

Committee: **Lead Member for Learning and School Effectiveness**
Date: **9 March 2015**
Title of Report: **Dedicated Schools Grant – Inter block transfer**
By: **Director of Children’s Services**
Purpose of Report: **To seek approval for a transfer between the blocks of the Dedicated Schools Grant (DSG)**

Recommendation:

The Lead Member is recommended to approve the inter block transfer of funds within the Dedicated Schools Grant, as outlined in paragraph 6 of this report.

1. Background

1.1 As in 2014/15 the DSG for 2015/16 is allocated in three blocks, each block is calculated differently and is subject to separate regulations as to eligible expenditure.

The use of the three blocks is outlined below.

- **The Schools Block** comprises the individual schools budget which must be delegated to schools and academies through a funding formula. Maintained schools can agree to de-delegate budgets and these are spent on their behalf by the authority. There are a limited number of exceptions which enable local authorities to hold funding centrally.
- **The High Needs Block** funds provision in maintained schools, academies, alternative provision, FE colleges and independent providers for pupils with high needs and central spending on pupils with high needs.
- **The Early Years Block** funds payments to early years providers in settings and schools and supports central spending on early years pupils.

1.2 In addition to these three blocks the Local Authority (LA) also receives funding for 2 year olds as an additional funding block allocation.

2. Supporting Information

2.1 The appendices below provide a summary breakdown on the DSG.

- Appendix A – Overall DSG summary (all blocks)
- Appendix B – Schools Block
- Appendix C – High Needs Block
- Appendix D – Early Years Block
- Appendix E – 2 Year Old funding

Schools Block Funding

2.2 The Schools block for 2015/16, based on the LA October 2014 pupil census data is £271m. This figure includes additional funding of £0.75m for pupil growth and £1.8m funding for non-recoupment academies, which has been included within the DSG arrangements for

the first time in 2015/16. The figure also takes account of a reduction in funding of £0.45m in respect of the carbon reduction credit.

2.3 Growth and Falling Rolls Funds have been agreed by Schools Forum to support maintained schools and academies for Key Stage 1 top up, additional classes, pre-opening costs and dis-economies of scale costs for new schools and falling rolls.

2.4 The Department for Education (DfE) negotiated a national agreement with the Copyright Licensing Association in respect of copyright licences for written material and music for all schools and academies. For 2015/16 additional licences, namely, Christian Copyright Licensing International, Mechanical Copyright Protection Society, Performing Rights Society, Phonographic Performance Limited have been negotiated. The DfE have notified Local Authorities to increase our budget by two thirds of the 2014/15 cost. We have therefore earmarked £300k (£180k in 2014/15) for this purpose.

High Needs Block

2.5 The High Needs funding received from the DfE for 2015/16 is £43.4m. The LA has added £383k to this funding from reserves as agreed at the September 2014 Schools Forum meeting, bringing the High Needs total to £43.8m.

2.6 The DfE have stated that special school place funding will be provided using agreed 2014-15 academic year places. Funding received for the agreed places will remain at £10,000 per place.

2.7 Alternative Provision Places: Funding per place will be increased by £2,000 from £8,000 to £10,000 per place from September 2015. This will mean that for the period April 2015 – August 2015, funding will be based on £8,000 per place and for the period September 2015 – March 2016 at £10,000 per place.

2.8 Included within our High Needs block is funding for non-maintained special schools which the DfE will recoup from the LA.

2.9 It should be noted that for 2015/16 the LA is not requesting any inter block transfer between the Schools Block and High Needs Block. In 2013/14 £1.1m and in 2014/15 £0.7m was transferred to support high needs pressures. The pressures in this block are significant and include the increased numbers of pre and post 16 pupils with complex needs requiring specialist placements and top up funding; increased fees and volume of places in independent special schools; the demand for personal budgets; and increased exceptional needs expenditure arising from the Children and Families Act 2014. However, the LA is mindful of pressures on the schools block and, to maintain stability for 2015/16, the LA will manage the High Needs block through prioritisation and retained balances.

Early Years Block

2.10 The 2015/16 Early Years block funding (excluding funding for two year olds) is £15.5m, based on January 2014 census data and includes £0.35m indicative pupil premium funding. The block will be revised in July 2015 to reflect the January 2015 census data and will be reviewed by the Early Years Team.

2.11 An Early Years pupil premium is being introduced in 2015/16 for eligible children. The premium is set at a rate of 53p per hour, and provides additional funding of £0.35m. According to the DfE, the Early Years pupil premium will give all early years providers the additional resources in order to provide the best possible early education to the most disadvantaged children.

