**ACADEMY BUDGETS 2016-17**

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# SECTION A - IMPORTANT INFORMATION

The purpose of this document is to communicate to Academies and Free Schools in Kent aspects of the Dedicated Schools Grant (DSG) budget that are either the responsibility of the Local Authority (LA) to fund directly (i.e. high needs top up funding) or involve changes to the local formula that impacts on an academy’s GAG.

Please note that the term schools used throughout this document relates to academies and free schools.

There is a budget template on KELSI for both Primary and Secondary phases, along with the published funding rates for Milestone Special School - to access click on this link: [Special school funding rates.](http://www.kelsi.org.uk/__data/assets/file/0006/54636/2016_17_Special_Rates_Template.zip)

**Academies Primary and Secondary** [(Academy template 2016-17),](http://www.kelsi.org.uk/__data/assets/file/0007/54565/2016_17_Academy_Calculator.zip) this includes:

* 1. Early years (if applicable)
  2. High needs – mainstream (if applicable)
  3. High needs – SRP (if applicable)
  4. Pupil growth (if applicable)

A funding guidance book has been provided for 2016-17, the information in this document will provide you with a detailed explanation on how your funding has been calculated. To access this document click on this link [Primary and Secondary School Funding Guidance 2016-17](http://www.kelsi.org.uk/__data/assets/word_doc/0009/54639/Primary_and_Secondary_Schools_Funding_Guidance_2016-17.docx). This document has been written for both LA maintained Schools, Academies and Free Schools.

# Schools National Funding Formula Consultation

It has long been the government’s intention to move to a national funding formula for schools and the national school funding reforms introduced in April 2013 was a significant step in this direction. We are anticipating that the government will be launching a further funding consultation in March 2016 that will be a continuation of this journey. The DfE are indicating that any changes following this consultation will commence in 2017.

It is unclear what the government define as a national funding formula. The Dedicated Schools Grant (DSG) is how the government pass education funding to Local Authorities (LAs). This funding is then passed on to schools using a local formula. The funding reforms of 2013 limited the number of factors that a LA could use to target the funding to schools, however the reforms of 2013 did not address the historic level of funding passed to LAs by central government. This ranges from £4,166 per pupil to £8,587 per pupil, Kent’s DSG rate per pupil is £4,383 and the national mean average is £4,636 per pupil.

It is hoped that the consultation in March will provide us with a clearer understanding of the long term aim of the government in respect of whether the national funding formula will be either

1. A fairer methodology for distributing funding from central government to LA and the retention of some local discretion in targeting this funding to schools.
2. A national funding formula that uses a uniform formula nationally from central government to the school.

In the context of the move towards a national funding formula, it is important understand that this is within a flat cash envelope. Flat cash means the growth in pupil numbers will be funded, however there is no additional funding for inflationary pressures. In the November spending review the chancellor detailed the government’s spending plans for the remainder of the parliament, which included a flat cash settlement for schools, therefore any reforms to the national funding formula will be cost neutral and any changes to funding are likely to be phased in over a number of years.

# SECTION B – GENERAL INFORMATION

# High Needs Funding in Mainstream Schools

As you will be aware, in line with DfE regulations, the LA introduced a new system for funding high needs pupils in mainstream schools from April 2015. Patrick Leeson’s e-bulletin dated the [25 November](http://www.kelsi.org.uk/news-and-events/patrick-leesons-update/25-november-2015-weekly-update?utm_source=KELSI+eBulletin&utm_campaign=81baee3850-KELSI_schools_e_bulletin_25_November_15&utm_medium=email&utm_term=0_4a61d4d1e0-81baee3850-39403989) provides an update on the introduction of the new process and progress to date, a further update will be provided in the summer. Patrick will also be including feedback on the process as part of the Headteacher briefings in March.

In summary we are still at an early stage in the life cycle of the new process and cannot with certainty know what the end picture looks like. The summer review will provide us with a clearer understanding in relation to the overall number of high need pupils and the associated cost and whether the new process is reducing the number of EHCPs (one of our key objectives).

As the process is still relatively new we thought it would be helpful to provide an overview of how mainstream high needs funding is allocated to a school.

The definition of a High Needs Pupil (HNP) in a mainstream school is a monetary value and is a pupil that has additional SEN need costing £6,000 or more. For the avoidance of any doubt, the pupil does not need to have an Education Health Care Plan (EHCP) to be defined as HNP and access the funding. Also for the avoidance of any doubt, funding for pupils in a Specialist Resource Provision (SRP) is excluded from this process.

Place Plus is the Education Funding Agency (EFA) overarching high needs funding methodology. Place Plus is applied to all High Needs pupils regardless of where the HNP is placed, however there are variations of how place plus is applied depending on the type of institution. To understand how Place Plus is applied it is important to note that in the first instance the cost of providing SEN resources for the pupil is identified. Place Plus is methodology is how the funding is passed to the institution to meet that cost.

