

Decision Maker: **SCHOOLS FORUM**

Date: **Thursday 24 September 2015**

Decision Maker: **EDUCATION PORTFOLIO HOLDER**

Date: **For pre-decision scrutiny by the Education PDS Budget Sub-Committee on Tuesday 20 October 2015**

Decision Type: Non-Urgent Executive Non-Key

Title: **DEDICATED SCHOOLS GRANT REDUNDANCY BUDGET**

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Chief Officer: Doug Patterson, Chief Executive

Ward: All Wards

1. Reason for report

- 1.1 This report requests the creation of a budget for DSG redundancy costs, and provides details around the regulations that would apply.
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2. **RECOMMENDATION(S)**

2.1 **The Schools Forum is requested to:**

- (i) Agree that a disapplication request be made to the Secretary of State to allow the creation of a DSG Redundancy Budget of £300k.

2.2 **The Portfolio Holder for Education is requested to:**

- (i) Subject to the approval of Schools Forum and Secretary of State, approve the creation of a DSG Redundancy Budget of £300k.

Corporate Policy

1. Policy Status: Existing Policy: Sound financial management
 2. BBB Priority: Children and Young People Excellent Council
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Financial

1. Cost of proposal: £300k
 2. Ongoing costs: Not Applicable
 3. Budget head/performance centre: Education portfolio budgets
 4. Total current budget for this head: £13.79m
 5. Source of funding: Dedicated Schools Grant carried forward from 2014/15
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Staff

1. Number of staff (current and additional): Not Applicable
 2. If from existing staff resources, number of staff hours: Not Applicable
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Legal

1. Legal Requirement: Statutory Requirement: The statutory duties relating to financial reporting are covered within the Local Government Act 1972; the Local Government Finance Act 1998; the Accounts and Audit Regulations 1996; the Local Government Act 2000 and the Local Government Act 2002 Further Details
 2. Call-in: Applicable:
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Customer Impact

1. Estimated number of users/beneficiaries (current and projected): Not Applicable
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Ward Councillor Views

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

3. COMMENTARY

- 3.1 At its meeting on 25th June 2015, in considering the Education Portfolio Outturn Report 2014/15, Schools Forum was requested to agree the creation of an earmarked reserve of £300k for redundancy costs to be funded from Dedicated Schools Grant (DSG).
- 3.2 Following a member's query, further details were requested of the regulations that would apply to using DSG for such a purpose.
- 3.3 Grant conditions state that DSG can only be used to support the schools budget as defined in the Schools and Early Years Finance (England) Regulations 2014.
- 3.4 Schedule 1 of the regulations is prescribed for the purposes of the Non-Schools Education budget i.e. cannot be funded through DSG, and paragraph 25 of Schedule 1 relates to such costs.
- 3.5 Schedule 1, para 25: *"Expenditure in respect of the dismissal or premature retirement of, or for the purpose of securing the resignation of, or in respect of acts or discrimination against, any person, except to the extent that these costs are chargeable to maintained schools' budget shares or fall within paragraph 4(b) of Schedule 2."*
- 3.6 However, subject to certain exceptions (which don't apply in this case), Schedule 2 is prescribed for the purposes of the School Budget, of which, paragraphs 4(b) and 5 are relevant to this request, as well as regulation 25(1)(a).
- 3.7 Schedule 2, para 4(b): *"Expenditure in respect of termination of employment costs, where the schools forum have approved the charging of the costs to the schools budget for the funding period in which they were incurred and the revenue savings achieved by the termination of employment to which they relate are equal to or greater than the costs incurred."*
- 3.8 Schedule 2, para 5: *"Any deductions under any of paragraphs 1, 2, 3, 4(a), 4(b), 4(c), 4(d) and 4(e) must not exceed the amount deducted under each of the corresponding paragraphs of Part 1 of Schedule 2 to the 2013 Regulations for the previous funding period."*
- 3.9 Regulation 25(1): *"Subject to paragraph (2), on application by a local authority, the Secretary of State may authorise the authority to – (a) disregard the limits referred to in paragraph 5 of Schedule 2 when deducting any expenditure referred to in regulation 8(3)(Central Services expenditure)."*
- 3.10 It is therefore allowable to charge redundancy costs to DSG, as long as schools forum approve the budget, savings exceed the costs, the budget does not increase from the previous year, and in this case subject to Secretary of State approval as well,
- 3.11 Rather than create a reserve, it is now proposed to create a budget funded from the DSG underspend carried forward from previous years, similar to the growth fund budget approved for 2015/16, and that any underspend be carried forward to support the redundancy budget in future years (which would be subject to the limit referred to in para 3.8 above).
- 3.12 The budget will be earmarked for redundancy costs relating to DSG funded services only, where the ongoing annual savings exceed the redundancy costs. Use of the budget will be on the approval of the Chief Executive in consultation with the Assistant Director of Education. Any redundancy costs relating to staff part funded by DSG will be split in the same proportion between the DSG redundancy budget and the council's 'main' (RSG) redundancy reserve.
- 3.13 It should be noted that Bromley previously had a budget for DSG funded redundancy costs of £250k within the DSG contingency. This budget was ceased from 2013/14 when LA's were no

longer permitted to hold general contingencies (other than those de-delegated by maintained schools).

- 3.14 Members are therefore asked to agree that a request be made to the Secretary of State as per para 3.9 to allow the creation of a budget of £300k to meet some of the potential costs that may arise as a result of future reorganisations within DSG funded Education services. This will allow the department to make the most efficient use of DSG funding, which is expected to come under increased pressure in the coming years.
- 3.15 This request to the Secretary of State would be through the disapplication request process, similar that that for the purchase and refurbishment of Beacon House earlier in the year.
- 3.16 It should be noted that there are currently no plans for any such redundancies, and the budget is only requested to ensure that appropriate funding decisions can be made in a timely way in the future.

4. FINANCIAL IMPLICATIONS

These are contained within the body of the report.

5. LEGAL IMPLICATIONS

- 5.1 Dedicated Schools Grant is provided by the Secretary of State under section 16 of the Education Act 2002, and can only be used to support the schools budget as defined in the Schools and Early Years Finance (England) Regulations 2014.
- 5.2 Regulation 25(1)(a) allows the Secretary of State to disregard the limits referred to in paragraph 5 of Schedule 2, when deducting any expenditure referred to in regulation 8(3) (Central Services expenditure).
- 5.3 A full copy of the regulations is provided as Appendix 1.

Non-Applicable Sections:	Personnel Implications Policy Implication
Background Documents: (Access via Contact Officer)	