

PRIMARY SCHOOLS' BUDGETS: 2018/19 (including infant and junior schools)

EXPLANATORY NOTES AND GUIDANCE



Business Services Directorate
Children, Schools and Families Finance

Contents	page
1 Introduction and summary	2
2 The total Schools Budget	2
3 The national funding formula for schools (NFF)	2
4 Action to be taken by maintained schools	3
5 Where to find additional information on the 2018/19 budget	4
6 The single early years funding formula (schools with nursery classes)	5
7 Other circumstances where schools budget shares may change during the year in 2018/19	5
8 Schools extending their age range: use of estimated average pupil numbers	6
9 The Pupil Premium	7
10 Funding changes in future years	7

Annex

Background information, including changes to the funding formula in 2018/19	
A1 Summary of Surrey's primary and secondary schools' funding formula	9
A2 New formula factors introduced as part of the national funding formula	10
A3 Other changes to the schools funding formula from 2017/18 to 2018/19	11
A4 Additional information on individual formula factors	11
A5 Use of estimated average pupil numbers for schools extending age range	12
A6 Use of average pupil numbers for schools losing bulge classes or reducing PAN	13
A7 De-delegated services	13
A8 The central services levy	14
A9 The minimum funding guarantee and the ceiling	14
A10 The Notional SEN budget	16
A11 High Needs block funding, including additional SEN funding	16
A12 Growing schools funding	17
A13 Funding for vacancies in recently expanded schools and in schools with existing bulge classes	20
A14 Funding adjustments for permanent exclusions, reintegrations and managed moves	20
A15 Other background information	21
N1 The single early years funding formula (schools with nursery classes only) TO FOLLOW	

There is a separate annex for schools with SEN centres

PRIMARY SCHOOLS' BUDGETS 2018/19- EXPLANATORY NOTES AND GUIDANCE

1 Introduction and summary

These notes are intended to help you to understand your school's budget share and related funding for 2018/19, to describe the changes which have been made to the funding arrangements for Surrey schools in 2018/19, and to advise you of the action now to be taken by schools. **It is ESSENTIAL that you read at least sections 1, 2 and 4 and we STRONGLY RECOMMEND that you read the whole of the notes.**

There are major changes to the funding of individual schools in 2018/19 following the introduction by the government of the first stage of its national funding formula for schools.

Schools are receiving a Notification of Initial Budget Share by email, setting out their total delegated budgets and the amounts attributable to individual formula factors. All other supporting information will be published on the Surrey and/or Babcock4S websites.

As in previous years, schools will continue to receive a range of grants during the year, principally pupil premium, PE and sports premium and universal infant free meals grant. Individual schools' allocations of each grant are calculated by the DfE and are advised to the LA at various points during the year. The LA is not currently in a position to advise schools of those allocations.

2 The total Schools Budget

The County Council is legally required to approve a total Schools Budget, which includes all funding delegated to schools, and a range of other expenditure on schools and pupils, such as free early education for two, three and four year olds provided by private, voluntary and independent nurseries, education of pupils with special educational needs and disabilities in schools not maintained by the council, and education of learners aged 16-25 with special educational needs and disabilities. The total Schools Budget for 2018/19, approved by the council's Cabinet on 30 January 2018, is £505.8m. This does not include funding paid directly by the Education and Skills Funding Agency (ESFA) to academies and deducted by ESFA from Surrey's Dedicated Schools Grant. This deduction is estimated at £330m in 2018/19 for mainstream academies plus £9m for place funding of SEND places in SEN centres, special academies, and further education and sixth form colleges.

The rate of Schools Block Dedicated Schools Grant received by Surrey in 2018/19 is £3,737.67 per primary pupil (Years R-6) and £4,943.29 per secondary pupil (years 7-11). The early years DSG funding rates received by Surrey are £5.18/hr for three and four year olds and £5.88/hr for two year olds.

Funding for business rates, split site costs, eligible rents, pupil mobility and the growing schools fund is now provided separately by the DfE. The total amount allocated for these purposes in 2018/19 is the sum which Surrey planned to spend on them in 2017/18.

3 The national funding formula for schools (NFF)

In 2018/19, the DfE has introduced a school level national funding formula (NFF). Initially this is a "soft" formula, whereby Surrey's schools funding is the total of NFF allocations calculated for individual Surrey schools, but Surrey is still allowed some flexibility to determine local funding formulae and thus allocations to individual schools (a "soft" NFF). However, when introducing the NFF, the government proposed that after a few transitional years, a "hard NFF" would be introduced, whereby individual schools' funding would be determined directly by the DfE through the NFF, although

this would require primary legislation. While local authorities are not legally required to change their schools funding formulae in 2018/19, the government expects them to use the transitional years to move towards the NFF. Thus there is no longer any scope for local discussion on, for example, the proportion of funding which should be allocated to deprivation, or the level of support for small schools, except in the very short term.

Following a consultation in autumn 2017, the Schools Forum recommended, and the council's Cabinet agreed, to move as fast as possible towards the national funding formula, subject to a minimum funding guarantee of 0% (ie no school receives lower average funding per pupil in 2018/19 than in 2017/18). There is still a ceiling on large per pupil gainers (4.22% in Surrey in 2018/19).

Surrey's schools funding formula for 2018/19 is made up of:

- 2018/19 DfE NFF factors x 72.5% of DfE factor value and
 - 2017/18 Surrey factors x 27.5% of 2017/18 value
- plus a few other local adjustments, including the delegation of former combined services funding (which is outside the NFF).

For example, in 2017/18, the Surrey formula funded primary pupils entitled to free school meals at £4,009.6691 each. The NFF funds them at £464.244 each
So in 2018/19 the funding rate for primary pupils entitled to free school meals is $£4,009.6691 \times 0.275 + £464.244 \times 0.725 = £1,439.2359$.

The average funding per Surrey pupil under the NFF in 2018/19 is 2.4% higher than in 2017/18 and is expected to increase by a further 2.0% in 2019/20, although the impact will vary widely between schools. In general the NFF distributes more funding on low prior attainment and EAL than Surrey's formula did, and less on deprivation, and the NFF lump sum is lower than Surrey's. So, while average funding per pupil will increase, small schools with higher levels of deprivation will lose out, whereas larger schools with lower levels of additional need, or with high incidence of low prior attainment will gain.

4 **Action to be taken by maintained schools**

Please ensure that your Chair of Governors and your Governing Body are informed of this initial budget share at the earliest opportunity. Please arrange for the figures in the Notification of Initial Budget Share to be entered in your local records as the opening budget figures and for the notification to be retained where it will be available for audit inspection.

