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

To:  The Academy Principal and Business Manager

Dear Colleagues

# **2016-17 Academy budgets**

# I thought it would be helpful to write to you and clarify the elements of Dedicated Schools Grant (DSG) funding that the Local Authority (LA) is responsible for passing directly to Academies and also highlight some changes to Kent’s delegated formula budget for schools which are reflected in your General Annual Grant (GAG).

# The Local Authority has produced a 2016-17 financial year budget template specifically for academies, and this is now available on the Kent Education Learning and Skills Information (KELSI) website via the following link:  [Academy template 2016-17](http://www.kelsi.org.uk/__data/assets/file/0007/54565/2016_17_Academy_Calculator.zip)

# **Background**

# All LA schools, academies and free schools have their budgets calculated using the same LA local funding formula.  Although the EFA is responsible for providing academies with their GAG budget each year, the LA is still required to calculate each academy’s budget as if it were a maintained school, using the local formula.  The formula amount is then recouped by the EFA from the LA’s DSG allocation.   The calculation is submitted to the Education Funding Agency (EFA) for ensuring compliance with School Finance regulations.

# Effectively the basis of each academy GAG will be the LA’s local funding formula plus additional adjustments made by the EFA.

Key points for 2016-17 budgets are:

* We are now in the sixth consecutive year where the 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 Academies and Free Schools to generate efficiency savings to offset these inflationary pressures is becoming more challenging.
* The Government has 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 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.
* 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.

A more detailed note explaining the significant changes can be accessed through this link: [Academy Budget Guidance](http://www.kelsi.org.uk/__data/assets/word_doc/0004/54643/Delegated_School_Budget_Guidance_Notes_2016-17_Academy.docx).

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 - Education and Young People's Services**