

Decision Maker: **Education Budget Sub-Committee**

Date: **6th January 2015**

Decision Type: Non-Urgent Executive Non-Key

TITLE: USE OF UNSPENT DEDICATED SCHOOLS GRANT

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Chief Officer: Terry Parkin, Executive Director of Education and Care Services

Ward: Boroughwide

1. Reason for report

1.1 This report provides an overview of the unspent DSG and the proposals for its use.

2. **RECOMMENDATION**

2.1 **The Education Budget Sub-Committee is asked to comment on the proposed use of the unspent DSG.**

2.2 **The Portfolio Holder is asked to agree the use of the unspent DSG subject to any further comments from the Schools Forum on the 15th January 2015**

Corporate Policy

1. Policy Status: Not Applicable:
 2. BBB Priority: Children and Young People:
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Financial

1. Cost of proposal: £8.946m:
 2. Ongoing costs: Not Applicable:
 3. Budget head/performance centre: Education DSG Portfolio budgets
 4. Total current budget for this head: £232.8m
 5. Source of funding: DSG
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Staff

1. Number of staff (current and additional): 2,065 Full Time Equivalent, of which 1,777 are based in schools.
 2. If from existing staff resources, number of staff hours: N/A
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Legal

1. Legal Requirement: Statutory Requirement:
 2. Call-in: Applicable
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Customer Impact

1. Estimated number of users/beneficiaries (current and projected): N/A
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Ward Councillor Views

1. Have Ward Councillors been asked for comments? Not Applicable
2. Summary of Ward Councillors comments:

3. BACKGROUND

- 3.1 The Council has carried forward a total of £8.946m of Dedicated Schools Grant (DSG) from underspends of £1.697m, £2.984m and £4.265m in 2011/12, 2012/13 and 2013/14 financial years respectively.
- 3.2 As part of the ongoing discussions regarding this unspent DSG, the Schools Forum asked for proposals for the use of the funds. Attached are proposals to utilise the funds which will reduce the surplus considerably.
- 3.3 Any plans will also need to go through the usual process of consulting Schools Forum, and additionally, approval from the Department for Education (DfE) will be required to disapply the funding regulations.

4. USE OF THE UNSPENT DSG

Distribution to Schools

- 4.1 It is proposed that £3.5m be distributed to schools as a one off payment. It is recommended that this be done on as simple a methodology as possible. All pupils would attract funding with the PRU and special schools attracting per pupil funding at an increased factor of 3.75 and 4.25 respectively. These factors are aligned to the current Education Services Grant (ESG) figures that DfE use to calculate the grant funding. If all schools received this funding on a pupil number basis this would equate to roughly £78 per pupil (assuming 42,000 pupils as the school population up to age 16, the PRU pupils attracting £293 and special school pupils £312).
- 4.2 This would need to be added to the formula for 2015/16 as a one off exceptional payment and the Council would have to agree a mechanism with the DfE to achieve this.

Growth Fund

- 4.3 At the last Forum meeting the DSG budget was discussed. As part of this debate two growth items were discussed, a rate increase for early years providers (£500k) and an increase in the bulge class funding (£500k). The total growth was £1m. It was suggested by the Forum that this be funded from unspent DSG as a short to medium term measure to absorb the costs. Two years funding has been assumed for this exercise. After this time the funding issue would need to be readdressed.

Beacon House purchase

The use of DSG to purchase Beacon House was discussed at the Forum meeting in September. The Council rationale behind the purchase was to create more in borough provision, using an 'invest to save' model which would divert expenditure away from more expensive placements out of borough. Forum representatives recognised the need for the purchase but objected to the lack of consultation although the time period in which the property had to be purchased, alongside the need for confidentiality, made any meaningful consultation extremely difficult. On balance there was agreement for the purchase amongst the representatives on the Forum.

Beacon House refurbishment

- 4.4 Consultants have been commissioned to look at Beacon House and assess the costs of bringing the building into use. The current estimate is £3.336m.

