfer journal in RM Finance from existing staff codes (such as GTA/ATA) to represent the true cost of selling sessions.

At the year end, the Community Focused School Revenue balance B06 will illustrate the net effect to the budget and enable any balances to be carried forward independently of the school revenue balance.

### 15.2.14 Audit

Early Years data and funding is subject to normal Audit arrangements.

**PART 3: Charging Parents for Early Years Provision Over and Above the Free Entitlement****15.2.15 Introduction**

The Statutory Guidance is clear that Early Years provision must be “free at the point of delivery” and therefore no charge must be made for any part of the **free entitlement of up to 15 hours per week**. Parents should receive the hours free (up to 15 per week) and this should be reflected on their bill and **not** the amount of funding received for that child from the Local Authority.

Schools who charge for any goods or services, for example, meals, optional extras or additional hours of provision outside of the free entitlement, should not do so as a condition of children accessing their free entitlement.

It is important to distinguish between the rate of funding paid to the school by the Local Authority and the rate at which the school charges the parent. The level of funding is determined by the Local Authority and is paid to the school to deliver the Early Years Provision. This funding must not be passed on to the parents, but used by the school to deliver the promise of “15 hours free early years provision per week”. If a child at the school attends more than their free entitlement, then the parents should only be charged for those hours claimed in excess of the free entitlement. The bill should not deduct the amount of funding received from Local Authority.

**15.2.16 Charging Policies**

The School Related Budgets and Early Years Team have produced the following guidance for schools to assist in the development of their own charging policy for early years’ provision.

A fee policy should detail the areas relevant to the session and/or any other items that are being offered. This should include the following:

- i. Cost of sessions (see section below on what can and cannot be charged for)
- ii. Payment terms
- iii. Cancellation policy (i.e. if you will charge for sessions even if a parent cancels)
- iv. Notice period
- v. Late payment fees/debt collection policy
- vi. Late collection policy (i.e. if a parent is late to pick up a child)

It is the school’s responsibility to ensure that parents are aware of the charging policy they adopt. This can be done by the production of an information booklet for parents and/or the Parental Agreement/Contract. The information can also be uploaded to the school’s website as part of the school’s Charging and Remissions Policy.

**15.2.17 Out of School Provision (breakfast and after school care, holiday clubs)**

Schools are able to offer childcare provision outside the normal hours of school which parents will be charged for. The sessions will be offered only where enough demand exists as this has to be a self-sustaining element of the school. It is recommended that a parental agreement is drawn up between parent and school; this will also include a copy of the current fee policy.

<p><b>CHAPTER 15</b> <b>Earmarked Funds</b></p>	<p><b>Chapter:</b> 15.0 <b>Page:</b> 9 of 21 <b>Date:</b> April 2013</p>
---	--

15.2.18 Early Years

i. Nursery Charges for Additional Sessions over the Funded 15 hours

All 3 and 4 year old children have an entitlement to 15 hours funded entitlement and this entitlement must always be completely free at the point of delivery. A parental agreement will be required in relation to the funded 15 hours provision; this can also include any additional chargeable sessions

Additional sessions over the 15 hours per week entitlement may be available but this is dependent upon the number of children who are attending for funded sessions and to whom priority will be given. The additional sessions should only be guaranteed for the duration of 1 term with a variation to the agreement being put into place each term to define requirements, again dependent upon availability.

ii. Lunchtime Sessions

The school can charge parents a fee to cover for additional supervisory staffing provision for nursery children attending the lunchtime session.

An optional charge of £1.60 will cover school dinner where required (packed lunches may be provided by parents if preferred).

iii. Free School Meals

Where there is entitlement to a Free School Meal the lunchtime supervision charge will be waived for the sessions that the Free School meal applies.

The Business Support Team can provide support in developing or reviewing a draft policy; contact details can be found in Chapter 1: Contacts.

