**Message sent on behalf of Patrick Leeson - Corporate Director - Education and Young People's Services**

To:  Headteacher and School Business Manager

Dear Colleague

# **School Budgets**

I am pleased to inform you that the 2016-17 Delegated Formula, Pupil Premium and Indicative Devolved Formula Capital budget templates are now available on Kent Education Learning and Skills Information (KELSI) website via the following link:  2016-17 School Budgets.

We are now in the sixth consecutive year where the Dedicated Schools Grant (DSG) has received no uplift to fund inflationary pressures.  Although this appears favourable compared to other parts of the public sector, we know that with each year that passes the ability for schools to generate efficiency savings to offset these inflationary pressures is becoming more challenging.

Key points for 2016-17 budgets are:

* Schools will be aware that there are two additional salary pressures for 2016-17.  The first relates to changes to employers’ NI contributions from 1st April 2016 which affects all staff who are in an employer’s superannuation scheme.  The second relates to the full year effect of the increase to the Teachers’ superannuation scheme, where the employers’ contribution increased from 14.10 % to 16.48% on 1 September 2015.  No additional funding has been provided by Government for these pressures.
* The Government’s Minimum Funding Guarantee (MFG) has been set at -1.5%.  This has been applied to ensure no school has a reduction in its budget of more than 1.5% per pupil (excluding exempt items and high needs funding) before any Pupil Premium funding is allocated.
* The Government have updated the Income Deprivation Affecting Children Index (IDACI) data which is used to provide deprivation funding to schools.  The update has resulted in some significant changes to the amount of deprivation funding some schools receive.
* The Schools’ Funding Forum has agreed to continue de-delegating some specific budgets for 2016-17.  A full list of these is available via the following link: [De-delegation item 11b](http://www.kelsi.org.uk/__data/assets/file/0007/50947/SFF_Papers_20_NOV_2015.zip).
* The optional Reception Uplift factor has been removed from Kent’s local funding formula from 1 April 2016.
* FLOs – 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.
* Teachers Pay – we are awaiting the national decision.
* For 2016-17 the County Council has agreed a single pay and reward package for Kent Scheme staff, similar to last year.  The new Kent Scheme salary scales will not be confirmed until mid-March.

A more detailed note explaining the significant changes will accompany this letter, to access this document click on this link [Delegated School Budget Guidance 2016-17](http://www.kelsi.org.uk/__data/assets/word_doc/0003/54642/Delegated_School_Budget_Guidance_Notes_2016-17.docx)

In relation to future years, we are expecting the DfE to publish a consultation document shortly concerning the government’s commitment to move towards a fairer national funding formula.  At this stage it is difficult to summarise the impact that this proposal will have on Kent and schools.  The government is committed to introducing a national funding formula for schools in 2017, and it is hoped that the consultation, when published, will provide further information including a timeline of when any changes will be implemented and also details of any transitional arrangements.  In the absence of any additional information at the time of writing this letter, we have assumed that the MFG rate for 2017-18 and 2018-19 will be set at -1.5% and we have not assumed any increase or decrease in funding to our DSG rate per pupil.

Your three year financial plan submission is due to be sent to the Local Authority by 31 May and this should be based on the LA assumptions.  We know that our assumptions may need to be adjusted, but for now we want Kent schools to be able to plan on a consistent basis.  As soon as we receive any information from the Department for Education about future years’ school funding we will let you know, but we are not anticipating anything until later this year.

If you experience difficulties when setting the budget for your school please contact Yvonne King on 03000 415 415 or email via schoolsfinancialservices@kent.gov.uk.

The detailed budget guidance notes accessible on KELSI include a list of contact names dependent on the nature of your query. Please contact me if you have any questions on overall policy issues.

Yours sincerely

**Patrick Leeson**

Corporate Director for Education and Young People’s Services