



Committee Report

PURPOSE: Final Decision Report

KEY OR NON-KEY DECISION: Non-key decision

COMMITTEE: Children and Young People Committee

DATE: 06 March 2025

TITLE: Bristol Dedicated Schools Grant Deficit Financial Management Plan update report

Ward(s): All Wards

Officer presenting the report: Vik Verma **Job title:** Interim Director of Education, Inclusion and Skills

Committee Chair: Councillor Christine Townsend

Executive Director lead: Hannah Woodhouse: Executive Director for Childrens and Education

Proposal origin: BCC Staff

Purpose of Report: To provide the Children and Young People Committee with an update on progress on managing the deficit within the Dedicated Schools Grant (DSG) High Needs Block as set out in the council's DSG Financial Management Plan. The report sets out the drivers of positive change to date, the barriers to successful management of the deficit, and examples of stakeholder engagement and co-production around this work. The report also provides a summary overview of progress of the significant deficit mitigation workstreams and inclusion projects as well as the most recent financial position of the DSG Financial Management Plan and forecast.

1. Introduction

Local authorities with an overall deficit on their DSG account must present a plan to the DfE for managing their future spend – the DSG Financial Management Plan. The Education and Skills Funding Agency (ESFA) designed a template to help local authorities manage their DSG and Bristol is using this template. In March 2024, Bristol entered into an agreement with the Department for

Years	2023-24 £m	2024-25 £m	2025-26 £m	2026-27 £m
Maximum forecast DSG deficit profile at Year End ¹	56.1	64.2	72.0	73.6
DfE agrees to pay an additional £m of DSG by Year End	21.52	4.61	4.61	4.61

Education to participate in round 4 of the Safety Valve Intervention Programme. Safety Valve Agreements were offered to local authorities with the greatest financial challenge. The Agreement between the DfE and Bristol City Council (the Council) covers financial years from 2023-24 to 2029-30. Bristol City Council undertakes to reach a positive in-year balance on its DSG account by the end of 2029-30 and in each subsequent year. The agreement sets what the Council will undertake to control and reduce the cumulative deficit, and what the DfE agrees to pay to the council subject to their making continued satisfactory progress. The Council agreed to implement the following action plan:

- Co-produce and implement a citywide SEND Inclusion Strategy to improve partnership working, joint accountability, planning, commissioning, and delivery, ensuring that SEND services are needs led.
- Enhance early intervention, effective outreach, school improvement and targeted funding to enable increased numbers of children and young people with EHCPs to be successfully supported in mainstream settings.
- Use a 'test and learn' approach to support the development of creative and dynamic ways to retain young people in quality mainstream provision, meeting their needs, improving their educational outcomes and reducing the risk of exclusion.
- Co-design, with schools, a standard practice of excellence in supporting children and young people with SEND through LA-commissioned SEND School Improvement Officers.
- Improve the EHCP process through measures including speeding up time taken for assessments, plans and reviews.
- Ensure effective governance of SEND improvement across the city, including improving quality and use of data for management performance and service planning, leading to improved accountability and speed of change.
- Build provision to meet current and future demand with a focus on creating a flexible education estate that can adapt to changes in need.

1.1. As part of the agreement, the Council provides ongoing monitoring of its performance via tri-annual reports to the DfE. The monitoring reports include progress against the conditions of the grant and a financial dashboard detailing various metrics relating to demand and cost (the DSG Financial Management Plan).

1.2. Since March 2024, the Council has provided three monitoring updates to the DfE (at the end of May, August and November 2024). At the time of writing this report, the DfE had not supplied a reporting timetable for 2025, however the assumption is it will follow the same pattern as 2024, with the next monitoring return due in May 2025. This may be subject to change as the wider Safety Valve programme is under review by the new government.