15.2.19 What can/cannot be charged for

The table below details those areas that can/cannot be charged for:

<b>Session/Fee</b>	<b>Chargeable</b>	<b>Notes</b>
Snack/Milk for a child accessing the free entitlement	No	The free entitlement must be free at the point of delivery
Trips/Visits for a child only accessing the free entitlement	No	The free entitlement must be free at the point of delivery
Trips/Visits where alternative arrangements exist for parents who do not want to pay extra	Yes	
Childcare during the lunchtime period for a child accessing a free school meal	No	This should be funded through the delegated deprivation funding
Childcare during the lunchtime period, if it is not included as part of the free entitlement (excluding children accessing free school meals)	Yes	
A school meal for a child entitled to a free school meal accessing funded	No	

<p><b>CHAPTER 15</b> <b>Earmarked Funds</b></p>	<p><b>Chapter:</b> 15.0 <b>Page:</b> 10 of 21 <b>Date:</b> April 2013</p>
---	---

provision before and after the lunch period		
A school meal for a child not entitled to a free school meal or a child entitled to a free school meal but not attending before and after the lunch period	Yes	If the lunch period is offered as part of the free entitlement children <u>must</u> be given the option of a packed lunch
Child coming to school nursery after headcount and not accessing free entitlement at any other setting	No	You only need to offer a place if you have a space without incurring additional staffing costs
Child coming for additional nursery sessions beyond 15 hours free entitlement. The 15 hours may have been taken at another setting/school	Yes	You can charge for all sessions over and above the 15 hours free. This includes a child where the parent has chosen to take funding at another setting

15.2.20 Booking Procedure and Billing

Any policy should be as clear and transparent as possible so that parents understand the obligations of what it is that they are signing up for.

Schools need to ensure that they have a booking form. The current Parental Agreement form for funded children can be adapted to be used as a booking form detailing the following information:

- i. Parent’s name & address
- ii. Child/Children’s details, i.e. name, date of birth
- iii. Details of additional sessions required

The fees for any additional sessions booked should be clearly relayed to the parents as should the payment terms.

Monthly in advance payment terms are more affordable for parents than termly. It is recommended that you offer various payment methods such as cheque, parent pay, bank transfer, cash etc.

Parents should be supplied with an invoice that clearly differentiates between the free entitlement and paid for sessions.

A system to manage payments received should also be introduced. Schools may want to consider using the Superfox package to assist with their invoicing arrangements.

Important note: any sums payable by parents for optional extras such as unpaid nursery fees, extended school provision etc to which they have agreed in writing, or for board and lodging shall be recoverable as a civil debt and may also be subject to late payment charges.

<b>CHAPTER 15</b> <b>Earmarked Funds</b>	<b>Chapter:</b> 15.0 <b>Page:</b> 11 of 21 <b>Date:</b> April 2013
---	--

**PART 4: Other Information Sources**

The Early Years and Childcare area of the cyps.info website:

<http://cyps.northyorks.gov.uk/index.aspx?articleid=13434>

Statutory Guidance for Local Authorities on the delivery of Free Early Education for three and four year olds and securing sufficient childcare – September 2012:

<http://www.education.gov.uk/aboutdfe/statutory/g00209650/code-of-practice-for-las>

Quality First – Guidance on providing for children in the Early Years Foundation Stage (December 2012):

<http://cyps.northyorks.gov.uk/index.aspx?articleid=17286>

### CHAPTER 15

#### Earmarked Funds

**Chapter:** 15.0  
**Page:** 12 of 21  
**Date:** April 2013

### 15.3 Pupil Premium

#### 15.3.1 Introduction

The Pupil Premium is allocated to children from low-income families who are currently known to be eligible for Free School Meals (FSM) in both mainstream and non-mainstream settings and children who have been looked after continuously for more than six months.

The Pupil Premium was introduced in April 2011, and was paid to local authorities by means of a specific grant based on January 2011 school census figures for pupils registered as eligible for FSM in reception to Year 11. For looked after children, the Pupil Premium was calculated using the Children looked after data returns (SSDA903). The grant is paid under section 14 of the Education Act 2002.

In 2012-13, eligibility for the Pupil Premium was extended to include pupils who have been eligible for FSM at any point in the last 6 years. As a group, children who have been eligible for FSM at any point in time have consistently lower educational attainment than those who have never been eligible for FSM.