Knowing what notional SEN funding consists of is key to understanding the mechanics of mainstream high needs funding. A schools formula budget is broken down into a number of factors, with each factor being used to target funding at the different needs of the pupils within the school. Kent’s notional SEN proportion of the budget consists of the following factors, Factor 2 - IDACI, Factor 3 – Look after Children (LAC), Factor 4 - Low Cost High Incidence SEN(LCHIS) Factor 5 - English as an Additional Language (EAL), and an element of the lump sum factor 7 (Primary £6,235, Secondary £5,580). This is funding targeted through the Kent’s local formula for the additional needs of pupils in the school, over and above the basic needs of all pupils.

How this is this applied in practice is best explained using an example – A primary school has an annual notional SEN budget of £10,000 and has one high need pupil whose additional needs cost £9,000 per annum.

Place Plus is broken down into three elements;

* Element 1 (E1) – Core Education Funding
* Element 2 (E2) – Additional Support
* Element 3 (E3) – Top Up Funding.

E1 = Primary school basic entitlement £2,740 (Factor 1 – Age Weighted Pupil Unit of funding)

E2 = £6,000 (this is always set at this amount)

E3 = £3,000 (cost of additional need £9,000 less E2 £6,000)

**How the funding is passed to the school**

E1 – included in schools annual formula budget.

E2 – School meets £6,000 cost from its notional SEN budget, in this example the notional budget is £10,000, so £6,000 is used for this pupil and the balance of £4,000 is available for the remaining pupils in the school with lower level needs)

E3- LA funds the £3,000

**Notional SEN Top Up (this is in addition to Element 3)**

However, there are some schools who have a disproportionate number of high needs pupils relative to their notional SEN funding. In these cases, the LA has agreed to provide “notional SEN top up funding”, which could contribute towards (or in some cases fully fund) the E2 £6,000. This should not be confused with E3 funding, which is something different. Schools can attract both notional SEN top up and E3 top up funding.

No school will pay more than 3% of its notional SEN budget towards the £6,000 E2 contribution for an individual pupil. In addition, a threshold of 20% has been set where no school will pay more than 20% of its notional SEN budget towards the total E2 £6,000 contribution for all HNPs in the school. Once the 20% has been reached, the full £6,000 will be reimbursed to the school.

**How to apply for high needs funding in a mainstream school**

School submit an application via the SEN portal ([link to SEN guidance](http://www.kelsi.org.uk/special-education-needs/special-educational-needs/high-needs-funding-for-schools)). Once the application has been processed, if it is approved, the Schools’ Budget team will be notified. All approved top up funding will then be passed to the school on a monthly basis through the schools advance system. Included within the budget template suite provided to schools is a tab titled “High Needs Funding Mainstream”. Schools should record all of their HNPs on this tab and then reconcile the amounts to the schools advances system on a monthly basis.

# Family Liaison Officer (FLO) Funding

Schools that are in receipt of FLO funding have received a separate letter on the 19 February about the cessation of this funding from 1 September 2016.

# CIC PP (also known as PP+)

At the point of issuing this guidance we do not have details of how CiC PP will be allocated in 2016-17. The Virtual Schools Kent (VSK) will be publishing guidance is due course and this information will be published on their website, to access the VSK website click on this link <http://www.virtualschool.lea.kent.sch.uk/>.

If you have any queries in the meantime, please contact one of the following VSK Deputy Heads:

* East Kent – Ann Parnell (email ann.parnell@kent.gov.uk)
* South Kent – Marian Smith (email marian.smith@kent.gov.uk)
* West and North Kent – Malcolm Thomas(email Malcolm.thomas@kent.gov.uk)

# Changes to formula factors

There have been three notable events that have impacted on individual school budgets for 2016-17.

The changes relate to the removal of the Reception Uplift Factor, adjustment to the Primary Low Cost High Incidence SEN (LCHIS) factor and the updating of data set used to distribute Income Deprivation Affecting Children Index (IDACI) to all schools.

**Reception Uplift**

LAs have the discretion to include a Reception Uplift Factor in their local formula. LA schools are funded on the October census pupil count for the following financial year April to March and Academies are funded on the October census pupil count for the following academic year September to August.

Historically some schools operated a staggered intake for Reception aged pupils, where the admission date was after the October pupil census, but before the January census. This meant that in some instances a school could miss out on a significant amount of funding. In order to recognise this, the Education Funding Agency (EFA) introduced an optional factor into the schools formula that funded any increase in reception pupils between the previous January pupil census count and October pupil census count.

Autumn 2014 was the last time a school in Kent operated the staggered intake for reception aged pupils. After comparing the movement by year group between the October pupil census and the January pupil census it was found that movement in numbers was similar across the majority of year groups.