2 Year Old Funding

2.12 The basis of funding places for eligible two year olds changes in 2015/16, from estimated to actual take up. Funding for the two-year-old programme will be allocated to Local Authorities in June 2015 using the January 2015 census data. Local authorities will then have an opportunity to request an in-year adjustment to reflect the October census numbers. The technical guidance is not clear as to whether funding for additional growth numbers, that are anticipated, will be backdated to April 2015. If this is not the case the LA will manage the pressure through the DSG balances.

2.13 The DfE have published Local Authorities 2015-16 per child hourly rates for two-year-olds. The England average is £5.09 per hour, East Sussex is among those authorities with the lowest hourly rate of £4.85 per hour.

2.14 The East Sussex current hourly rate is £6.00 (for those children on a Safeguarding Plan or Social Care Child in Need or Health Designated Child in Need) or £5.00 per hour. Under the LA current rates there will be a shortfall in funding in 2015/16.

2.15 Based on an estimated figure of 2,100 2 year old children, there will be a shortfall in funding between what we pay and what we are funded for of £200,000.

Other Information

2.16 It should be noted that employer contributions to the Teachers' Pension Scheme will increase by 2.38% from September 2015. Schools will face other cost pressures from inflation and pay awards but the Government assumes that increased costs will be met by efficiencies therefore no specific additional funding has been added to the DSG settlement funding.

2.17 As in previous years, there remain a number of areas of volatility within the DSG, including out-county placements for children with complex needs, demand for alternative provision and the growth in take-up of the free entitlement to early years' education. The LA will manage the risk across all budgets through call on balances.

2.18 The Schools Forum met on Friday 16th January 2015 and voted their agreement in the transfer of £200,000 from the Schools Block to 2 year old funding for 2015-16.

3 Conclusion and reasons for recommendations

3.1 The Lead Member for Learning and School Effectiveness is requested to approve the DSG inter-block transfer of £200,000 from the Schools Block to 2 year old funding for 2015-16.

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Appendix A

DSG SUMMARY 2015/2016	Schools	High Needs	Early years (3&4 Year Olds)	Total		Estimated 2 Year Old funding
	£	£	£	£		£
Total DSG including Academies	269,467,800	43,411,000	15,221,000	328,099,800		5,810,000
Less Carbon Reduction Credit	-454,800			-454,800		
Plus adjustment for non-recoupment academies *	1,860,000			1,860,000		
plus NQT Induction as per 2014/15	91,000			91,000		
plus early years indicative pupil premium			348,000	348,000		
Total DSG Funding as notified by DfE	270,964,000	43,411,000	15,569,000	329,944,000		5,810,000
Less Estimated National Copyright Licences	-300,617			-300,617		
	270,663,383	43,411,000	15,569,000	329,643,383		5,810,000
Interblock Transfers	-200,000			-200,000		200,000
Contribution from 2014/15 DSG		383,000		383,000		
Total Funding Available	270,463,383	43,794,000	15,569,000	329,826,383		6,010,000

* from 2015/16 DfE will include non-recoupment academies within the LA DSG allocation.
(non-recoupment academies are those which were not previously maintained schools)

FINANCIAL YEAR 2015/2016

For Information Only (2014/15)

SCHOOLS BLOCK 2015/2016	£	£
Schools Block DfE notification		269,467,800
less Carbon Reduction Commitments		-454,800
less Estimated National Copyright Licences		-300,617
add adjustment for non-recoupment academies		1,860,000
add NQT Induction		91,000
Transfer to 2 Year Old Funding		-200,000
Adjusted Schools Block Total 2015/2016		270,463,383
Growth Fund		
Key stage 1 top up	727,000	
Additional classes	769,500	
New Schools/Extending Schools	572,800	
<i>less 2014/15 carry forward</i>	-194,000	1,875,300
Falling Rolls Fund		7,000
LA Central Budgets		
Admissions	486,500	
Servicing Schools Forum	92,800	579,300
Combined services		7,405,014
Funding of non-recoupment academies		1,860,000
Allocated to Schools & Academies		258,736,769
Total		270,463,383

SCHOOLS BLOCK 2014/2015		
Schools Block DfE notification		268,697,000
less Carbon Reduction Commitments		-319,580
less Estimated National Copyright Licences		-180,010
add NQT Induction		91,000
Transfer to High Needs Block		-700,000
2013/14 Under spend Growth Fund		945,816
Adjusted Schools Block total 2014/2015		268,534,226
Growth Fund		
Key stage 1 top up	900,000	
Additional classes	600,000	1,500,000
Falling Rolls Fund		95,000
LA Central Budgets		
Admissions	486,500	
Servicing Schools Forum	92,800	579,300
Combined Services		8,005,014
Allocated to Schools & Academies		258,354,912
Total		268,534,226

FINANCIAL YEAR 2015/2016

For Information Only (2014/15)