#### 15.3.2 Eligible Expenditure

Local authorities are responsible for looked after children in care and make payments to schools and academies where an eligible looked after child is on roll.

Schools are free to spend the Pupil Premium as they see fit since they are best placed to assess what additional provision should be made for the individual pupils within their responsibility.

However, schools will be held accountable for how they have used the additional funding to support pupils from low-income families. New measures are to be included in the performance tables that will capture the achievement of those deprived pupils covered by the Pupil Premium.

#### 15.3.3 Publication of School Data

From 1<sup>st</sup> September 2012<sup>1</sup>, schools are required to publish information on their school websites regarding the value of the school's allocation from the Pupil Premium Grant for the current academic year; details of how it is intended to be spent; details of how the previous academic year's allocation was spent and the effect of this expenditure on the educational attainment of those pupils at the school in respect of whom grant funding was allocated. This will ensure that parents and others are made fully aware of the attainment of pupils covered by the Premium. School websites may be subject to future auditing.

#### 15.3.4 The Service Premium

A premium has also been introduced for children whose parents are currently serving in the armed forces. This service premium is designed to address the emotional and social well-being of these pupils.

The Service Premium has been extended to include those pupils who have had a parent die in action or whose parent has left the service since April 2011 for other reasons including injury.

---

<sup>1</sup> The School Information (England) (Amendment) Regulations 2012 came into force on 1<sup>st</sup> September 2012.

<b>CHAPTER 15</b> <b>Earmarked Funds</b>	<b>Chapter:</b> 15.0 <b>Page:</b> 13 of 21 <b>Date:</b> April 2013
---	--

### 15.3.5 Accounting Arrangements

The Free School Meal element of the Premium is transferred to schools by journal in the first quarter of the year. The full year amount is paid in one installment. Adjustments are only made where a school closes during the year.

The Looked After element is paid termly. As looked after children are prone to move between schools, paying termly ensures that the school where the child is on roll at the time receives the funding in a timely manner.

Pupil Premium income is coded to subjective code **9300 (105)**.

Any unspent current year Pupil Premium balances at financial year closedown should be coded to **9093 (B01 – Committed Revenue Balances)**.

### 15.3.6 Further Information

The DfE website: <http://www.education.gov.uk/schools/pupilsupport/premium>

## CHAPTER 15

## Earmarked Funds

Chapter: 15.0  
 Page: 14 of 21  
 Date: April 2013

## 15.4 Post-16 Funding (including High Needs)

15.4.1 Background

Post-16 funding for school sixth forms is calculated and funded by the Education Funding Agency (EFA). Allocations are made for the academic year that runs from August to July. Annual allocations are released to schools in the March prior.

15.4.2 Funding Formula

From the 2013/14 academic year, the EFA has implemented a revised funding formula. The formula is:

$$\text{Student Numbers} \times \text{National Funding Rate} \times \text{Retention Factor} \times \text{Programme Cost Weighting} + \text{Disadvantage Funding}$$

*The area cost allowance is not applicable in North Yorkshire and so is not shown in the formula above.*

**Student Numbers** The formula is based on student numbers rather than the qualifications they undertake to study as was the case in the previous formula. The student numbers are taken from the October Census of the previous year. This is known as “lagged funding”.

**National Funding Rate** This is determined each Spring following confirmation of the overall Post 16 budget and the publication of the 16-19 Funding Statement. It is a single basic funding rate per full time student per year regardless of where and what they study. It will fund, on average, a programme of study of around 600 learning hours for all students. Part time students are funded based upon 4 part time bands: bands 2-4 are funded at mid-point and as a proportion of the full time rate, i.e. a student studying between 360 and 449 hours per year would be funded at the midpoint of 405 hours giving a funding allocation of NFR x 405/600. Students studying below 280 hours in band 1 will be allocated funding based on a calculation of the NFR / 600 x programme of hours.