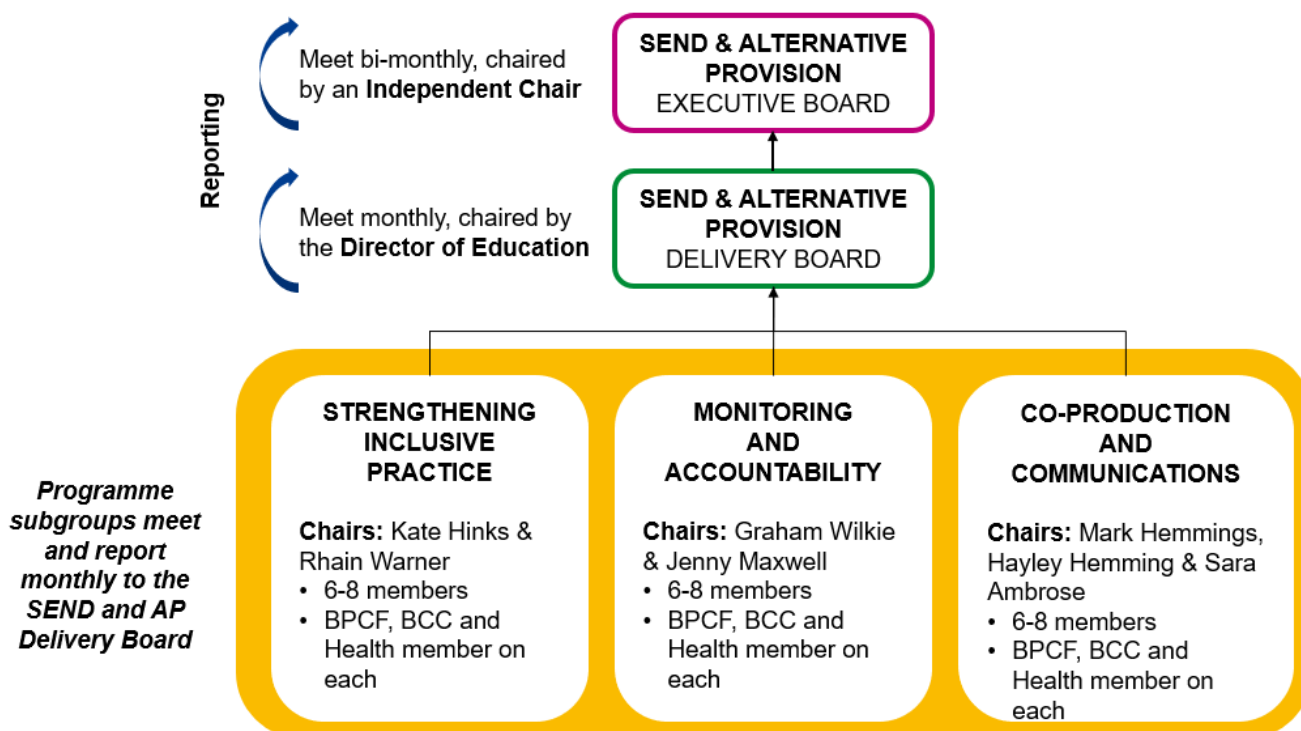
1.3. This update report to committee is outside of the reporting cycle to DfE but does draw on information provided in the November 2024 monitoring report with content refreshed to

reflect the current status of progress more accurately.

2. Approach to High Needs financial sustainability

2.1. Work to mitigate the DSG Deficit was articulated through the council’s High Need Recovery Plan and was informed by participation in the DfE’s Delivering Better Value in SEND programme. Many of the High Need Recovery Plan initiatives and mitigation projects form part of the current DSG Deficit Management Plan and demonstrate consistency in the principles and approach underpinning the work.

2.2. The primary delivery vehicle for implementing the required changes is through the Bristol [SEND and Inclusion Strategy 2024-2028](#), the associated Delivery Plan, and related documents which include the [Coproduction Charter](#) and [Memorandum of Understanding](#). The Strategy is the culmination of a significant amount of work with children, young people parents, carers and local area partners with key involvement from the Bristol Parent Carer Forum. The strategy and delivery plan will be overseen and driven by refreshed local area SEND governance (as set out below).



2.3. The mitigations and interventions that form the council’s DSG deficit mitigation approach (set out in section 1.2) align with the priority areas set out in the SEND & Inclusion Strategy:

Priority 1:	Understanding Needs Work with children and young people with SEND and their parent carers so we understand what they are good at, what they find difficult and what they need to thrive.
Priority 2:	Listening to families Listen to what children and young people with SEND and their parent carers tell us so we can make decisions together as equal partners.
Priority 3:	Right help right time Provide our children and young people with SEND with the right help at the right time so they can achieve good outcomes
Priority 4:	Inclusive educational provision Develop more high-quality and inclusive educational provision
Priority 5:	Preparing for the future Prepare our children and young people with SEND for changes in their lives and their futures so they can reach their potential
Priority 6:	Feeling safe and included Work together so children and young people with SEND feel safe and included in their educational settings and their communities

3. The Biggest Drivers of Positive Change (this reporting period)

3.1. The SEND Accelerated Progress Plan (APP) formally ended in November 2024 following a review by the Department for Education (DfE). The purpose of the APP was to address the adverse outcome of Bristol’s SEND Ofsted inspection in 2019 which highlighted the difficult relationships with parents and carers, found to be affecting the quality of coproduction that takes places between area leaders and parents and carers.