The Surrey Scheme for Financing Schools requires that Governors submit their estimates of spending for 2018/19 to the Assistant Director for Schools and Learning before **1 May 2018**. They should be sent to the school's Babcock 4S Finance Consultant by email at budget@babcockinternational.com. The estimates should be based on the funding shown in all parts of Table A of the Notification plus any other funding which the school can reasonably expect to have made available to it during the financial year. The source of any such additional funding should be identified. **Budget plans should include all funds originating from public sources, which are held by the school for the purposes of the school or of other schools, or held for community focused activities.** Separate budget plans will be required for confederations/partnerships and 11-19/14-19 networks, where relevant.

Budget plans should show an in year balance (i.e. expenditure should not exceed income plus funding plus balances brought forward). The only exceptions are schools with agreed deficit recovery plans in place, which should comply with those plans. **Schools anticipating the need for a new or increased deficit in 2018/19 should contact their Babcock 4S finance consultant as soon as**

possible, but should note that deficits are agreed only rarely and that there can be no assurance that a deficit will be approved. Initial advice to such schools will be provided free of charge. Schools seeking a deficit budget should submit a viable proposed recovery plan to their Babcock4S finance consultant. The final recovery plan, reviewed by Babcock4S and signed by the headteacher and Chair of Governors, should be submitted to the local authority (via Babcock4S) by 1 June 2018. The proposed deficit at 31 March 2019 should not exceed 5% of the school's budget share.

As in previous years, schools should be aware that they will need to contain their expenditure within their formula allocations, including the cost of incremental drift, and any price increases up to 31 March 2019.

Pay arrangements for teachers for 2018/19 have yet to be announced, but we recommend that for budgeting purposes you allow for a 2% increase from September 2018. Pay arrangements for 2018/19 for support staff on Surrey pay have yet to be agreed. For the present, the latest position is as set out in the joint statement dated October 2017 from Surrey County Council, UNISON and GMB (see tables available in budget pack).

Teachers' employer pension contribution rates remain at 16.48% during 2018/19 (including 0.08% administrative fee). Employer pension contribution rates for support staff remain at 25.2% of pensionable pay.

Guidance on budget preparation and on submission of the Budget Plan is available to schools in the LMS Finance Manual, which is available on the Babcock 4S website. See Section A: Budget Preparation.

Most of the data on which this budget allocation is based has been supplied by the DfE, which has matched various pupil characteristics against the October 2017 school census. The LA is required to use that data. If you think any of the data used in the budget is incorrect, please contact Schools Funding team as soon as possible, but please note that we can only amend data with the agreement of the DfE, which is only rarely given. Please note that if the error is due to incorrect information supplied by the school, written confirmation (either letter or email) will be required for audit purposes.

5 Where to find additional information on the 2018/19 budget

Notification of Initial Budget Share (emailed to schools individually)

This includes details of individual schools' budget shares, including the value of each formula factor for that school and the data on which it is based. This notification should allow each school to understand how its budget share has been calculated.

Information pack for 2018/19 budget calculations (Annex A to Finance Manual)

This will be available within the Finance Manual section of the Babcock 4S website. This will include salary tables etc (any questions please direct to your Babcock 4S finance consultant or to Babcock4S finance help desk).

Publication of budget data for all schools

Summarised budget information will be made available on the School Finance pages of the Surrey County Council website shortly.

A copy of the statutory "pro forma" summarising Surrey's funding formula, which was submitted to DfE in January, will also be published on the website.

Answers to frequently asked questions will also be provided on this website.

Software for verifying the accuracy of the calculation will be available on the School Finance web pages under “Verification and Forecasting Tools”.

Please contact Jill Harris (020 8541 9524 or email jill.harris@surreycc.gov.uk) in the first instance with queries on the additional information tables, apart from those concerned with Annex A to the Finance Manual, which should be directed to Babcock 4S.

6 The Single Early Years funding formula (schools with nursery classes)

Funding for schools with nursery classes will be adjusted termly, usually at the end of each term, based on the number of children in the nursery class in the week of the termly school census and their hours of attendance. Initial indicative budgets for nursery classes are not yet available and will be advised as soon as possible. The initial indicative budgets will use January 2018 census data for summer 2018 and spring 2019 funding and October 2017 data for autumn 2018 funding. Please note that this does not mean that we think these are realistic estimates of future terms' takeup and **you are advised to base your budgets on your own estimates of takeup**. Funding for free school meals for nursery class pupils, and additional funding for nursery class pupils admitted after the termly count date, will be provided in limited circumstances, on application by the school only. The early years basic funding rates and deprivation rates for 2018/19 have not yet been agreed. We anticipate that they will be approved by the council's Cabinet on 27 March and they will be notified to schools before the end of March 2018.

Early years pupil premium will be paid termly at 53p/hr for eligible pupils, based on termly census data. Therefore it is important that schools enter eligible pupils as such on the School Census if:

- * they are eligible for free school meals, or would be if they were full time (you need to ask the Early Years and Childcare service to check eligibility using the DWP Eligibility checking service)
- * they have been adopted from care or have left care under a special guardianship order or a child arrangement order (you need to obtain the relevant information directly from the parents).

Early years pupil premium for looked after children will be paid by the Virtual School.

7 Other circumstances where schools' funding may change during 2018/19

Schools' budget shares are set at the start of each year. In 2018/19, once again, changes to funding will be made during the year only in very limited circumstances. The main adjustments which will still be made during the year are:

Business rates:

Adjustments will be made during the year to match business rates funding to actual cost (except for space used for community purposes etc, which will not be funded). Adjustments will also be made for any changes in 2017/18 rates (or indeed any remaining changes for previous years) which have not been allowed for in previous years' budgets, including any refunds. Usually these changes will be made at the end of the year.

Funding for high needs pupils (pupils with Education Health Care Plans: the “ISPSB”)

ISPSB allocations for support for individual high need pupils are updated on a daily basis as new Education Health Care Plans are issued, or existing plans cease or are reviewed. The initial allocation is an estimate for the summer term 2018 only, using spring 2018 data. Schools will be supplied periodically with schedules of pupils believed to be receiving ISPSB funding and will be asked to update these. Funding will then be updated termly, including agreed changes.

Top up funding for pupils in SEN centres

This will be adjusted during the year, as pupils move into and out of the centre during the year. Funding will be updated termly, based on the number of term days for which each pupil is on roll. We aim to make these adjustments before the end of each term.

Funding for designated high need admissions under the In Year Fair Access Protocol

Funding will still be allocated during the year for pupils admitted under the protocol, who fall into categories for which the protocol states that additional funding is due. This funding counts as high need funding.

Adjustments for permanently excluded pupils, reintegrated excluded pupils and managed moves

These will also be made during the year, usually termly in arrears.