**The National Funding Rate for the 2013/14 academic year is £4,000 per full time student.**

**Retention Factor** To attract retention funding, the student must stay in learning to the planned end of their programme and be recorded as having completed. If a student leaves after the qualifying period of two or six weeks (depending on the length of their planned programme) and so is not recorded as complete, the institution will receive 50% funding. If they leave before the end of the qualifying period, the institution will not receive any funding for that student.

**Programme Cost Weighting** These are applied to the student’s core programme aim only and are related to the cost of delivery. The School Census will identify the core aim.

**Disadvantage Funding** This element combines how deprived the student’s home area is and their prior attainment in English and Maths.

High Needs students that previously attracted more than £5,500 High Cost ALS funding as well as those 19-24 year old students that have a Learning Difficulty Assessment (LDA) or an Education, Health and Care Plan (EHCP) will attract funding based on the new formula. Students will attract the formula programme funding plus **£6,000** from the EFA with any top-up being commissioned by the Local Authority responsible for them.

From September 2014, the teaching of English and Maths qualifications will be a condition of funding where a student has not achieved A\*-C at GCSE in either or both subjects. For Autumn 2014 starters, any student where the conditions are not met will be removed from the allocations data for 2016/17.

***The value of the funding rate for the 2013/14 academic year is £480 per subject not achieved.***

Students who are in care or have recently left care will also attract an uplift of £450.

Examples:

- i. A student who has not yet attained a GCSE grade C in English or Maths will attract £480.
- ii. A student who has not yet attained a GCSE grade C in both English and Maths will attract £960.
- iii. A student who has recently left care will attract £480.
- iv. A student who has recently left care and has not yet attained a GCSE grade C in English or Maths will attract £960.
- v. A student who has recently left care and has not yet attained both a GCSE grade C in English and Maths will attract £1,440.

**Formula Protection Funding** This is payable for three funding years (2013/14 to 2015/16). This is to protect funding where a move to a basic funding rate per student would otherwise result in a reduction in funding per student.

#### 15.4.3 High Needs Funding

One of the major aspects of the funding reforms is to bring together all funding for pupils and students with high-cost additional needs using common principles, in which local authorities (LAs) will be both commissioner and funder.

This gives LAs an enhanced role with a single high-needs budget to cover their education funding responsibilities for all high-needs children and young people aged 0 to 25 resident in their area.

The 2013-14 financial year is, what the DfE has referred to, as a “hybrid year” – in the first 4 months the SEN block grant will be available to local authorities to support post-16 students in schools. The new system will be fully in place for the start of the 2013/14 academic year.

The new system for funding post 16 High Needs students is set out below:

- Element 1 - the value of the post-16 national funding formula as set out in 15.4.2
- Element 2 - in addition where the LA has notified that they wish to commission high needs places from that institution the EFA will allocate a further £6,000 per annum for additional support costs per place.

Elements 1 and 2 will be funded by the EFA via the Local Authority.

Students who require more than £6k of additional education support, i.e. where they need support to access and achieve their course of study over and above the core programme costs of that course, are treated as High Needs students.

- Element 3 - top-up funding payable by the student’s home local authority in, or close to, the real-time movement of the student; it is negotiated between the institution and the local authority; this is over and above elements 1 and 2 and is based on the student’s assessed needs

Element 3 funding will flow direct from the Local Authority’s High Needs budget to the institution.

#### 15.4.4 Other Post-16 Grant Funding

15.4.4.1 The **16-19 Bursary** Fund was introduced by the DfE in 2011-12 to replace the Education Maintenance Allowance (EMA) Scheme.

There are two elements to the 16-19 Bursary Fund:

- A £1,200 annual bursary for young people in one of the following defined priority or vulnerable groups:
  - those in the care of the local authority
  - local authority care leavers
  - those receiving income support in their own right
  - disabled young people in receipt of both Employment Support Allowance and Disability Living Allowance
- Discretionary awards to be targeted at those young people who face the greatest financial barriers to participation to meet the costs of, for example, transport, meals, books and equipment.