3.2. The DfE confirmed that owing to the significant work undertaken since June 2024 and the sustained and improved collaboration of partners, sufficient progress had been made and formal monitoring arrangements would be lifted. The local authority remains committed to further strengthening its coproduction work but recognises that this demonstrates positive progress for the partnership.

3.3. Launched in November 2024, the SEND Placemaking Service was created to oversee the delivery of 95 new specialist provision places by September 2025 (with more in the pipeline). The SEND Practice Leadership Team is working directly with families who want their child to transition back to a local mainstream or specialist school in Bristol whether they are currently educated with an alternative learning provider, in an independent school, or receiving education outside of a school setting. The team is working closely with the SEND Placemaking Service to identify opportunities to develop new provision which meets the needs of these children and young people locally. As well as ensuring that more children with SEND can have their needs met in their own communities, this approach may also result in more efficient use of resources and cost savings, contributing to financial sustainability of DSG.

3.4. The Education Capital Team has been expanded in order to increase and expedite the supply

of specialist places for children with SEND. This team builds and maintains strong relationships with a range of our partners, including schools and Multi Academy Trusts, local councillors, health, parents/carers and Bristol City Council colleagues. It is responsible for coordinating with an internal multidisciplinary team to align the requirements of schools/MATs with the delivery of capital build projects and providing guidance to clients on the technical requirements to deliver inclusive and high-quality education placements in mainstream provision. The Education Capital Programme Board is Chaired by the Director of Education ensuring there is senior sponsorship of these key projects.

- 3.5. The Early Intervention Fund (EIF) and SEND Support Tool was launched in September 2024. The EIF is a direct result of the Delivering Better Value in SEND (DBV) programme recommendations, which focussed on changes to the Council's non-statutory funding 'Top-Up' process. Applications for EIF are made through the digital SEND Support Tool. A comprehensive training programme has been delivered to schools focusing on the provision mapping functionality and EIF application. 111 schools were represented at the training, which was delivered to 150 attendees over 12 sessions.
- 3.6. Over 250 SEND partners from schools, health, social care, and the parent/carer community attended the Bristol SEND Local Area Partnership event on the 10 October at City Hall. This event was an opportunity to address concerns surrounding local authority SEND policies and come together as a partnership to address the challenges we face in SEND.
- 3.7. The event saw the launch of several key initiatives; the SEND and Inclusion Strategy 2024-2028 consultation, the Coproduction Charter and the Memorandum of Understanding. Partners were invited to speak about their role in the implementation of these key policies. Speakers included local elected members, the Director of Education, Head of Inclusion, a group of young people with SEND (The Listening Partnership), health partners (NHS and Sirona) and Council services. The event included a SEND Fair in which BCC services and partner services hosted information stalls to foster networking across the sector.
- 3.8. The day also included a range of workshops and panel discussions which focused on the SEND & Inclusion Strategy, Co-Production Charter, health perspectives, early years, and support for schools. Following the success of this event, the Council has begun working with key partners to continue hosting an annual event which meets the needs of our stakeholders.

4. The Biggest Barriers to Successful Management of the DSG Deficit

- 4.1. There has been a sustained 32% increase in initial requests for Education Health and Care (EHC) needs assessments received in 2024 to the end of November, compared to the same period in 2023. This means that the number of children awaiting an EHC needs assessment increased in November 2024 to 1,183. This remains significantly above (+89%) the same time period last year when there were 624 children awaiting an assessment. The SEND Team

continues to work at pace to reduce this backlog. There was a 36% increase in the number of educational psychologist reports completed between July and August in comparison to the same period last year.

- 4.2. The SEND service has concluded a restructure which will increase the capacity of the service and reduce average caseloads. A recruitment programme is underway.
- 4.3. The SEND service will increase the capacity of Educational Psychologists (EPs). This is against a backdrop of a national shortage of EPs. Recent changes in the ways of working following a review have improved the productivity of the service by 9%, whereby EPs are completing more reports than in the previous year.
- 4.4. The rise in requests for assessment for an EHCP is attributed to the withdrawal of 'non statutory top up funding' which was approved at Bristol Council Cabinet on 6 February 2024. Approximately half (46%) of the children and young people that are awaiting an assessment for an EHCP are already in receipt of non-statutory top up funding, which for many will last up to three academic years (until the end of the 2026/27 academic year). This cohort of children are receiving provision which equates to £8,145 on average, which is a significant level of provision to support schools to meet these children's needs without an EHCP.
- 4.5. The SEND service will be communicating with schools to support the cohort of children that are already in receipt of non-statutory top up funding. The service will take a phased approach to assessing these children for an EHCP that takes into consideration their needs, national curriculum year, existing provision in place and any additional support they might be receiving from council services. This is to ensure that where appropriate, they are transferred to being supported by an EHCP prior to the non-statutory top up funding coming to an end. This may involve increasing the time for the transitional period where necessary.
- 4.6. There continues to be an increase in the need to use independent non-maintained special schools as a result of the sufficiency challenges of having local specialist provision. Despite a significant amount of work in this area, the building of new specialist provision is not yet keeping pace with demand. Future expected net growth in INMSS has been factored into the financial forecasting for the DSG.
- 4.7. There is currently a high level of confidence in delivering of 80 of 95 new specialist places as part of the Capital Programme for September 2025, and work continues to increase confidence levels for the remaining 15 places.
- 4.8. Data integrity and quality has remained a challenge however this position is improving and informing our sufficiency activities. A project has been underway to address this challenge, which includes the recruitment of resource to oversee a data cleanse. A suite of Power BI reports and data dashboards have been developed using child level data from the SEND case