Growing schools funding, for significant increases in pupil numbers from September 2018

Where a school's budget includes additional sums for increases in pupil numbers from September 2018, because of a change in PAN supported by the LA or a local authority request to exceed PAN (eg to admit a bulge class), **the initial funding will be based on an estimate and will be adjusted to match the actual number on roll in October 2018**, when known, except where guaranteed place funding has been agreed. Please note that guaranteed funding for vacancies, where agreed, is paid at the basic entitlement rate only (or 95% of that rate for junior vacancies). We have not included funding for new classes from September 2018 unless we have had confirmation from Schools Commissioning that the school has agreed to admit the additional class and that any building work is feasible. Some other schools may yet be asked to admit additional classes, over PAN, from September 2018 and their budgets will be adjusted where this is necessary, as additional information is made available.

Where a school expects such funding, but it is not included in the budget letter, we suggest that the area schools commissioning officer is contacted in the first instance.

Any school allocated funding for additional pupil numbers from September 2018 should look carefully at the pupil numbers shown in the budget notification. Schools are asked to contact Schools Funding team urgently if they think these do not look realistic, as sometimes late changes are made to arrangements for additional classes, of which the team may not be aware. In particular, growing schools funding for new classes should not be allocated where the school is not expecting an increase in the number of classes from September 2018 (although vacancy funding may be allocated in these circumstances where the school has existing eligible bulge classes).

Funding for admissions appeals for "own admission authority" schools

Additional funding for admissions appeals will be made available during the year, based on the number of appeals required. Schools not using the Surrey appeals service will be asked to supply the necessary data in December 2018.

8 Schools extending age range, which are funded using estimated average pupil numbers for the financial year

Where a school is extending its age range (ie where there will be more year groups in the school in October 2018 than in October 2017), the school must be funded using 5/12 of actual October 2017 pupil numbers and 7/12 of estimated October 2018 pupil

numbers for the key stage in which new year groups are being added. October 2017 pupil numbers are used in the normal way for other year groups. Funding for these schools will be adjusted by replacing estimated October 2018 pupil numbers with actual numbers for the expanding key stage only, when the actual October 2018 numbers are known. This adjustment will be made in the following year. Sometimes adjustments to vacancy funding will also be needed. See section A5 below for further information. Exceptions apply where the school is changing PAN (or losing a bulge class) in addition to extending age range.

9 The Pupil Premium

In 2018/19 the DfE's Pupil Premium is:

- * £1,320 per FTE pupil aged 4-10 on roll at the school for the January 2018 census and entitled to free school meals either in Jan 2018 or at any school on any census date between May 2012 and October 2017 (described by DfE as "ever 6 FSM"),
- * £935 for every "Ever 6 FSM" pupil aged 11-15,
- * £300 per FTE "Ever 6" service child ie a service child (as defined in the School Census guidance) on roll at the school for the January 2018 census or a child on roll in January 2018 who was recorded as a service child on roll of any school in one or more of the January 2013, January 2014, January 2015, January 2016 or January 2017 censuses, even if not currently a service child (DfE will identify Ever 6 service children who are not currently service children);
- * £2,300 for every child on the January 2018 census who is adopted from care or has left care under a special guardianship order or child arrangement order ("post LAC"). Schools need to identify these and to ensure that they are recorded as such on the School Census.

In addition, pupil premium funding is allocated per child looked after by Surrey, but this will be allocated to schools termly during the year, as determined by the Virtual School. Pupil premium funding for looked after children is the responsibility of the LA with parental responsibility and thus normally schools will receive funding for non Surrey looked after children directly from the authority with parental responsibility. Other authorities may choose not to use termly counts for this purpose. Please note that the basis of counting looked after children for the pupil premium differs from the basis used in the budget share. Where a pupil qualifies for looked after children pupil premium, or pupil premium as adopted from care, that pupil will not also receive Ever 6 FSM pupil premium. The DfE will adjust funding for such pupils later in the year to remove any double funding, usually in December.

The pupil premium funding is fully delegated to schools, but schools are expected to report on how they spend it.

Pupil premium allocations are not stated in the budget notification because the data on which the allocations are calculated is not yet available to the LA (see above). However, schools should make an estimate of their pupil premium allocations and include it as available funding when setting their budgets. In due course, schools will be able to identify the number of Ever 6 FSM pupils from the DfE's Key to Success website,

Note that a deduction is made from schools' budgets where a pupil, entitled to pupil premium, is permanently excluded, or where such a pupil leaves a school for other reasons and is educated at the authority's expense other than in a maintained school or academy.

10 Funding changes in future years

In 2019/20 we anticipate that the Surrey formula will move further towards the NFF, although the extent of such change will depend on local consultation and on

affordability. We do not yet know how much control Surrey will retain over those factors which are outside the NFF (eg growing schools).

We are always happy to look at suggestions for improving the distribution of funding among Surrey schools. Schools wishing to make representations about school funding issues should either contact the Schools Funding team at County Hall or their local Schools Forum representative (see list at <http://www.surreycc.gov.uk/schools-and-learning/teachers-and-education-staff/schools-and-learning-finance/schools-consultative-groups>).

However, schools should note that following the introduction of the NFF the local authority's influence over schools funding will be greatly reduced.

WARNING

These notes are intended for maintained schools. Funding for academies is based on the LA's funding formula, albeit based on academic years rather than on financial years, but there are differences in the calculation of minimum funding guarantees and ceilings, and in some SEN funding. Any Surrey academy is welcome to use these notes and may find these notes helpful, but should regard them as a general guide only.

David Green
Senior Principal Accountant (Schools Funding) Children, Schools and Families Finance
22 February 2018

**Annex:
Additional information on schools funding in 2018/19**

A1 Summary of Surrey’s primary and secondary schools funding formula
Surrey’s schools funding formula for primary and secondary schools in 2018/19 is summarised below.

	Primary £	Secondary £
Basic entitlement per pupil		
Primary	2,869.3673	
KS3		3,975.5881
KS4		4,614.6081
Deprivation		
Per pupil entitled to free school meals	1439.2359	1062.579
Per “ever 6” FSM pupil	443.0698	600.4838
Per pupil with IDACI ¹ score 0-0.20 (band G)	0	0
Per pupil with IDACI score 0.20-0.25 (band F)	155.0844	462.3414
Per pupil with IDACI score 0.25-0.30 (band E)	186.1012	732.0992
Per pupil with IDACI score 0.30-0.35 (band D)	279.1519	827.7176
Per pupil with IDACI score 0.35-0.40 (band C)	302.4145	862.1403
Per pupil with IDACI score 0.40-0.50 (band B)	325.6772	892.7382
Per pupil with IDACI score >0.5 (bands A)	423.3586	1053.3771
Per looked after child	396	396
Low prior attainment/high incidence SEN		
Per eligible low attainer based on Foundation Stage Profile (see below)	1050.9118	
Per KS2 low attainer		1482.7009
Per EAL 3 pupil	469.833	1244.5147
Pupil mobility (per mobile pupil >10%)	629	774
Lump sum/flat rate	121,269	132,269
Sparsity (max value)	18,125	47,125
Sparsity-max average pupils per year group	21.4	120
Minimum per pupil funding level	3,300	4,600
Minimum funding guarantee 0% Ceiling 4.22%		