##### 2012/13 Academic Year

Allocations are made up of:

- A full year vulnerable learner bursary for courses of 30 weeks or more;
- A pro-rata vulnerable learner bursary for courses of less than 30 weeks;

*Both are based on data provided in the 2011/12 in-year MI return or other correspondence.*

- A discretionary bursary based on the number of EMA learners in receipt of £30 per week in 2009/10.

The separate elements are not ring-fenced.

##### 2013/14 Academic Year

Following feedback from providers, the EFA has announced that it is making a number of changes to the way in which providers receive funding.

Funding for vulnerable bursaries will be held centrally by the EFA's Learner Support Service which means that schools will receive allocations for the discretionary bursaries only. The intention is that schools will be able to plan their discretionary schemes earlier and with "much greater confidence" because the allocation is not being put under pressure to pay unforeseen vulnerable bursaries later in the year.

Schools remain responsible for identifying vulnerable learners and making payments to them. Schools will then draw down funding from the EFA on demand whenever required.

The way in which allocations will be calculated is also to change. It will continue to be based on the number of students in receipt of EMA at £30 per week in the 2009/10 academic year but there will be an adjustment to reflect changes in actual learner volumes since 2009/10.

##### 2014/15 Academic Year

The EFA plans to develop a new methodology for calculating discretionary allocations as the EMA data is becoming outdated. This will be subject to a consultation with a view to a new formula being in place for 2014/15.

<p><b>CHAPTER 15</b> <b>Earmarked Funds</b></p>	<p><b>Chapter:</b> 15.0 <b>Page:</b> 17 of 21 <b>Date:</b> April 2013</p>
---	---

Administration of Bursary Schemes

Schools are expected to administer their own scheme in line with guidance as set out by the EFA. Allocations are notified to schools but the grant is payable direct to the Local Authority as is the case with the school sixth form funding. Grant is received in August (2/3<sup>rd</sup>) and April (1/3<sup>rd</sup>) and is transferred to schools upon receipt.

The Special School Bursary Scheme is administered by the Local Authority. The criteria and administration arrangements are in line with EFA guidance.

15.4.4.2 The **Teachers' Pay Grant** is being phased out. The base year for the implementation of the reduction in grant is 2010/11 and reductions have been made at a rate of 25% of the base year value in each subsequent year.

This grant is paid to the Local Authority on a financial year basis and the method of allocation is a matter for local decision making. As such it has been allocated on a pupil count basis. Therefore, a school sixth form will not have realised an annual cut of 25% on their 2010/11 allocation as it also takes account of fluctuations in learner numbers.

It is expected that the Teachers' Pay Grant for 2013/14 will be reduced to 25% the value of that received in 2010/11. From 2014/15 there will be no Teachers' Pay Grant.

15.4.4.3 **Transitional Protection** funding was introduced to the previous funding formula in 2011/12 to provide some stability following the reduction in entitlement funding and the equalisation of the national funding rate between schools and colleges. A phased removal of this protection commenced in the 2012/13 academic year with the greater of either 3% per student funding or four equal instalments per student being removed. This will be fully phased out by 2015/16.

15.4.5 Payment of Post 16 Funding

All post 16 funding, with the exception of the 16-19 Bursary funding, is included in the school's Section 251 budget allocation and is paid in line with the school's other Section 251 funding. It is coded to subjective code 9004 (102).

The 16-19 Bursary Funding is paid to the school in two instalments that align with the receipt of the funding from the EFA. Payment is made by journal transfer to subjective code 9004 (102) in August and April.

15.4.6 Audit of Post 16 Funding

The audit of post 16 funding is included in Veritau's annual audit programme of school visits.

15.4.7 Future Funding of Post 16

*"There are a range of curriculum developments in the pipeline for the next three years (e.g. a review of A Levels and the work of the Ministerial Working Group) and these will affect from 2015/16 onwards. Ministers will need to decide what happens after that."*

EFA Autumn 2012

15.4.8 Further Information

The DfE website: <http://www.education.gov.uk/aboutdfe/executiveagencies/efa/funding>

<b>CHAPTER 15</b> <b>Earmarked Funds</b>	<b>Chapter:</b> 15.0 <b>Page:</b> 18 of 21 <b>Date:</b> April 2013
---	--

15.5 **Non-Specific Earmarked Funds**

15.5.1 Introduction

Where schools wish to attract additional funding for specific projects there are a number of issues that should be addressed including (but not exhaustively):-

- The terms and conditions of any grant funding;
- The timescales of the funding availability and its “fit” with any project;
- The observance of LMS Procedure Rules;
- Who must submit the bid; and
- The many complexities encountered in legal, contractual, building and ICT related issues.

