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| Our ref: | **Department of Financial Services**  **School Funding Team**  1st Floor Britannia House, Hall Ings  Bradford BD1 1HX  **Telephone** 01274 432678  **Fax** 01274 435054  **Website**: [www.bradford.gov.uk](http://www.bradford.gov.uk)  **Email:** [**andrew.redding@bradford.gov.uk**](mailto:andrew.redding@bradford.gov.uk) |
| To the Headteacher – all maintained schools |

1 August 2016

Dear Colleague,

**SCHOOL BANK ACCOUNTS – “FULL BUDGET SHARE”**

The Scheme for Financing Schools provides schools with the option to have their **full budget share** (the full formula funding allocation) paid direct into their bank account by monthly instalments, rather than the part budget allocation (which covers only non-staffing costs after making deductions for staff, rates and catering).

The Scheme states that where a school wishes to change their option of payment of budget share, it may only do so from the beginning of the financial year and must notify the Local Authority by **1 January**.

There are a limited number of places available each year for schools to convert to Full Budget Share status, due to the additional workload involved for the Council’s Central Payroll team. In addition to this, the Financial Classification of Schools gives priority to those schools in Category D. Applications will therefore be dealt with on a “first come, first served” basis, taking into account these criteria. If you wish to take up this option from April 2017, for the 2017-2018 financial year, you must submit your request in writing by **1 January 2017**. Full Governing Body Approval must be obtained in order for your school to change to Full Budget Share status. If your application has not been acknowledged by email within 14 days please contact the School Funding Team to ensure that it has been received. Please also include in your letter whether or not you intend to continue using Bradford Council Payroll Services.

Please call your School Funding Team contact officer if you wish to discuss this further.

A document ‘Full Bank Account – Things to Consider’ is available below to help with decision-making.

Yours faithfully,

School Funding Team

**Changing to Full Budget Share**

**Full Bank Account – things to consider**

Under the Scheme for Financing Schools (“The Scheme”), a school has the option to have the full value of their Local Authority funding paid, by monthly instalments, directly into their bank account. All schools in Bradford have their own bank accounts and schools have the option to receive either a full or a part budget share.

***Part Budget Share*** – a school has the cost of their salaries, catering fees and rates paid on their behalf by the Council using the Council’s bank account. The costs of salaries, catering and rates identified in the school’s annual approved budget submitted in May, are withheld by the Council. The remaining budget for all other non staffing costs is paid into the school’s bank account on a monthly basis for the school to manage.

***Full Budget Share*** - a school has chosen to pay all of their costs including staff salaries and catering costs via their own bank account. The Council may still pay rates – details have yet to be confirmed. This means that the full value of the school’s Local Authority funding is paid to the school in monthly instalments. Payroll, catering (and rates) costs are then charged direct to the school’s bank account. There are currently 99 maintained schools in Bradford that receive a full budget share

The Full Budget Share option does require more involvement from the school in managing payments and cash flow, and the School Funding Team provides initial support and training. However, it offers significant advantages, including more control over the cash budget of the school and the potential for increased interest, as more money is held in the school’s bank account. If you would like to discuss the advantages of the Full Budget Share option, please contact your School Funding Team Officer.

The differences between having a full bank account as opposed to a part-bank account are as follows:

* All advances are paid to the school over 13 payments.
* Any increase/decrease in funding will be accounted for in these payments and paid over to the school as advances.
* The school is responsible for paying all invoices, including catering, and **no** central journals must be posted, **with the exception** of rates and contributions to de-delegated funds agreed by the Schools Forum, which are managed centrally and journalled to the school’s cost centre
* Catering is charged via three invoices as follows:
  + 45% in June
  + 30% in October
  + 25% in January
* Payroll costs are charged direct to the school’s bank account i.e. the school is responsible for paying their own payroll (managed either by Bradford Council payroll or another provider).
* Any interest earned from bank account balances is to the benefit of the school.
* The school must monitor cash flow more vigorously as the bank account is not allowed to go into an overdraft position.
* On the bank reconciliation return the payroll costs must be shown whereas on a part budget share returns E01 – E07 are excluded.
* For schools using CBMDC payroll direct deductions are made from the bank account for payroll on the 6th or 7th of each month. The school must ensure that the bank account has sufficient funds to cover these amounts.
* All staff must move to monthly pay before April 2017 to minimize the number of payroll calculations and payments through bank account.

We advise that schools obtain internet banking facilities (‘View Only’ function is sufficient) for timely completion of bank reconciliation. A paragraph in the Guide to Financial Procedures gives further guidance on the security of internet banking.