These rates are gross of sums de-delegated (see below). Additionally, the formula includes funding for:

- * rates, at actual cost (net of rates on ineligible areas, ie those used for community purposes or wholly or mainly used by a third party who pays for occupation);
- * rents of eligible accommodation (where full year cost exceeds 1% of a school’s budget share. There is also an agreed variation from the DfE’s normal 1% threshold whereby one school is funded for a rent cost which is less than 1% of budget but still significant);
- * split site funding, where schools are on two or more sites and the sites do not share a boundary, so that it is necessary to use a public right of way to go from one site to another. This includes the enhanced split site factor for the remaining “federal” primary school and the “federal allowance” for this school whereby individual sites are funded for a minimum of 40 pupils on roll (or the total number of places available if the school chooses to offer fewer).. Federated schools (ie separate schools sharing

¹Income deprivation affecting children index, an area based measure of deprivation, ie measures the proportion of deprived children in an area, rather than whether an individual child is deprived

governing body and headteacher) are funded as two separate schools (ie two lump sums) and do not receive split site funding unless one of the schools would have received split site funding even if it had not been federated. The maximum split site allocation for any site is the lump sum which the site would receive were it a separate school.

Funding is provided outside the formula for:

- growing schools (additional classes from September 2018, including resources allocations, and protected vacancy funding for eligible existing bulge classes),
- high needs SEN pupils,
- designated SEN centres,
- assistance for small secondary schools with temporary falls in numbers on roll.

Most formula factors are based on October 2017 pupil numbers and characteristics.

A2 New formula factors introduced as part of the national funding formula

Deprivation factors

Ever 6 free school meals is now used as an additional deprivation factor. IDACI (using the seven bands identified by the DfE) is now used for primary schools. Previously Surrey only used it for secondary schools. IDACI is an area based index, ie it recognises the average level of deprivation in an area, not whether an individual pupil meets the deprivation criteria. Please note that we are not allowed to use IDACI band G for funding purposes.

Current eligibility for free school meals is still used in the NFF, but is intended largely to provide funding for free school meals provision and hence the funding rate per FSM is much lower under the NFF than under the former Surrey formula.

Sparsity

Additionally “sparsity” funding for remote rural schools is part of the NFF. This benefits:

- primary schools with an average year group size below 21.4 where pupils’ average distance to the next nearest school exceeds 2 miles;(four schools in Surrey);
- secondary schools with an average year group size below 120 where pupils’ average distance to the next nearest school exceeds 3 miles (two schools in Surrey).

Minimum per pupil funding level (MPPL)

The NFF also includes a minimum per pupil funding level of £3,300 for primary schools and £4,600 for secondary schools. Although local authorities are not obliged to implement this in 2018/19, Surrey has chosen to do so.

Thus if a primary school’s average formula funding per pupil (excluding rates, split site funding, delegated funding outside the NFF and recycled contingency funding) is less than £3,300, either

- it receives an additional MPPL allocation to increase the average per pupil funding to £3,300 (which is shown in the budget notification) or
- if the school would otherwise have a ceiling deduction, that deduction is reduced so that the average funding per pupil after the ceiling is at least £3,300.

Note that the lump sum is included in the calculation of MPPL. In general the MPPL benefits large schools with low incidence of additional educational needs, because those are the lowest funded otherwise.

Pupils/places in SEN centres

Where a school has an SEN centre, the number of pupils funded through the mainstream formula will now be the total number on roll. We are no longer required to deduct the number of SEN centre places from the mainstream funding formula.

A3 Other changes to the schools funding formula from 2017/18 to 2018/19

Delegation of former “combined services” funding for school confederations and partnerships (£657,000)

In 2018/19 the funding previously allocated directly to school confederations and partnerships, on behalf of primary schools, is being delegated to individual primary schools. This is because much of the current expenditure no longer satisfies the “combined services” definition, under which it was previously distributed outside the formula.

The basis of delegation was chosen so that the total funding allocated to schools in a confederation area was as close as possible to that previously allocated directly to the confederation in that area. Thus schools would still receive funding to contribute to the confederation, should they wish its work to continue. The amount allocated to each school is included in its total budget in table A of the budget notification and in the factors in section A1 above, but is also shown separately in the notes.

The basis of delegation is as follows:

	per pupil	per Ever 6 FSM	per IDACI F	per IDACI E	per IDACI D	per IDACI C	per IDACI B	per IDACI A
£	2.9348	29.9982	2.0949	2.5138	3.7708	4.0850	4.3992	5.7187

Delegation of former “combined services” funding for school improvement

In 2017/18, part of the former “combined services” funding for additional school improvement services was delegated to individual primary and secondary schools. The remaining £430,000 is being delegated in 2018/19. Primary schools will receive an additional £2.7127 per pupil, which is included in the values shown in table A1 above.

Delegation of residual surplus school specific contingency

As in 2016/17 and 2017/18, a small one off allocation has been made in 2018/19 to those primary schools which were LA maintained schools at some point in 2014/15, to redistribute surplus de-delegated school specific contingency. The total sum redistributed is £328,600. The allocation to each school is 100% of the sum de-delegated from that school in 2014/15 plus 50% of the sum de-delegated in 2015/16. This is shown as a separate factor in the budget notification and is outside the calculation of minimum funding guarantee/ceiling and MPPL, so that all schools receive their allocations in full. Academies which were maintained schools in all or part of 2014/15 will receive a pro rata share as an “approved exceptional factor” within their general annual grant. .

Reception uplift deleted

The “reception uplift” previously provided additional funding for schools in which the number of year R pupils increased between October and January. Surrey is not using the reception uplift factor in 2018/19 because:

- it does not feature in the NFF and therefore will cease to be allowable when a “hard NFF” is introduced
- for many schools, any benefit from the uplift is offset by minimum funding guarantee and ceiling adjustments. DfE refused an application last year to remove this anomaly.

A4 Additional information on individual formula factors

4.1 High incidence SEN

In 2018/19 the definition of a funded low attainer is:

- * for years 1-5, a pupil not reaching the expected level of development in “the early learning goals in the prime areas in section 1 of the March 2012, March 2014 or March 2017 statutory frameworks for the Early Years Foundation Stage and also the

early learning goals of reading, writing, numbers and shape, space and measures in those documents”

- * for year 6, the number of pupils achieving fewer than 78 points in their Foundation Stage Profile assessment;
The number of pupils funded in any school is:

(Number of eligible year 1-5 pupils x 84.77%+number of eligible year 6 pupils).
Number of Year 1-6 pupils with Foundation Stage Profile results

X total number on roll (year R to 6)

In 2018/19 31.2% of year 1-5 pupils qualify as low attainers compared to 11% of year 6 pupils. But while the Surrey formula included a weighting to recognise this, the NFF weights all low prior attainers at the same rate

4.2 Pupils with English as an Additional Language (EAL3)

This uses the number of pupils shown as EAL on the October 2017 census who were not on the Oct 2014 census in year R or above (ie they are EAL and had been in the English school system (in year R or above) for fewer than three years on the date of the October 2017 census).

