**KENT COUNTY COUNCIL**

**ACADEMY BUDGET GUIDANCE 2017-18**

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| **Section** | **Heading** |
| **A** | [**IMPORTANT INFORMATION**](#SectionA) |
| **B** | [**BUDGET HEADLINES & GENERAL INFORMATION**](#SectionB)   * Headlines * National Funding Formula * Minimum Funding Guarantee * Children in Care Pupil Premium (also known as PP+) * Income Deprivation Affecting Children’s Index (IDACI) – Formula factor 2 * Primary Phase adjustment to Low Cost High Incidence SEN (LCHIS) funding rate, formula factor 6 * Pupil Growth * Early Years Funding |
| **C** | [**SPECIAL SCHOOLS**](#SectionC)   * Protection * 2017-18 Funding Rates * Outreach |
| **D** | [**OVERVIEW OF MAINSTREAM HIGH NEEDS FUNDING IN KENT**](#SectionD) |

**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.

We have published academy budget template on KELSI for both Primary and Secondary phases, which can be accessed here:[Academy template 2017-18](http://www.kelsi.org.uk/__data/assets/file/0007/67696/2017-18-Academy-Budget-Templates.zip)

These templates include:

* 1. Early years (if applicable – based on the funding rates that the LA is intending to confirm)
  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 2017-18, and 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 2017-18](http://www.kelsi.org.uk/__data/assets/word_doc/0005/67694/Primary-and-Secondary-Schools-Funding-Guidance-2017-18.docx). This document has been written for both LA maintained Schools, Academies and Free Schools.

We have also published a separate template containing the funding rates for Milestone Special School, which can be accessed via the following link: [Special school funding rates](http://www.kelsi.org.uk/__data/assets/file/0009/67698/2017-18-Special-Rates-Template.zip)

**SECTION B - BUDGET HEADLINES**

Headlines 2017-18 school budget settlement and pressures

2017-18 is now the seventh consecutive year of Dedicated Schools Grant (DSG) flat cash per pupil, which means that schools’ funding has not been uplifted for inflationary pressures during this period. We know that flat cash will continue for the remainder of this Parliament (2019-20), and the Governments view is that schools are expected to find efficiency savings to offset these inflationary pressures. However, the proposed introduction of the National Funding Formula (NFF) may have an impact on an individual school’s budget. Further information on the NFF is provided later in this guidance document.

This year we have seen exceptional growth in the number of mainstream high needs pupils and the LA is now forecasting to spend around £23m. This is an increase of £9m since 2015-16, and an over spend of £5m against an available budget of £18m. Although the DSG High Needs block has received an annual uplift for 2017-18 it is not sufficient to meet all of our pressures.

At the Schools’ Funding Forum (SFF) meeting on the 9 December 2016 the LA notified Forum members of the mainstream high needs pressure. It was agreed that the overspend for 2016-17 would be taken from one off unallocated DSG held in reserves and that the future cost for 2017-18 would be met by a transfer from the schools block of £5m.

The demand for High Needs funding is largely coming from the primary phase and as a result the LA recommend to the Forum, who agreed, that the pressure should be met by a reduction in the primary school Prior Attainment (PA) funding rate. For 2017-18 the primary school funding rate for PA (factor 6) will decrease by £178.27 per eligible pupil.

The exceptional growth in the number of primary school high needs pupils is a significant concern for the future and a combination of different measures will need to be incorporated to manage future pressures if take up continues to increase. As an acknowledgement of likely future growth in 2017-18 the SFF also recommended that the thresholds for notional SEN top up should be increased to free up another £1.8m to meet the cost of further increases to mainstream high need pupil numbers. From 1 April 2017 the phase 1 threshold will increase from 3% to 10% and the phase 2 threshold will increase from 20% to 28%.

Setting the phase 1 threshold at 3% allowed schools with a notional SEN budget of up to £200,000 to receive partial reimbursement of the first £6,000. Setting it at 10% will allow schools with a notional SEN budget of up to £60,000 to receive partial reimbursement of the first £6,000 and therefore protection will still be provided for schools with small notional SEN budgets. You can access guidance on the operation of mainstream high needs in [Section D](#SectionD).

National Funding Formula (NNF)

On the 13 December 2016 the Government announced its long awaited response to the first stage consultation on the introduction of a National Funding Formula for schools, which focused on the principles and building blocks. In addition to the response they also launched a stage 2 consultation that focused on the relative weightings and factors within the NFF. The consultation closes on the 22 March 2017. Currently a joint response on behalf of the LA and SFF is being compiled, and we would like to take this opportunity to encourage all schools to submit their own responses to this very important event. An [e- bulletin issued on the 24 January 2017](http://www.kelsi.org.uk/news-and-events/patrick-leesons-update/24-january-2017-weekly-update) provides details of the contents of the consultations, the implications for Kent and its schools and a link to an illustration tool showing what each school would receive in the future based on the consultation proposals.

