

Appendix A

National Context

Since 2006 the Department for Education (DfE) has funded local authorities for their current expenditure on schools, early years and children and young people with high needs through a specific grant known as the Dedicated Schools Grant (DSG), made under section 14 of the Education Act 2002. This specific grant must be spent on the local authority's Schools Budget, which is defined in regulations (currently the School and Early Years Finance (England) (No 2) Regulations 2018).

At the end of each financial year, a local authority may have underspent or overspent against its DSG allocation. The conditions of grant for the DSG provide that any underspend must be carried forward to the next year's Schools Budget. To date, the conditions of grant have provided three options for dealing with an overspend:

- the local authority may decide not to fund any of the overspend from its general resources in the year in question, and to carry forward all the overspend to the schools' budget in future years
- the local authority may decide to fund part of the overspend from its general resources in the year in question, and carry forward part to the schools' budget in future years
- the local authority may decide to fund all the overspend from its general resources in the year in question

Carrying forward an overspend to the schools' budget in future years requires the consent of the local school's forum, or if that is not forthcoming the authorisation of the Secretary of State. In practice, Schools forums have almost always approved the carrying forward of an overspend. Until the last few years, few local authorities were recording DSG overspends, and those overspends were small. However, pressures on the HNB budget have led to more and larger overspends in recent years.

Local Context

Here in Bristol, the overspend on the DSG High Needs Block (i.e., the funding that supports provision for pupils and students with SEND) has been increasing year-on-year to the point at which it has become unsustainable. The forecast cumulative deficit at the end of this current financial year is approx. £58m.

Table 4 DSG MP: DSG forecast position	2022-23					
	outturn	2023-24	2024-25	2025-26	2026-27	2027-28
Income / Surplus should be shown as negative	Forecast £'000	Forecast £'000	Forecast £'000	Forecast £'000	Forecast £'000	Forecast £'000
Brought forward unmitigated deficit	£24,650	£39,681	£60,735	£80,871	£98,579	£114,732
Total expenditure	£437,761	£464,920	£476,529	£491,701	£506,736	£521,263
Total Income ¹	-£422,730	-£443,867	-£448,277	-£463,967	-£480,206	-£497,013
Funding gap carry forward to future years	£39,681	£60,735	£80,871	£98,579	£114,732	£128,242
Mitigation Proposals:						
Carried forward indicative proposals			-3,075	-12,040	-23,512	-36,086
Annual Indicative Proposed Mitigations	0	-3,075	-8,965	-11,472	-12,574	-12,574
Funding gap after proposed mitigations	£39,681	£57,660	£68,831	£75,067	£78,646	£79,582
DBV stretched confidence benefits - cumulative	£0	-£3,180	-£13,180	-£29,880	-£52,980	-£80,380
DBV stretched confidence benefits - annual	£0	-£3,180	-£10,000	-£16,700	-£23,100	-£27,400
Funding gap after DBV stretched benefits	£39,681	£57,555	£67,691	£68,699	£61,752	£47,862
<i>Note ¹: income uplift of 3.5% assumed post 2023-24 per ESFA guideline.</i>						

Figure 1 – DSG Deficit Forecast

Other LAs are facing similar challenges and the DfE is running some [intervention programmes](#) to assist local authorities with deficits to achieve HNB spend sustainability.

The steep increase in deficit is due mainly to increased demand for Special Educational Needs provision. The main cost drivers are:

- the rise in demand for Education, Health and Care plans (EHCPs) following national reforms from 2014
- increasing complexity of children's needs
- the rising costs of out of authority placements

Demand continues to increase and, despite additional funding from the DfE, it has not been possible to recover the deficit which began to accelerate in 2019/20.

Any local authority that has an overall deficit on its DSG account at the end of the 2021 to 2022 financial year, or whose DSG surplus has substantially reduced during the year, must co-operate with the DfE in handling that situation through the DSG Deficit Management Plan.