The council is allowed to use the number of “EAL1”, “EAL2” or “EAL3” pupils (ie the number of pupils with EAL who have been in the English school system for up to one, two or three years respectively), but not a mixture of these three indicators. EAL3 was chosen because it is generally accepted that pupils need at least three years to gain fluency in English. The NFF will use EAL3.

4.3 Looked after children

This is the number of pupils on roll in year R to 6 in Oct 2017 x the proportion of pupils on roll in Jan 2017 who were looked after as at 31 March 2017. This factor is being retained by Surrey (at a reduced value) in 2018/19, but is not included in the NFF. The rate per pupil has been reduced from £796 to £396 to reflect the increase in the pupil premium for looked after children, and in anticipation of it ceasing under the “hard NFF”.

4.4 Pupil mobility

Funding for pupil mobility is based on the number of pupils on roll in October 2017 who were admitted to the school within the previous three academic years other than in August or September (also excluding pupils admitted to reception classes in January). Pupils initially admitted to nursery classes are not counted. The first 10% of “mobile” pupils do not attract funding. Adjustments have been made for anomalies in a very small number of schools (eg whole reception classes admitted in October don't count).

It is important to note that funding is based on pupils on roll in October 2017 who were originally admitted at unusual times. There is no funding in 2018/19 for pupils admitted as casual admissions in 2018/19, other than those eligible for funding under the In Year Fair Access Protocol.

A5 Use of estimated average pupil numbers for schools extending age range (eg infant schools expanding to primary schools)

In 2018/19, where schools are extending their age range, we are required to base their formula funding on the average of October 2017 pupil numbers (x 5/12) and estimated October 2018 pupil numbers (x 7/12). This is instead of funding the extra

classes through growing schools allocations. These schools will receive only the resources and missing year group allocations from growing schools funding.

Where estimated pupil numbers are used in this way, budgets will be updated by replacing estimated pupil numbers by actual October 2018 pupil numbers when these are available, but this adjustment must be made retrospectively in 2019/20. Estimated pupil numbers and updates will be used only for expanding key stages (eg for an infant school expanding to a primary school all key stage 2 pupil numbers will be updated but unmodified October 2017 pupil numbers will be used for infant pupils). The only exceptions are where a school which is changing age range is simultaneously changing PAN (or losing a bulge class within the old age range). In these circumstances, average pupil numbers will also be used for year groups affected by the change in PAN or loss of bulge class, but not for other groups in the existing key stages.

Where a school was funded on estimated average pupil numbers in 2017/18, the 2018/19 budget includes any adjustment needed in order to correct to average pupil numbers.

A6 Use of average pupil numbers for schools losing bulge classes or reducing PAN

A small number of schools will lose bulge classes in September 2018. We have funded these schools using estimated pupil numbers based on October 2017 pupil numbers less 7/12 x pupil numbers in the bulge class. Thus they only receive part year funding for the bulge class. This is because the loss of the bulge class is a planned change and because the bulge class was funded from September in the year in which it was admitted.

A7 De-delegated services

Funding for a number of services is “de-delegated” from maintained schools. This means that funding is included in the formula budget share, and in the funding rates shown in section A1, but is then subtracted from schools’ budgets before they receive them. The services are then funded centrally. De-delegation from primary schools requires annual approval from the representatives of maintained primary schools on the Schools Forum. The budget notification shows the sums de-delegated for individual responsibilities.

Funding for additional school improvement services, including support for GRT pupils was “de-delegated” for part of the year 2017/18. In 2018/19 “de-delegation” applies for the whole of the year and thus the amount deducted is higher. Additionally, the basis of “de-delegation” of behaviour support has been changed, to be consistent with the deprivation funding indicators in the formula.

The services de-delegated in 2018/19 are:

	Basis of de-delegation
Behaviour support services	£6.92/pupil £53.86/pupil on free school meals £23.88/FSM6 pupil £8.36/pupil on IDACI band F £10.03/pupil on IDACI band E £15.05/pupil on IDACI band D £16.30/pupil on IDACI band C £17.55/pupil on IDACI band B £22.82/pupil on IDACI band A
Licences and subscriptions	£3.63/pupil
Special staff costs (union reps)	£1.68/pupil

Special staff costs (other public duties)	£0.47/pupil
School specific contingency	£3.23/pupil
Free school meals eligibility checking service	£275/school
Additional school improvement services: Devolved funding for schools REMA Support for travellers	£8.75/pupil £11.65/pupil

Note that Schools Forum agreed on 10 January 2018 that funding for trade union facilities time should remain “de-delegated” as it proved impossible to put traded arrangements in place for April 2018.

The DfE has previously indicated that it expects de-delegation to cease when the “hard” national funding formula is introduced. Thereafter, all of these services will need to be bought by individual schools as required.

Where a service is fully delegated (and not de-delegated), schools will be expected to pay for any support which they need from that service. Funding for pupils with EAL is now fully delegated to all schools and thus will be charged to all schools using the service. Some services may offer additional support on a traded basis, over and above the “free” service funded from de-delegated funds.

Primary schools are also reminded that funding for free milk, for pupils over five entitled to free school meals, was delegated to schools in 2013/14 and remains delegated. Schools should therefore budget to meet this cost themselves.

A8 The central services levy

In 2018/19, a deduction of £37.96/pupil (in year R-11) will be made from maintained schools’ budgets for a range of central services previously funded from general education services grant. This is a larger deduction than in 2017/18 because in 2017/18 transitional grants were available to cover part of the cost. These services are largely residual statutory responsibilities of the local authority which apply to maintained schools only, including:

- * new redundancy costs (where eligible under LA criteria);
- * administration of teachers’ pension contributions;
- * financial monitoring of maintained schools;
- * statutory HR, health and safety and risk management duties in respect of maintained schools;
- * data collection eg school census;
- * statutory monitoring of national curriculum assessment.

The deduction is meant to fund statutory duties of the LA which cannot be traded. Many associated services are traded and will remain traded.

A9 The Minimum Funding Guarantee and the ceiling

9.1 The level of the Guarantee

In 2018/19, local authorities are allowed to set the guaranteed minimum funding for both primary and secondary schools between 0.5% and -1.5% ie between a maximum reduction of 1.5% per pupil and a minimum increase of 0.5% from 2017/18, Surrey has set the Minimum Funding Guarantee at 0%.