- 4.5 It is recommended that the unspent DSG pot funds the refurbishment to a maximum of £3m. The remaining amount would need to be funded from basic need capital funding.
- 4.6 This is a once in a lifetime opportunity for the Council and schools in Bromley to create purpose built provision for young people with significant special needs that affect their behaviour. By designing the right provision the benefits are going to be significant, both to the individuals themselves and the communities that they are part of. In addition secondary schools will be able to purchase part time places for young people who need a more practical curriculum alongside the degree of support that a special school will be able to offer. The alternative use of the money would be to share it amongst all 96 schools in the Borough which would realise far less impact, especially for our more vulnerable young people whose needs will be met at Beacon House. In addition schools are just about to receive a significant increase to their budgets, given that Bromley has been allocated a significant increase to DSG under the fairer funding arrangements.
- 4.7 If there is not the will to spend money on Beacon House the alternative would be to rebuild Burwood on its current site which is not fit for purpose and has significant issues in terms of transport access. This also affects the opportunity for pupils to travel independently as well as having a negative impact on staff recruitment.
- 4.8 Additional places will be created to meet the increasing demand for these types of placements and the extension of the school age. Savings can be made from the Dedicated Schools Grant (DSG) as the additional placements being created at the new setting are cheaper than Independent School placements currently meeting the need. Very prudent estimates suggest that over £220k could be saved in the first full financial year with a cumulative saving over four financial years of over £1.1m. DSG savings are recycled back into DSG funded services
- 4.9 Savings will also be achieved in the Revenue Support Grant (RSG) through transport savings. Prudent estimates suggest that there would be savings of around £3k per annum per child resulting in a saving of over £95k in the first full financial year of operation with a cumulative saving over four financial years of £489k. There may be further savings from this area as travel training may be possible in some cases which would eliminate the need for transport altogether. The savings will help to mitigate future demand in this area as the demand for this type of place grows due to increased need and the extension of the school age
- 4.10 Total savings of both the RSG and DSG areas could be £317k in the first full financial year with cumulative savings over a four financial year period of £1.63m
- 4.11 The table below shows the savings broken down into financial years

TRANSPORT SAVINGS - RSG

PART YEAR	Financial year				PART YEAR	CUMULATIVE SAVINGS
	2015/16	2016/17	2017/18	2018/19		
52,500	90,000	90,000	90,000	37,500		
	5,250	9,000	9,000	3,750		
		17,500	30,000	12,500		
			24,500	17,500		
52,500	95,250	116,500	153,500	71,250	489,000	

PLACEMENT SAVINGS - DSG

PART YEAR	Financial year				PART YEAR	CUMULATIVE SAVINGS
	2015/16	2016/17	2017/18	2018/19		
122,500	210,000	210,000	210,000	87,500		
	12,250	21,000	21,000	8,750		
		40,833	70,000	29,167		
			57,167	40,833		
122,500	222,250	271,833	358,167	166,250	1,141,000	

Assumes a capacity of 75 pupils
 £7K cheaper placements costs per annum per child
 £3K cheaper transport costs per annum per child

5. FINANCIAL IMPLICATIONS

5.1 The financial implications unspent DSG and its use are contained in the table below

	<u>£'000</u>	<u>£'000</u>
UNSPENT DSG CARRIED FORWARD INTO 2014/15		8,946
PAYMENT TO ALL SCHOOLS	-	3,500
PURCHASE OF BEACON HOUSE	-	1,790
REFURBISHMENT OF BEACON HOUSE	-	3,000
		<u>8,290</u>
REMAINING DSG		656
GROWTH BIDS CONTAINED FOR AT LEAST TWO YEARS	-	2,000
IN YEAR DSG SURPLUS 2014/15		2,000
UNALLOCATED DSG CARRIED FORWARD INTO 2015/16		<u><u>656</u></u>

- 5.2 A mixture of carried forward DSG and current in year underspends have been used to fully utilise the available DSG.
- 5.3 The remaining amount of DSG left as surplus is considered to be prudent in terms of an amount left to contain any unforeseen eventualities should they arise.

Non-Applicable Sections:	Legal Implications Personnel Implications
Background Documents: (Access via Contact Officer)	None