The headlines from the consultation proposals are:

* Overall Kent schools will benefit by an estimated £12m in 2018-19, rising to £30m when the NFF is fully implemented, but not all Kent schools will receive a share of this additional funding.
* A soft NFF will be implemented in 2018-19 (local formula), followed by a hard NFF in 2019-20 (national formula where all schools will be funded using the same factors and nationally set funding rates).
* Gains will be phased in gradually with schools receiving a maximum 5.5%increase by 2019-20. If gains are greater than 5.5% it will not be determined until the next Parliament when schools will receive the full benefit from these proposals.
* Schools will continue to be protected by the Minimum Funding Guarantee (MFG) of –1.5%, and in addition any loss will be capped by the introduction of a new Funding Floor which has been set at -3%.

Minimum Funding Guarantee

The Government’s Minimum Funding Guarantee (MFG) for 2017-18 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 is allocated.

Children in Care Pupil Premium (also known as PP+)

The Virtual Schools Kent (VSK) will be publishing further guidance in due course and it is our understanding that this information will be published on their website. However based on the information supplied by the VSK Headteacher, an allocation of £900 per eligible pupil will be paid to schools in 3 instalments of £300 each. In addition to this, schools can bid for additional amounts based on evidenced levels of need. 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](mailto:ann.parnell@kent.gov.uk) )
* South Kent – Marian Smith (email [marian.smith@kent.gov.uk](mailto:marian.smith@kent.gov.uk) )
* West and North Kent – Malcolm Thomas(email [malcolm.thomas@kent.gov.uk](mailto:malcolm.thomas@kent.gov.uk) )

Income Deprivation Affecting Childrens Index (IDACI) – Formula factor 2

You may recall that the underlying data used to calculate IDACI bandings was updated for the 2016-17 budget release. One outcome of this update was to create a considerable amount of turbulence in school budgets. In acknowledgement of this, the Education Funding Agency (EFA) revised the bandings again for 2017-18 in order to more closely match the distribution of the number of children in each band back in 2015-16.

The revised distribution for 2017-18 created further turbulence and an estimated funding pressure of around £1.5m was initially forecast. To maintain stability across the overall Schools’ budget a recommendation was made to the Forum to set the IDACI band rates at a level that maintained the overall distribution at the same funding level as 2016-17.

In addition to the revised distribution the EFA also changed the descriptive character for each band from a number to a letter. Band 1 is now Band F, Band 6 is now Band A and the bands 2 to 5 follow the same sequence.

Primary Phase adjustment to Low Cost High Incidence SEN (LCHIS) funding rate, formula factor 6

The primary funding for LCHIS has been reduced from £729.11 to £530.52 per eligible pupil. There are two reasons for this reduction, as explained below:

1. *Transfer in funding from Schools Block to High Needs block to fund pressure for additional Mainstream HNPs*

As explained in section B the funding rate for primary LCHIS has be reduced by 25% a reduction of £178.27 from £729.11 to £550.84 to meet the increase in HNPs in mainstream primary schools. The reduction in the funding rate is outside of the MFG and therefore excluded from a schools MFG baseline for 2017-18.

1. *Foundation Stage Profile – Change in profile*

From the 1 April 2014, the Foundation Stage Profile score was replaced with a judgement, and we are now in the fourth 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 year groups 1 to 4 and the old foundation score of below 78 for pupils in years 5 to 6. In 2013-14 only 16% of primary school pupils received funding for LCHIS. This has increased to 24.3% of primary school pupils in 2017-18, as more pupils becoming eligible under the new criteria. To accommodate the increase in overall eligible numbers, the rate per eligible pupil has reduced from £550.84 to £530.52. Despite this reduction, the total amount of funding being allocated to schools through the LCHIS factor has remained constant, after adjusting for the £5m transfer mentioned in 1) above.

Pupil Growth

At the SFF meeting on the 9 December 2017, members of the Forum ratified the LAs growth funding policy for 2017-18. In summary, as directed by the EFA in 2015-16, schools will only qualify for funding if the growth is related to Basic Need. To access the Growth Policy for 2017-18 click on this link [Growth Policy](http://www.kelsi.org.uk/__data/assets/word_doc/0011/67637/Kent-Growth-Policy-2017-18.docx). The total available funding retained by the LA for in year pupil growth in 2017-18 is £7.5m.

Schools who will be eligible for the reorganisation funding element of Growth funding will receive an email w/c 27 February from Ian Hamilton (Schools Budget and PVI Manager) detailing their funding for the financial year April 2017 to March 2018. 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/0007/67696/2017-18-Academy-Budget-Templates.zip).