It is strongly advised that schools seek advice **prior** to applying, and certainly the signing of, any contracts/agreements with funding agencies.

Some grant bodies only accept bids from Local Authorities on behalf of their schools and so schools are reminded to ensure that they check who is eligible to make a bid before submitting an application. In some cases, bids are limited to one per applicant per funding round, as is the case with Sport England.

Further advice can be sought from Veritau (the Internal Audit Service), the Legal Services Helpline, the FMS Helpline or Children & Young People’s Service Finance.

15.5.2 Sport Grants

Strategic Planning will alert schools when grant opportunities arise through Sport England.

(i) Smaller Grants

Smaller grants tend to be available for schools to apply direct for. The grant, if awarded, is then paid directly to the school.

Full guidance on these smaller grants can be found on the Sport England website.

(ii) Larger Capital Grants

Larger capital programmes tend to be managed in “rounds” and local authorities are permitted to make a single application per round. As a result, maintained schools are not permitted to apply direct.

Again, full guidance can be found on the Sport England website.

If your school is interested in applying for such a grant, you should contact Paula McLean to discuss your proposal. If the County Council receives interest from more than one school, it will have to evaluate each proposal before determining which to support as their application for the grant that round.

Schools are reminded of the need to express their interest at the earliest opportunity so as to allow officers of the County Council to be able to evaluate all of the proposals received and to follow the corporate grants process.

Further information can be sought from CYPS Finance or Strategic Planning.

Schools must ensure from the offset that they are clear as to who has the authority to submit a grant application, i.e. the school or the local authority.

Please refer to **15.6 Grants Procedure** for more information.

## 15.6 Grants Procedures

### 15.6.1 Introduction

Grant applications come in various forms including the following:

- Invitation to Bid
- Expressions of Interest
- Response to Public Advertisements

There are two procedures relating to grant applications that schools need to be aware and take account of:

- LMS Financial Procedure Rules
- Corporate Grant Application and Acceptance Procedures

The two do overlap and the purpose of this guidance is to summarise the key procedures for schools when considering whether and how to apply for a grant.

### 15.6.2 LMS Financial Procedure Rules (Annex to the LMS Financing of Schools Scheme)

Section 7 of the LMS Procedure Rules covers grant applications and claims.

In summary, should a school wish to submit a grant or external funding application that is in excess of £100,000 in value, the Corporate Director – Strategic Resources (CD-SR) must be consulted. Schools are advised to consult the Assistant Director – Management and Resources, Children and Young People’s Service (AD-CYPS) in the first instance. The school must comply with any requirements the Corporate Director stipulates in relation to the application. This also applies where you are accepting a grant where an application is not required.

For grants or external funding that is less than £100,000 in value, schools are not required to follow this route and can submit the application themselves UNLESS the local authority is required to submit the application on the schools behalf (see Sport Grants below).

For grant and external funding in excess of £100,000, the Corporate Grant Application and Acceptance Procedures apply as determined by the Corporate Director – Strategic Resources. They also apply where the local authority is required to submit the application on the school’s behalf. The details of this are not included in the LMS Finance Procedure Rules but are referred to in paragraph 7.2; they are set out in the following section.

### 15.6.3 Corporate Grant Application and Acceptance Procedures

This procedure is taken from the County Council’s Finance Procedure Rules (Section 8).

If the grant application is to be submitted by the County Council on behalf of a school (see section on Sports Grants below), then the requirements of this procedure apply.

For grants in excess of £100,000 in value, the application will require Executive Member approval as larger grants may be linked to initiatives that have wider policy and budget implications.