HIGH NEEDS BLOCK 2015/2016	£	£
Block total		43,411,000
High Needs funding held in reserves, agreed at Sept 14 Forum meeting to add to Top Up funding (one off c/f money)		383,000
Adjusted High Needs Block Total 2015/2016		43,794,000
Place and top up funding		
Special Schools and Special Academy place funding (pre-16)	8,430,000	
Post 16 place funding - this will be recouped by DfE	910,000	
Non-Maintained special schools pre and post 16 funding - this will be recouped by DfE	736,000	
Special Facilities and Academy Special facilities - place funding (pre-16)	1,680,000	
College central - place funding	1,283,333	
Service Level Agreements	1,503,489	
Top up funding	14,914,375	29,457,197
LA Central Budgets		
Fees for pupils at independent schools	8,042,000	
Education out of School	1,114,900	
Pupils with SEN (assigned resources)	0	
SEN support	4,393,203	
Support for inclusion	680,500	
Servicing Schools Forums	22,200	14,252,803

HIGH NEEDS BLOCK 2014/2015	£	£
Block total		42,821,000
less Carbon Reduction Commitments		-18,420
Add transfer from Schools block		700,000
Adjusted High Needs Block 2014/2015		43,502,580
Place and top up funding		
Special Schools and Special Academy place funding (pre-16)	8,290,000	
Post 16 place funding - this will be recouped by DfE	920,000	
Non-Maintained special schools pre and post 16 funding - this will be recouped by DfE	736,000	
Special Facilities and Academy Special facilities - place funding (pre-16)	1,670,000	
College central - place funding	1,120,000	
Service Level Agreements	1,676,274	
Top up funding	12,939,753	27,352,027
LA Central Budgets		
Fees for pupils at independent schools	9,542,000	
Education out of School	1,114,900	
Pupils with SEN (assigned resources)	313,750	
SEN support	4,393,203	
Support for inclusion	680,500	
Servicing Schools Forums	22,200	16,066,553

LA spending for Special Schools/Academies				LA spending for Special Schools/Academies		
Ethnic minority and bi-lingual	8,500			Ethnic minority and bi-lingual	8,500	
Special Schools contingency	33,600			Special Schools contingency	33,600	
Free meals eligibility	10,800			Free meals eligibility	10,800	
Insurance	31,100	84,000		Insurance	31,100	84,000
Total		43,794,000		Total		43,502,580

FINANCIAL YEAR 2015/2016

For Information Only (2014/15)

EARLY YEARS BLOCK 2015/2016 (3&4 Year Olds)	£	£	EARLY YEARS BLOCK 2014/2015	£	£
Early Years Block DfE notification		15,221,000	Early Years Block DfE notification		14,839,000
Pupil Premium funding		348,000			
Adjusted Early Years Block Total 2015/2016		15,569,000	Adjusted Early Years Block Total 2014/2015		14,839,000
LA Central Budgets			LA Central Budgets		
Funding to support 3 & 4 year olds with learning difficulties or disabilities	200,000		Funding to support 3 & 4 year olds with learning difficulties or disabilities	200,000	
Early Years foundation incl training for moderators	419,515		Early Years foundation incl training for moderators	419,515	
Statutory duty to ensure sufficient sustainable Childcare places	23,500		Statutory duty to ensure sufficient sustainable Childcare places	23,500	
Early Years Improvement team	787,800	1,430,815	Early Years Improvement team	787,800	1,430,815
Early Years Formula Funding (payments to PVI's and schools)		14,138,185	Early Years Formula Funding (payments to PVI's and schools)		13,408,185
		15,569,000			14,839,000

FINANCIAL YEAR 2015/2016

2yr Old EYEE Affordability Model - 2015-16

Model - 50 Band A's at Existing Rates

			ACTUALS				FUNDING			Variance (Over)/ Under Funded	
	Wks		£/hr £	No of Children	Hrs Accessed Hrs	Total per band per term £	Total Per Term £	Funding Rate £	Funding per band per term £	Funding Per Term £	£
Summer 2015	13	Band A	6.00	50	15	58,500		4.85	47,288		71,175
		Band B	5.00	2050	15	<u>1,998,750</u>		4.85	<u>1,938,788</u>	1,986,075	
							2,057,250				
Autumn 2015	14	Band A	6.00	50	15	63,000		4.85	50,925		76,650
		Band B	5.00	2050	15	<u>2,152,500</u>		4.85	<u>2,087,925</u>	2,138,850	
							2,215,500				
Spring 2016	11	Band A	6.00	50	15	49,500		4.85	40,013		60,225
		Band B	5.00	2050	15	<u>1,691,250</u>		4.85	<u>1,640,513</u>	1,680,525	
							1,740,750				
	<u>38</u>						<u>6,013,500</u>			<u>5,805,450</u>	<u>208,050</u>
							Rounded 6,010,000			Rounded 5,810,000	200,000

Request Inter block transfer from Schools Block to fund funding difference