Early Years Funding

The Government are introducing a National Funding Formula for Early Years from 1 April 2017. The funding of each maintained nursery class and our maintained nursery school will continue to be calculated by the LA using a local formula. Each school with a maintained early year’s class will receive a letter w/c 6 March confirming their hourly funding rate from 1 April 2017.

**SECTION C – SPECIAL SCHOOLS**

The 2017-18 Special School funding guidance is now available to view on Kelsi, to access click on this link [Special School Funding Guidance 2017-18.](http://www.kelsi.org.uk/__data/assets/word_doc/0004/67693/Special-Schools-Funding-Formula-Guidance-2017-18.docx)

**Protection**

The Government’s Minimum Funding Guarantee (MFG) for 2017-18 has been set at -1.5%. This has been applied to ensure no school has a reduction in the funding rate per pupil, for each need type, of more than 1.5%.

**2017-18 Funding Rates**

Special Schools were sent guidance and a computation on the 18th January detailing the calculation of their funding rate. Special Schools were requested to submit a return by the 3rd 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 2017-18](http://www.kelsi.org.uk/__data/assets/file/0009/67698/2017-18-Special-Rates-Template.zip)

**Outreach**

Outreach resources to support mainstream schools are distributed via a lead special school in each district (total allocation: £2.4m). Distribution targets resources on the basis of identified levels of special educational needs and reflects a review which took place in 2015/16.

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| **Area** | **District** | **Early Years County Lead**  **allocation** | **Allocation to Special Schools** | **TOTALS** |
| **North Kent** | Dartford | 8,000 | 162,000 | 170,000 |
| Gravesend | 8,000 | 172,000 | 180,000 |
| Sevenoaks | 8,000 | 117,000 | 125,000 |
| **West Kent** | Tonbridge & Malling | 8,000 | 182,000 | 190,000 |
| Tunbridge Wells | 8,000 | 167,000 | 175,000 |
| Maidstone | 8,000 | 232,000 | 240,000 |
| **East Kent** | Swale | 8,000 | 207,000 | 215,000 |
| Canterbury | 8,000 | 192,000 | 200,000 |
| Thanet | 8,000 | 272,000 | 280,000 |
| **South Kent** | Ashford | 8,000 | 202,000 | 210,000 |
| Shepway | 8,000 | 192,000 | 200,000 |
| Dover | 8,000 | 207,000 | 215,000 |
|  | TOTALS | 96,000 | 2,304,000 | 2,400,000 |

**SECTION D – OVERVIEW OF MAINSTREAM HIGH NEEDS FUNDING IN KENT**

The definition of a High Needs Pupil (HNP) in a mainstream school is a monetary value, where the costs of supporting the additional SEN exceed £6,000 per pupil. 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 this 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 pupil 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 a methodology for 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 to the different needs of the pupils within the school. The notional SEN proportion of the budget consists of the following factors, factor 2 - IDACI, factor 3 – Look after Children (LAC), factor 4- English as an Additional Language (EAL), factor 6 - Low Cost High Incidence SEN(LCHIS) and an element of the lump sum factor 7 (Primary £6,235, Secondary £5,580). This funding is 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 need costs £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 the E2 funding of £6,000)

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

E1 – included in schools annual formula budget (and forms part of the basic entitlement, not the notional SEN 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 as a top up

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

However, there are some schools that 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 contributes towards (or in some cases fully funds) the E2 £6,000. This should not be confused with E3 funding, which is something different. It is possible for schools to attract both notional SEN top up and E3 top up funding.

No school will pay more than 10% of its notional SEN budget towards the £6,000 E2 contribution for an individual pupil. Using the example above the school would receive Notional SEN top up of £5,000. This has been calculated as follows:

1. E2 contribution required of £6,000
2. However school will pay a maximum of 10% of their Notional SEN budget, i.e. 10% of £10,000= £1,000
3. Therefore in this example the school will receive £5,000 Notional SEN top up to help meet the costs of E2.

In addition, a threshold of 28% has been set where no school will pay more than 28% of its notional SEN budget towards the total E2 £6,000 contribution for all HNPs in the school. Once the 28% has been reached, the full £6,000 will be reimbursed to the school. So continuing with the example above, if this school received another two High Needs pupils (three in total), this additional threshold would apply.

1. School would have three children (3 x £1,000 – as per point 2 above) so the expectation is that this school would have to contribute £3,000
2. However this additional threshold would apply: 28% of £10,000 = £2,800
3. So this school would receive £5,000 for the first child, £5,000 for the second child and for the third child is would receive £5,000 + £200.
4. If this school had a fourth child, it would receive the full £6,000

**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.