In light of this information that casual admissions were at a similar level across all year groups and there should not be a financial advantage for schools with reception aged pupils, it was unanimously agreed at the Schools’ Funding Forum (SFF) on the 20 November 2015 to remove the reception up lift factor from the local formula. It was also noted by the SFF that if there is a significant impact on year R admissions in the future, due changes to the admission regulations in respect of in year reception referrals, the removal of the reception uplift factor would be reviewed and potentially re-instated.

**IDACI (formula factor 2)**

The IDACI data set used to allocate funding for deprivation has been updated. The 2013-14, 2014-15 and 2015-16 data sets were based on data published in October 2010. The 2016-17 data set is now based on data published in September 2015. The LA was not notified of this change prior to receiving the data in December 2015, therefore we have not been able to raise awareness of this issue.

The refreshing of this data has, in some instances, has a material impact on the amount of deprivation funding some schools receive in 2016-17. Some schools will have an unexpected increase in funding allocated through this factor. Where schools have seen a material reduction in deprivation funding, this will in most cases be protected by the Minimum Funding Guarantee (MFG), although exact protection levels will depend on other data changes.

**Primary Phase adjustment to LCHIS funding rate (formula factor 6)**

From the 1 April 2014, the Foundation Stage Profile score was replaced with a judgement, and we are now in the third year of transition. An eligible pupil is now one that is “Not achieving a good level of development”. The % of qualifying pupils in a primary school is now a mix of the new judgement for pupils in years 1, 2 and 3, and the old foundation score of below 78 for pupils in years 4 to 6. In 2013-14, 16% of primary school pupils received funding for LCHIS, now 23.3% of primary school pupils receive LCHIS funding, this is due to more pupils becoming eligible under the new criteria. To accommodate the increase in overall eligible numbers, the rate per eligible pupil has dropped from £749.12 to £729.11. Despite this reduction, the total amount of funding being allocated to schools through the LCHIS factor has remained constant.

# Pupil Growth

At the SFF meeting on the 20 November, members of the Forum ratified the LAs growth funding policy for 2016-17. In summary, as directed by the EFA in 2015-16, schools will only qualify for funding if it is for Basic Need. In addition the policy now includes a minimum threshold when reorganisation funding will be triggered. To access the Growth Policy for 2016-17 click on this link [growth guidance 2016-17](http://www.kelsi.org.uk/__data/assets/word_doc/0005/54626/Appendix_2-Kent_Growth_Policy_2016-17.docx).

Schools who will be eligible for the reorganisation funding element of Growth funding will receive an email week ending 4th March from Ian Hamilton (Schools Budget and PVI Manager) detailing their funding for the financial year April 2016 to March 2017. If a school is entitled to the rising roll element of growth funding it will be shown on the growth tab of the school budget template, to access this information click on this link [growth funding](http://www.kelsi.org.uk/__data/assets/file/0007/54565/2016_17_Academy_Calculator.zip).

# Early Years Funding

There is no change to early years funding in 2016-17. As with schools, the government will be consulting early in March on its next steps towards a national funding formula.

To date there is no guidance on how the government intend to introduce 30 hour childcare for 3 and 4 year olds for working parents which is due to be implemented from September 2017. The LA will provide further information on this once it has been published by the DfE.

# SECTION C – SPECIAL ACADEMIES

(MILESTONE SPECIAL ACADEMY)

**Introduction**

The 2016-17 Special School funding guidance is now available to view on Kelsi, to access click on this link [Special School Funding Guidance 2016-17](http://www.kelsi.org.uk/__data/assets/word_doc/0008/54638/Special_Schools_Funding_Formula_Guidance_2016-17.docx).

**Protection**

Protection will be provided at no less than 98.5% of its 2015-16 value, ensuring that any reduction in funding per pupil is no greater than -1.5%, as for mainstream schools and academies.

# Funding Rates 2016-17

Special Schools were sent guidance and a computation on the 21 January detailing the calculation of their funding rate. Special Schools were requested to submit a return by the 5 February confirming that they were in agreement with the number of places and funding rates. To date the majority of Special Schools have returned and agreed this information. To access your schools funding rate calculation click on this link, [Funding Rate Calculation 2016-17](http://www.kelsi.org.uk/__data/assets/file/0006/54636/2016_17_Special_Rates_Template.zip)

**Outreach**

In previous financial years, outreach resources to support mainstream schools were distributed via the District special school with each school receiving an equal allocation.

As Gravesham and Swale Districts are each served by a single special school, a review of outreach highlighted a pressing need to redistribute the total allocation (£2.4m).  Transitional arrangements for 2016/17 will redirect £50k from Dover District and £100k from Thanet District to increase the Dartford, Gravesham and Swale outreach support by £50k each.