management system. This is driving improved data quality and is supporting more accurate forecasting of demand and of children's needs that is being used in our place planning and commissioning plans. Better data is also supporting improved performance management of services, via monthly service and division-level performance clinics which are chaired by the Director of Education.

5. Summary of Progress against DSG Financial Management Plan

5.1. The latest validated projected financial position for the period to 31 March 2030 is shown in the table below:

Forecast: to assess whether LA is on track to achieve a £0 DSG deficit at the end of its Safety Valve agreement							
	Outturn 23-24	Forecast 24-25	Forecast 25-26	Forecast 26-27	Forecast 27-28	Forecast 28-29	Forecast 29-30
Cumulative DSG deficit brought forward (deficit beginning of financial year)	(£39,681,000)	(£37,105,941)	(£54,638,087)	(£63,225,736)	(£64,847,556)	(£63,393,147)	(£56,777,506)
In year DSG deficit (before Safety Valve and local contributions)	(£18,944,941)	(£34,142,145)	(£25,197,649)	(£13,336,618)	(£8,287,324)	(£3,126,093)	£882,296
Safety Valve programme contribution	£21,520,000	£4,610,000	£4,610,000	£4,610,000	£4,610,000	£4,610,000	£9,230,000
Local General Fund contribution	£0	£12,000,000	£12,000,000	£7,104,798	£5,131,734	£5,131,734	£5,131,734
Cumulative DSG deficit - carry forward (deficit at end of financial year including SV payments and local contributions)	(£37,105,941)	(£54,638,087)	(£63,225,736)	(£64,847,556)	(£63,393,147)	(£56,777,506)	(£41,533,476)

5.2. The latest validated projected financial position for the year to 31 March 2025 is shown in the table below:

Forecast 2024-25 - to assess whether LA is on track to achieve its Safety Valve agreement in the current year				
	24-25 Projection - in SV agreement	24-25 Forecast Update 1 (May)	24-25 Forecast Update 2 (August)	24-25 Forecast Update 3 (November)
Cumulative DSG deficit brought forward (deficit at beginning of financial year)	(£34,557,479)	(£37,105,941)	(£37,105,941)	(£37,105,941)
In year DSG deficit (before Safety Valve and local contributions)	(£20,101,178)	(£25,626,132)	(£28,789,345)	(£34,142,145)
Safety Valve programme contribution	£4,610,000	£4,610,000	£4,610,000	£4,610,000
Local contribution	£12,000,000	£12,000,000	£12,000,000	£12,000,000
Cumulative DSG deficit - carry forward (deficit at end of financial year including SV payments and local contributions)	(£38,048,657)	(£46,122,074)	(£49,285,287)	(£54,638,087)

5.3. As shown in the table above, the forecasted in year financial position at the end of 2024/25 is expected to reach a deficit of £16.6m more than was agreed within the agreement after Council and DfE contributions have been applied. This adverse movement has in the main been caused by increases in INMSS placements, delays in the delivery of new SEND places, and the impact of the payment of historical liabilities.

5.4. Relatively minor changes or delays to delivery in Year 1 of the Agreement can lead to a significant variation to the Year 5 (2029-30) deficit position. Forecasting the impact of delay in delivery of the mitigations over the longer period provides a helpful feedback loop and prompts us to adapt and respond in the short to medium term (for example prioritising key projects by reallocating resources and capacity) in order to re-stabilise the longer-term forecast.

Officer Recommendations:

That the Committee for Children and Young People:

1. Note the current position of the DSG Financial Management Plan and projected financial forecast as at January 2025.

Corporate Strategy alignment:

This programme of work is aligned to priorities for our children and young people set out within the Corporate Strategy **CYP3: Equity in Education**.

