
Meeting of Schools Forum – 16th January 2024

Report of the Director of Children’s Services

Dedicated Schools Grant (DSG) Management Plan 2024

Purpose

- 1 To provide an update to Schools Forum on the latest DSG Management Plan.

Recommendation

- 2 Schools Forum is invited to note the draft DSG Management Plan.

Background

- 3 The conditions of grant for the DSG require that any local authority with an overall deficit on its DSG account at the end of the previous financial year, or whose DSG surplus has substantially reduced during the year, must be able to present a plan to the DfE for managing their future DSG spend.

DfE have provided a standard template for local authorities to use in order to manage their DSG and to outline their strategic plans for provision for children and young people with special educational needs and disabilities (SEND). The management plan can be used as a planning tool and should be shared regularly at Schools Forum meetings and appropriate high needs sub-groups.

- 4 In 2022 Dudley was identified as one of 55 Local Authorities with a significant overspend on its High Needs Block and was invited to engage with Round One of the national Delivering Best Value (DBV) in SEND programme, given that High Needs Block (HNB), spending has been increasing by 9% annually over the last 5 years. During the latter part of

2022/23, Newton Europe, commissioned directly via the Department for Education (DfE), undertook a deep dive analysis into Dudley's data to understand the local system and understand the impact on High Needs Block spend.

- 5 Through the modules undertaken as part of the DBV programme, three key areas were identified that are putting increasing pressure on the High Needs block:
- Increasing demand for specialist education provision (annual increase 23%)
 - Increasing demand for new EHCPs (was over 20% per year, is now in line with National at 10% per year)
 - Increasing demand in EHCPs for young people aged between 19 and 25 (annual increase 25% and reduced capacity to end EHCPs for young people aged 19 to 25)
- 6 In response to these areas key workstreams were established to respond to the Newton Europe findings, these being:
1. Redesigning our specialist services and Ordinarily Available Provision (OAP) offer
 2. Developing and delivering our sufficiency strategy
 3. Preparation for Adulthood

A separate report on this agenda provides a progress update on these workstreams.

- 7 The DSG Deficit Management Plan must be submitted to DfE by 19 January 2024. Although the full Management Plan template covers the whole of the DSG, including all funding blocks, for the purposes of submission, DfE are focusing on High Needs Block and the measures being put in place to mitigate the increasing deficit. Annexes 1a, 1b and 1c provide the latest working draft in advance of submission. While Phase 1 of the DBV programme was in progress, we were not required to complete the DSG Deficit Management Plan and therefore did not report on it to Schools Forum: now that we have moved into the implementation phase, DfE has asked that we complete the Management Plan. The intention is for the Management Plan to be a live document which will be regularly updated and reported to Schools Forum.

HTCF - Budget Working Group Discussed – Yes, 9 January 2024.

Finance

- 8 From 1 April 2006, schools and related services have been funded by a direct grant, Dedicated School Grant (DSG), which is made up of four funding blocks (Schools, Central Services, Early Years and High Needs). As at the end of the financial year 2022/23, Dudley had a deficit balance on the DSG (High Needs Block) of £26.7m with a current budgeted deficit for 2023/24 of £31.3m and a forecast deficit of £34.0m. The Delivering Better Value in SEND programme aims to bring under control and reverse this increasing deficit, which can, until the end of the 2025/26 financial year, continue to be held in an unusable reserve and carried forward as a deficit on the local authority's DSG balance.

Law

- 9 The Schools Forum is a statutory decision making and consultative body constituted in line with the School Standards and Framework Act 1998, and its associated regulations, including the Schools Forum (England) Regulations 2012, to enable members of the local school community to work in partnership with Dudley Metropolitan Borough Council when making decisions about school funding and finances.

The funding of schools is prescribed by the Department for Education (DfE) through the School and Early Years Finance (England) Regulations 2023.

Risk Management

- 10 Work to mitigate and control the DSG High Needs Block deficit will reduce financial risk to the Council.

Equality Impact

- 11 This report has no direct implications for the Council's commitment to equality and diversity.

Human Resources/Organisational Development

12 This report has no direct implications for human resources, organisational development or service transformation.

Commercial/Procurement

13 There is no impact on the potential to commercially trade and no impact on our customer base.

Environment/Climate Change

14 This report has no direct implications on the environment or the Council's work in addressing Climate and achieving Net Zero target by 2030.

Council Priorities and Projects

15 The 2022/2025 Council Plan is clear in its ambitions for educational outcomes including raising skills, educational and work potential, increasing good or better schools and closing the gap for disadvantaged pupils. This report relates to the use of the Dedicated Schools Grant funding to support the educational outcomes of children and young people in the borough.



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List of Background Documents

Annex:

- 1a - Existing Mitigations – pre Delivering Better Value Programme
- 1b - Delivering Better Value Diagnostic Initiatives
- 1c - New Opportunities