9.2 Factors excluded from the Guarantee

The Guaranteed Minimum Funding for any primary or secondary school in 2018/19 is based on its adjusted final budget share for 2017/18. The adjusted budget share is the formula budget, less a number of exceptions:

Nationally specified exceptions:

- rates;
- the 2018/19 lump sum (£121,269 for primary schools) is subtracted from both years' baselines;
- transitional lump sums for merged schools;
- the 2018/19 sparsity values are subtracted from both years' baselines;;
- adjustments for permanent exclusions, reintegrations and managed moves
- newly delegated funding for responsibilities previously funded centrally (ie in 2018/19: funding previously allocated directly to confederations and for additional school improvement).

Locally agreed exceptions (approved by the Secretary of State)

- Major changes to rents, including retrospective increases, and buildings no longer liable for rent which were previously rented;
- The one off refund of unspent de-delegated contingency in each of 2017/18 and 2018/19 (see section A2).

Any funding outside the budget share is excluded from the minimum funding guarantee calculation. Thus funding for high needs SEN (individual statement/EHCP support), funding for SEN centres, designated nurture groups, designated SEN outreach assistants and admissions under the in year fair access protocol are all outside the minimum funding guarantee. Growing schools funding and early years funding are also outside the guarantee.

Where a factor is excluded from the adjusted budget, its 2017/18 value is subtracted from the 2017/18 budget before calculating the 0% per pupil minimum increase for 2018/19. Any additional funding required to deliver the Guarantee in 2018/19 is then added, and finally the 2018/19 value of the excluded factor is added back. This means a higher Guarantee for some schools, but a lower Guarantee for others.

The guarantee is calculated as follows:

$$\frac{(\text{Total 2017/18 adjusted budget share}) \times 1}{\text{Oct 2016 pupil numbers (Year R to 11)}^2} - \frac{(\text{total 2018/19 adjusted budget share})}{\text{Oct 2017 pupil numbers (Year R to 11)}^2}$$

where the above result is greater than zero.

9.3 The ceiling

Local authorities are allowed to impose a ceiling on increases in average funding per pupil. Surrey has set this ceiling at 4.22% in 2018/19, which means that schools which would otherwise see increases of more than 4.22% per pupil will be limited to an increase of 4.22% per pupil. The ceiling funds the cost of minimum funding guarantee protection. Surrey has normally set the level of the ceiling so that most of the total cost of the minimum funding guarantee is covered by ceiling deductions, as this maximises the increase in basic funding rates, and minimises the number of schools on minimum funding guarantee. In 2018/19 the net cost of the minimum funding guarantee exceeds total ceiling deductions by £548,000. This is because of technical differences between the way in which the DfE presents MPPL funding (see above) and the way it was presented in Surrey's autumn consultation. The net minimum funding guarantee would have been nil under Surrey's method. The minimum funding guarantee and ceiling percentage must be the same for primary and secondary sectors.

Where a formula factor is excluded from the Minimum Funding Guarantee calculation, it is also excluded from the calculation of the ceiling.

² Or average pupil numbers for formula purposes for schools where the budget is based on average pupil numbers

Please note that the Guarantee and ceiling restrict gains and losses whether they are due to changes in the funding formula or to changes in the need profile of the school. For example a school with a significant increase in the number of pupils eligible for free school meals may well find that the resultant increase in deprivation funding is limited by the ceiling. We do not have to have a ceiling, but if we do, it must apply equally to all gains, whether due to formula changes or data changes.

In 2018/19 62 primary schools are on the minimum funding guarantee and 165 on the ceiling (or would be if they were LA maintained schools), so only a minority of schools is funded directly by the formula.

A10 The notional SEN budget

The authority is required to publish a notional SEN budget for each school. Surrey divides this between level 1 (part of basic entitlement) and level 2 (part of additional needs funding).

The level 1 notional SEN budget for primary schools is £113.70 per pupil (the same as in 2017/18).

The level 2 notional SEN budget has been redefined to reflect changes in deprivation funding factors ie:

		£ per pupil						£ per
on free		in IDACI	in IDACI	in IDACI	in IDACI	in IDACI	in IDACI	Low prior
school	FSM6	band F	band E	band D	band C	band B	band A	attainer
278.2348	126.4078	44.2456	53.0947	79.642	86.2789	92.9157	120.7842	429.1924

The level 2 rates have been set so that the average level 2 notional SEN funding per primary pupil based on deprivation and on low prior attainment remains the same in 2018/19 as in 2017/18, despite the changes in funding indicators and in incidence.

Level 1 and level 2 notional SEN funding are both included in the budget share (and in the units of resource shown in section A1). The values of Level 1 and level 2 notional SEN funding are shown in the school's initial budget notification.

A11 High Needs block funding, including additional SEN funding

High needs block funding in mainstream schools is funding for pupils whose additional needs cost more than £6,000. These will generally be pupils with Education Health Care Plans (EHCPs). Where high needs block funding is allocated to primary and secondary schools, it falls outside the budget share, apart from place funding for schools with SEN centres. High needs funding constitutes level 3 SEN funding.

11.1 The Individual statemented pupil support budget (ISPSB)

In 2018/19, once again, schools will be required to fund the first £6,000 of additional support per high need pupil from their main budgets (12.3747 points). Funding for additional support costs above £6,000 will still be provided separately, at £484.86 per point. The £6,000 threshold is a DFE requirement. The £6,000 deduction will not be made for high needs pupils in nursery classes or for additional support for pupils in SEN centres.

11.2 Additional funding for schools where the total cost of the first £6,000 per statemented/EHCP pupil is high relative to the level 2 notional SEN budget

Additional funding will be available again to those primary schools where the total cost of meeting the first £6,000 of additional support per statemented/EHCP pupil exceeds 68.4% of the school's level 2 notional SEN budget (the same threshold as in 2017/18).

This recognises that schools with relatively high incidence of high need SEN pupils, but low incidence of low prior attainment or of deprivation, may find it difficult to fund the first £6,000 of additional support for all such pupils.

In 2018/19, the additional funding will be based on the average of the number of year R-11 high needs pupils on roll on the May 2018, October 2018 and January 2019 school census dates, excluding those in SEN centre places. The initial allocation included in the school's budget letter is an estimate, for the summer term only, using January 2018 high cost pupil numbers (where available) or October 2017 pupil numbers (otherwise) as a proxy for May 2018 pupil numbers. Schools may wish to make their own estimate of full year funding, and may use that in their budget plans. The verification and forecasting tool allows schools to do this. Schools should note that the final allocation may be lower than the original allocation, although the allocation should only fall if the number of high cost pupils falls between October 2017 and May 2018. For this purpose the small number of pupils receiving ISPSB top up without a statutory plan will be counted as high needs pupils.

We aim to adjust the additional funding at the end of each term, based on the number of eligible pupils in that term. We hope then to pay the autumn term allocation in January 2019, and the spring term allocation in March 2019. Schools should be able to budget on the basis of their own estimates until then.