City Benefits:

That funding which supports provision for pupils and students with SEND is spent in a fair, transparent and sustainable way.

Consultation Details:

- Multi-agency engagement on the development of the SEND Delivery Plan and SEND and Inclusion Strategy consultation. This was cited as an example of best practice by the LGA Advisor for SEND and permission sought to share widely across networks.
- The launch of the Coproduction Charter and the Memorandum of Understanding with local area partners.
- SEND Support Tool training – 111 different schools represented across 12 training sessions. Feedback has been very positive.

Background Documents: [DSG Management Plan: guidance for local authorities](#) (updated July 2024)

Revenue Cost	£ 46.5m £ 53.8m	Source of Revenue Funding	General Fund Additional DSG funding from DfE
Capital Cost	£34.3m to 2024/25	Source of Capital Funding	Total High Needs Provision Capital Allocation 2021/22 to 2024/25 from DfE
One off cost <input checked="" type="checkbox"/>	Ongoing cost	Saving Proposal <input checked="" type="checkbox"/> OR Income generation proposal <input type="checkbox"/>	If yes - existing or new saving? Existing

Professional comments section:

1. Finance Advice: NB The Financial Advice given below is in the context of the FINAL report.

Projected DSG deficit at 31 March 2030

The Safety Valve Agreement between the Council and the Department for Education (DfE) requires the Local Authority to achieve a zero balance on its DSG Reserve by 31 March 2030 however the most recent validated financial forecasts show that this is not currently projected to happen and that the deficit is expected to reach £41.5m at that date. The cumulative impact of the increases to meet the Council's statutory duties, delays in the delivery of new specialist provision, and settlement of historic liabilities are the main causes of this increase.

Statutory Override

The then Secretary of State for Housing, Communities and Local Government laid the statutory instrument (SI) no 1212 before Parliament on 6 November 2020 and it came into force on 29 November 2020. The impact of the statutory instrument is to amend the current accounting regulations to allow all DSG deficits to be carried over in a separate dedicated account and therefore not at a charge to the Council's revenue account for the term of this statutory override. This allows the DSG deficit to be held separately from other Council reserves. The statutory instrument is time-limited and is now due to end on 31 March 2026 whereupon any deficit or surplus on the DSG reserve will need to be accounted for alongside the other reserves. Further announcements are awaited from HM Government on the future of the statutory instrument.

There is no statutory undertaking requiring Councils to underwrite DSG deficits and DfE have not provided any clarity regarding how, when or if the deficit will be funded in the longer term. This is a national issue and central government are anticipated to review SEND funding as part of wider reforms during 2025/26.

Should the Statutory Override not be further extended beyond 31 March 2026, the Council's s151 Officer will need to make an assessment of the DSG deficit against the Council's useable reserves.

Corporate Risk Register

This risk is currently included on, and managed through, the Council's Corporate Risk Register as **CRR62 Risk that the Statutory Instrument (2020/1212 and 2022/1328) related to the Dedicated Schools Grant (DSG), which ringfences the deficit to the DSG is not extended beyond March 2026 and therefore reverts to the General Fund account.** The risk has a current score of 21 (on a scale of 1 to 25), which categorises this as a **High Risk**.

Future Action Required

For this risk to be managed and mitigated, it is essential that further analysis is undertaken to

enable additional or increased mitigations to be developed that reduce the net DSG expenditure by up to £41m over the five years to 31 March 2030 which in turn would result in a reduced or eliminated deficit by that date thereby bringing the Local Authority closer to being in line with the requirements of the Safety Valve Agreement.

Finance Business Partner: Guy Marshall; Finance Business Partner 5 February 2025

2. Legal Advice:

No substantive decisions are required, and the report raises no particular legal issues other than referenced in the financial advice.

Legal Team Leader: Eric Andrews Legal Services 4 February 2025

3. Implications on IT: I can see no implications on IT regarding this activity.

IT Team Leader: Alex Simpson – Lead Enterprise Architect 4 February 2025

4. HR Advice: No HR implications evident.

HR Partner: James Brereton (Head of Human Resources) 05 February 2025

APPENDICES

Appendix A – Further essential background / detail on the proposal	NO
Appendix B – Equality Impact Assessment (EqIA)	NO
Appendix C – Environmental Impact Assessment (Environmental Impact Assessment	NO
Appendix D – Decision Risk Assessment	NO
Appendix E – Exempt Information	NO
Appendix F – Details of consultation carried out - internal and external	NO
Appendix G – Options appraisal matrix	NO
Appendix H – Business case / financial analysis	NO