### 15.6.4 Grant Application Procedure

- i. If the terms and conditions of the grant are available at this stage, the advice of the Assistant Chief Executive – Legal and Democratic Services (ACE-LDS) will be sought. Any concerns or clarifications can then be addressed with the awarding body before the application is submitted. It is more difficult to address the terms and conditions at a later stage, i.e. at the point a grant offer is forthcoming.

- ii. Officers will complete an internal document, the Grant Application Form, following submission of the proposal from the school. This is essentially a checklist that covers the consideration of potential areas of risk.
- iii. If Executive Member approval is required as a result of the value of the grant being in excess of £100,000, the AD-CYPS will obtain this.
- iv. The Grant Application Form is then signed by the Corporate Director - Children and Young People's Service (CD-CYPS) and the CD-SR. The latter can delegate this responsibility to the AD-CYPS who is acknowledged to have a deeper understanding of the school's financial position.
- v. The Grant Application Form is retained by CYPS Finance and the grant application can be submitted to the awarding body.

### 15.6.5 Grant Acceptance Procedure

- i. Following receipt of an award letter from the awarding body, the terms and conditions appertaining to the grant will be forwarded to the ACE-LDS if this was not done at the application stage.
- ii. If the ACE – LDS is satisfied that the terms and conditions of the grant do not suggest any financial or legal risk to the County Council or the school concerned, officers will complete internal document Grant Acceptance Form.
- iii. The Grant Acceptance Form will be signed by the CD-CYPS, ACE-LDS and the CD-SR. The latter may delegate this responsibility to the AD-CYPS who is acknowledged to have a deeper understanding of the school's financial position.
- iv. The awarding body's acceptance of award form can then be signed and returned.

### 15.6.6 Grant Payment

Where the local authority has applied on behalf of the school, the awarding body will make payment of the grant to the County Council. All interim and final claims must be submitted by the County Council as the award recipient. Officers in CYPS Finance will liaise directly with the school in the setting up of these arrangements once the acceptance of award has been signed and returned.

### 15.6.7 Audit

Paragraph 7.3 of the LMS Financial Procedure Rules refers to the auditing of grant claims. It states:

- 7.3 *Certain grant claims are required to be audited, and an opinion provided on the accuracy of the expenditure being claimed, by the Head of Internal Audit. Each Headteacher shall ensure that records are retained to enable the Head of Internal Audit to complete the work and provide explanations, as necessary, for any matters raised.*

<b>CHAPTER 15</b> <b>Earmarked Funds</b>	<b>Chapter:</b> 15.0 <b>Page:</b> 21 of 21 <b>Date:</b> April 2013
---	--

**15.7 Administration of Funds from Third Parties**

15.7.1 There may be incidences where the school is in receipt of funds from third parties in respect of particular members of staff who are undertaking further training or qualifications such as bursaries from the National College for School Leadership. Such funding is intended to be used towards tuition fees, associated travel and subsistence, learning resources and supply cover for when the member of staff involved is expected to attend meetings or to be released from school to work on their research. As the funding is paid direct to the school, the funding body often intends that any items purchased such as learning resources or IT equipment is then the property of the school and not the individual member of staff.

15.7.2 Schools are advised to seek the advice of Children and Young People’s Service Finance with regard to the administrative treatment of such funds in school.

15.7.3 The following is the minimum requirement expected of schools:

- i. Reimbursement of expenses to the school staff member should only be made on the production of receipts or paid invoices by the member of staff involved. Funds should not be paid over to a member of staff without proof that they have incurred the initial expenditure.
- ii. Alternatively, the member of staff should pass the unpaid invoice(s) to the school for payment direct from the delegated budget. The invoice should be addressed to the member of staff.
- iii. VAT can be reclaimed on purchases made by members of staff provided that they submit a valid VAT receipt or invoice addressed to them as a member of staff.
- iv. Any equipment that has been purchased from the funding should be recorded in the school’s own inventory of equipment as belonging to the school as well as being recorded as equipment that is being kept off the school premises on loan to the member of staff.