The calculation is slightly modified for schools on minimum funding guarantee or ceiling, recognising that the funding received by these schools is not simply the sum of individual formula factors. For these schools the threshold for additional SEN funding is deemed to be:

Level 2 budget according to formula x 68.4% x (total formula budget + MFG or ceiling) / total formula budget

11.3 Other high need SEN funding included in the budget

High needs funding also includes:

- * SEN centres (ie units and resources)
In 2018/19 occupied places in SEN centres are funded at £6,000 per place but the pupils also receive mainstream formula funding, which is a change from 2017/18. Vacant places are still funded at £10,000 per place. Pupils in SEN centres also receive a per pupil top up, which varies during the year as pupils move into and out of centres. The "top up" rates per Centre pupil have been changed to minimise the impact of the above changes. The top up rate varies according to the pupil needs for which the centre provides but no longer varies according to the characteristics of the school. Further details will be supplied to schools with Centres. **It is important to note that any Centre allocation, included here, is estimated and that its value will change during the year.**

A12 Growing schools funding

The single pupil count means that schools' budgets are not automatically adjusted for changes in pupil numbers during the course of the year. However, funding will be adjusted for increases in pupil numbers in a limited number of special circumstances. The general principle is that adjustments will be made for increases which arise from external circumstances over and above the normal year on year variation in pupil numbers. **Where such adjustments are included in schools' initial 2018/19 budgets, they are provisional**, and will be recalculated based on October 2018 pupil numbers when these are known. **Initially we usually fund the additional classes in full, and then adjust downwards, if necessary, once October census data is available**, although we will fund vacancies at basic entitlement rate where eligible (see s12.3 below). Where similar circumstances arise during the course of the year, the authority will consider requests for additional funding on their merits, in line with the principles set out here. Note that sections 12.1 and 12.2 do NOT apply to schools expanding by extending age range (see section A5) unless they are also asked to admit bulge classes.

12.1 Where a change in pupil numbers can be attributed to a change in PAN:

The general principle is that increases in numbers attributable to a change in PAN will be funded for 7/12 of the year. For primary schools the increase in numbers funded will be the lowest of:

- The September 2018 PAN (admission year for September 2018 starters) less the PAN in the year in which the summer 2018 leavers were admitted³;
- the number of pupils in the entering year group(s) in October 2018 less the number of pupils in the leaving group in October 2017;
- the number of pupils in the entering year group in October 2018 less the PAN in the year in which the summer 2018 leavers were admitted¹;
- the PAN in September 2018 less the number of pupils in the leaving year group in October 2017.

All of these are subject to the increase in PAN being ten or more and to there being an actual increase in pupil numbers as a result of there being an increase in PAN.

Where a bulge class leaves, or there is a significant reduction in PAN, the authority will use the average of October 2017 and expected October 2018 pupil numbers in the funding formula (See above).

Schools are fully entitled to include an estimate of growing schools funding in their budget plan, but by accepting such an estimate the LA does not commit to placing or funding the number of pupils estimated by the school.

12.2 Schools asked by the authority to admit in excess of PAN (including bulge classes)

Where a school is asked by the authority to admit significant numbers of additional pupils above PAN in September 2018, because the authority has no other places available for these pupils within a suitable travelling distance, then the net increase in the total number of pupils admitted for this reason will be funded from September 2018 (based on October 2018 count, when known). However, the additional pupils will not be funded after August in the year in which they leave the school. Therefore the school will receive funding for the additional pupils for the same number of years as they are in the school, but the funding will run from September to August, rather than from April to March as in the normal way. This funding will only be available where either Schools Commissioning has asked the school to open a "bulge class" or where the Admissions and Transport team has made it clear that the additional pupils qualify for part year funding, when agreeing admission numbers with the school. For the avoidance of doubt, additional pupils admitted on appeal are not counted as "admitted at the request of the authority" for this purpose, as they are admitted as a result of an independent appeals process, whether or not run by the LA, not as a result of the LA's normal admissions process. Neither are pupils admitted after September 1 as pupils with EHCPs, or under the High Needs Pupil Admission scheme/Fair Access Protocol, funded under this section. Any school believing that it is entitled to funding from September 2018 under this section should contact Schools Funding as soon as possible, after obtaining the support of the Admissions team.

Funding for sections 12.1 and 12.2 will be pro rata to average pupil led funding (Minimum funding guarantee baseline plus minimum funding guarantee/ ceiling, LESS de-delegated sums and central services levy for maintained schools). For academies this will be the baseline calculated from the LA formula (not the ESFA figure starting from 2017/18 general annual grant, if that is different).

³ September 2011 for primary schools, September 2014 for junior schools, September 2015 for infant schools

12.3 Protected vacancy funding for new bulge classes and for the first year of permanent expansion

Where a school is asked to admit a bulge class at year R, vacancies in that class will normally receive funding at the basic entitlement rate only (less de-delegation deduction and central services levy) from September 2018-March 2019. Where a school is in the process of permanent expansion, the first three consecutive years' extra classes will attract vacancy funding, including any bulge classes admitted immediately before the permanent increase in PAN (note change of rules from April 2017).. Where a school admits a bulge class at year 3 at LA request, vacancies will be funded at 95% of basic entitlement (excluding funding for de-delegated services, central services levy and contingencies) from September 2018-March 2019.

12.4 Additional funding for new and expanding schools

Schools extending age range will receive £8,000 resources allocation per class for each new year group, plus an additional £4,000 for supply cover for curriculum development in the year in which an infant school first admits a year 3 group, or a junior school first admits a year R group. For the avoidance of doubt this section does NOT apply to schools expanding their age range by admitting pupils from a closed school. Schools with a PAN of 15 extending their age range will receive £8,000 per additional class (not per year group).

Schools increasing PAN will receive £8,000 per additional class admitted in the year due to the PAN increase. Schools admitting bulge classes will receive £8,000 resources allocation in the year in which the bulge class is admitted, unless a previous bulge class leaves at the same time. Primary schools will receive an additional £8,000 in the year in which the bulge class moves from year 2 into year 3 (unless simultaneously a year 6 bulge leaves) but will not receive resources funding if a year R bulge enters the school immediately after a year 2 bulge has moved into year 3.

Occasionally a school may wish to ask the Schools Forum to consider a special case for additional growing schools or vacancy funding. Such requests will be considered carefully but are expected to be rare.

12.5 Funding for missing year groups

New or expanding schools with missing year groups will receive £12,500 per missing year group per academic year. Thus in 2018/19 an infant school expanding to a primary school, admitting year 3 in September 2017 and year 4 in September 2018 will receive

$$5/12 \times £12,500 \times 3 + 7/12 \times £12,500 \times 2$$

because it is missing three year groups in the summer term and two year groups in the autumn and spring terms.

Where, exceptionally, the LA supports the expansion of age range of a school with a PAN of 15, missing year group funding will be paid at half rate.

