

Committee: **Lead Member for Education and Inclusion, Special Educational Needs and Disability**  
Date: **22 February 2016**  
Title of Report: **Dedicated Schools Grant – Inter block transfer**  
By: **Director of Children’s Services**  
Purpose of Report: **To seek approval for transfers between the blocks of the Dedicated Schools Grant**

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***RECOMMENDATION:***

**The Lead Member is recommended to approve the inter block transfer of funds within the Dedicated Schools Grant, as outlined in sections 2.2 and 2.4 of this report.**

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**1. Background**

1.1 As in 2015/16 the DSG for 2016/17 is allocated in three blocks, each of which 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 East Sussex County Council ('ESCC') also receives funding for 2 year olds as an additional funding block allocation.

**2. Supporting Information**

**2.1 Schools Block Funding**

2.1.1 The Schools block for 2016/17, based on the ESCC October 2015 pupil census data, is £273.4m. This figure includes additional funding of £4.3m for pupil growth.

2.1.2 The DfE have again negotiated a national agreement with the Copyright Licensing Association in respect of a comprehensive range of copyright licences for written material and music for all schools and academies. The DfE have notified ESCC of the charge for 2016-17. The sum of £302k (compared to £300k in 2015/16) has been earmarked for this purpose.

2.1.3 Growth and Falling Rolls Funds totalling £1.7m 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.

## **2.2 High Needs Block**

2.2.1 For 2016 to 2017 the High Needs Block is made up of each local authority's total high needs block from 2015 to 2016, adjusted to show each local authority's share of the national additional top-up funding of £92.5 million based on their proportion of the 2-19 aged population projections for 2016. For ESCC this figure is £847k.

2.2.2 For 2016/17, the funding for non-maintained special schools (NMSS) is no longer included within ESCC's High Needs block. The DfE make deductions for this at source and our available balance is net of the £1.69m NMSS deduction.

2.2.3 To reflect the full financial year impact of the change from a residency to location funding basis for the 2015 to 2016 academic year post-16 places and NMSS places, the DfE have made a further deduction at source in 2016-17 of £325k.

2.2.4 The total High Needs Block funding received from DfE for 2016/17 is £43.5m (including the additional top up funding referred to in 2.2.1 and deductions referred to in 2.2.2 and 2.2.3). ESCC has added £314k to this funding from reserves as agreed at the September 14 Schools Forum meeting, bringing the High Needs total to £43.8m.

2.2.5 It should be noted that for 2016/17 ESCC is requesting an inter block transfer between the Schools Block and High Needs Block of £700k. The pressures in this block are significant and additional funding is required to support the following areas:

- £576,000 to support the increase in number and cost of agency placements
- £156,000 to support the tutoring costs of unplaced pupils
- £280,000 to support the increase in place funding

The sum of these pressures equates to £1,012,000, however (as per paragraph 2.2.4) CSD has held reserves of £314k to support the High Needs budget for 2016/17 which means that the net sum required (rounded up) as an inter-block transfer is £700k. This transfer request was approved by Schools Forum at their meeting on January 15<sup>th</sup> 2016.

## **2.3 Early Years Block**

2.3.1 The 2016/17 Early Years (EY) block funding (excluding funding for two year olds) is £15.6m, which has been based on the January 2015 census data and includes £348k indicative pupil premium funding.

2.3.2 The entitlement for 3 and 4 year olds will be revised in July 2016 to reflect the January 2016 census data and will be reviewed by the Early Years Team.

## **2.4 2 Year Old Funding**

2.4.1 The basis of funding places for eligible two year olds is based on actual take up rather than estimated numbers. Initial funding allocations for 2016/17 for two year olds will be announced in July 2016. This will be based on the number of eligible children participating in early education as recorded in the January 2016 early years census and school census.

2.4.2 The DfE have published 2016/17 per child hourly rates for two-year-olds that are unchanged from 2015/16. The average national rate is £5.09 per hour. East Sussex is among those authorities with the lowest hourly rate of £4.85 per hour.

2.4.3 The current hourly rate paid by ESCC 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 for all other children. Under ESCC current rates there will therefore be a shortfall in funding in 2016/17.

2.4.4 Based on the fact that the take up of two year olds accessing a funded place in East Sussex has risen from 72.24% to 86.24% and given the shortfall in funding between what we pay and what we are funded for, Schools Forum has approved the request to Lead Member for a £257k transfer from the schools block to the 2 year old funding allocation.

## **2.5 Other Information**

2.5.1 It should be noted that although schools will face cost pressures from changes to National Insurance contributions, the introduction of the living wage, inflation, the full year impact of the increase to the Teachers' Pension Scheme and pay awards, the Government assumes that increased costs will be met by efficiencies, therefore no specific additional funding has been added to the DSG settlement funding for such items.

2.5.2 The Government has announced the introduction of the National Funding Formula from 2017, so ESCC is awaiting further details of the expected consultation on this.

2.5.3 Schools Forum met on Friday 15th January 2016 and voted their agreement for the transfer of £700,000 from the Schools Block to the High Needs Block and £257,000 from the Schools Block to 2 year old funding for 2016/17.

## **3 Recommendation**

3.1 Lead Member for Education and Inclusion, Special Educational Needs and Disability is requested to approve the DSG inter-block transfer of £257,000 to 2 year old funding and a further sum of £700,000 to the High Needs Block, making a total transfer of £957,000 from the Schools Block for 2016/17.

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## **Appendices**

The appendices below provide a summary breakdown on the DSG.

Appendix 1 – Overall DSG summary (all blocks)  
Appendix 2 – Schools Block  
Appendix 3 – High Needs Block  
Appendix 4 – Early Years Block  
Appendix 5 – 2 Year Old funding