For an academy the rate per missing year group is £13,500 pa. The lower rate for maintained schools recognises their wider access to free centrally funded services.

12.6 Excepted pupils in infant classes

For the avoidance of doubt, pupils admitted to infant classes who match the definition of excepted pupils in the infant class size regulations, do not attract additional funding in the year of admission as pupils admitted in excess of PAN, although exceptions may be considered where a school is asked to admit several of them. Please see Schools Bulletin dated 10 February 2012 for further details. These pupils are funded in future years in the same way as any other.

12.7 Total value of growing schools fund

The total growing schools fund approved by Schools Forum for 2018/19 is £6.8m, to cover the categories of funding set out in sections A12.1-12.5 and A13. In addition £0.9m is required for technical adjustments for extra classes in academies (the cost of which is offset against academy recoupment).

A13 Funding for vacancies in recently expanded schools and for schools with existing bulge classes

Where a school has an existing infant bulge class, on which a guarantee of “full funding” has been given, vacancies in that bulge class will be funded at 100% of the **basic entitlement rate** (less de-delegation and central services levy deductions) for the summer term. Funding for vacancies will continue up to the end of year 2, provided that it appears, at the end of May in each year, that the school will still need the additional class from September in order to comply with the infant class size regulations. Bulge classes initially admitted at key stage 2 will attract vacancy funding at 95% of basic entitlement (less de-delegation/central services deduction) where they are needed in order to maintain average class sizes of 34 or fewer in the year group with the bulge class. Again this funding will continue up to year 6 provided that it appears, at the end of May each year, that the school will still require the additional class from the following September in order for class sizes not to exceed 34. Where a school is subject to a permanent increase in PAN, the first three consecutive larger intakes will attract vacancy funding (whether they are bulge classes or whether the PAN has been raised). Vacancy funding for an infant bulge class (or infant permanent expansion) in a primary school will cease at the end of year 2 and does not continue into junior years.

Schools extending age range will be funded at 100% (infant) or 95% (junior) of the net basic entitlement for vacancies in the first group to be admitted to the new key stage, for every year in which that group is in the new key stage. Thus the first year group admitted to year 3 in an infant school adding junior year groups will receive vacancy funding when in years 3, 4, 5 and 6 while the first year R group admitted to a junior school adding infant year groups will be funded for vacancies when in years R, 1 and 2. For schools with PAN=15, vacancies will be calculated against 15 places rather than 30). For the avoidance of doubt, a wholly new primary school will receive vacancy funding for the first group admitted and only for the infant years.

Where a school extends its age range, and as part of that process there is a reduction in PAN of less than 30, the school may be forced to run smaller classes temporarily. Additional vacancy funding may be made available in these circumstances.

A14 Funding adjustments for permanent exclusions, reintegrations and managed moves

Where a pupil is permanently excluded from a school, funding will be deducted from the budget share of the excluding school on a weekly basis, from the date of permanent exclusion to the end of the **financial** year (not academic). Funding adjustments for reintegrations and managed moves will be made on the same basis. Adjustments will be calculated on the per pupil funding for the excluded pupil taking into account the characteristics of that pupil. Adjustments will also be made in respect of deprivation pupil premium where pupils eligible for the premium are excluded/reintegrated or are subject to managed moves. Note that the adjustments for pupil premium are made from the budget share, not from the pupil premium allocations. Adjustments in respect of pupil premium will also be made when a pupil leaves a school to be educated at LA expense other than in a maintained school or academy.

A15 Other background information

15.1 Rent and rates

Rents above 1% of budget share (plus one agreed exception), and rates, are included in schools' budgets at "actual" cost. The sums included for rent and rates are the authority's best estimates as at mid January 2018.

Where actual costs for rates in 2018/19 differ from the sum provided in the budget, adjustments will be made in 2018/19 (ie in year). Thus although rates appear in the financial tabulations supplied to schools, schools will not be expected to provide for any difference between expenditure and budget, *unless the rates include accommodation used solely or mainly for community purposes or leased to a third party*. Please note that reductions in bills as a result of appeals against valuations are also deducted from the school's budget. Again these adjustments will be made during 2018/19.

For the purposes of managing delegated budgets, this means that you should set aside the sum shown for rates, and then disregard any in-year variations, unless your school has accommodation which is wholly or mainly used for community purposes or leased to a third party, in which case that part of the rates will not be funded.

For most schools the authority pays rent and rates centrally and bases its budget adjustments on information supplied to it by landlords and district/borough councils. Where schools with 100% bank accounts pay rent and rates locally, they are advised to send copies of their annual demands to the Schools Funding team at County Hall in order that their budgets can be amended. Schools are reminded that refunds of overpaid rates should be credited against rates expenditure and are refundable to the authority if received locally.

It should be noted that the budget for rates provides for non domestic rates only. It does not cover, and is not intended to cover, the actual cost of council tax on residential accommodation, whether occupied or unoccupied. Schools will be expected to bear the cost of any council tax liabilities which cannot be recovered from the occupants.

The authority does not fund the costs of equipment rental, or of property leases entered into independently by schools where the authority has not given prior approval. Where a rent includes an element of maintenance, which would be funded from the delegated budget for a Council owned property, the authority reserves the right to make a deduction from the budget for the maintenance element of the rent.

Schools are asked to note that funding for rent is included within the calculation of minimum funding guarantee and ceiling.

15.2 Copyright licensing and other licences

In 2018/19, the council will fund the following copyright related licences centrally for all schools:

- Copyright Licensing Agency;
- Music Publishing Association (printed music copying);
- Educational Recording Agency;
- Newspaper Licensing Agency;
- Motion Picture Licensing Company;
- Public Video Screening Licence (Filmbank distributors);
- Phonographic performance licence
- Performing Rights Society licence
- Christian Copyright Licensing International
- Mechanical Copyright Protection Society.

All of these licences are now managed centrally by the DfE and deducted centrally from the authority's Dedicated Schools Grant. In all cases this is subject to the individual publisher being included in the licence. These arrangements are the same as in 2017/18

15.3 Charges for free and paid school meals

Schools buying back a school meals service from Surrey Commercial Services should still expect to be charged a rate per meal for the provision of free school meals, based on the actual number of meals provided during the year, including the provision of universal infant free school meals.

Funding for universal infant free school meals is provided by a separate grant based on takeup on October and January census dates. Funding for other free school meals is included within the deprivation factor in the delegated budget. Therefore schools need to remember that they now bear the risk of changes in demand for free school meals. If your supplier is Surrey Commercial Services, you will be advised separately by them about charges for free meals. They will also charge a flat rate and a rate per pupil for the paid meals service, including sums in lieu of the former School Lunch Grant.

Please note that the criteria for eligibility for free school meals are changing from 1 April 2018 as the government phases in Universal Credit. This is expected to mean an increase in the number of pupils eligible for free school meals. The government is proposing an additional specific grant to schools to assist with the additional costs.