The Plan is intended to help LAs to develop evidence-based and strategic plans covering the provision available for children and young people with special educational needs and disabilities. Completion of the Plan will enable us to comply with the DfE requirement in Paragraph 5.2 of the Condition of the DSG Grant.

The DSG Management Plan is underpinned by the **HNB Recovery Plan** which details 14 separate cost efficiency/enabling schemes with letter beginning A - G. Of the 14, 10 are in delivery with 4 (B1, E1, F1, F2) being taken forward with funding awarded as part of Bristol's participation in the DfE's DBV in SEND programme (one of the DfE's [high needs block](#)

[sustainability programmes](#)). An overview of the DSG Programme which includes HNB recovery plan schemes, DBV in SEND and the Maintained Nursery Transformation Programme is as follows:

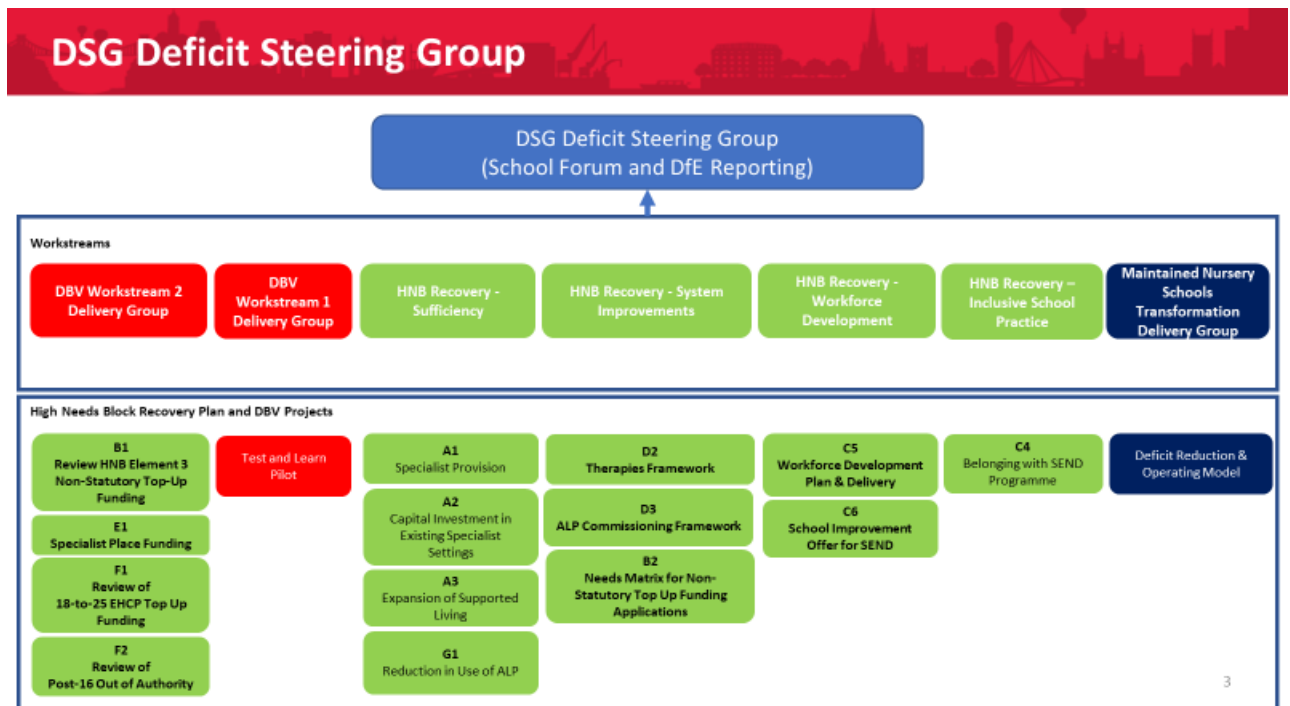


Figure 2 – DSG Work Programme

To ensure alignment with the wider Our Families Transformation Programme the DSG Deficit Programme workstreams and projects have been grouped as per the following slide. This is to ensure consistency in messaging and reporting to the Our Families Transformation Board.

Alignment with Our Families

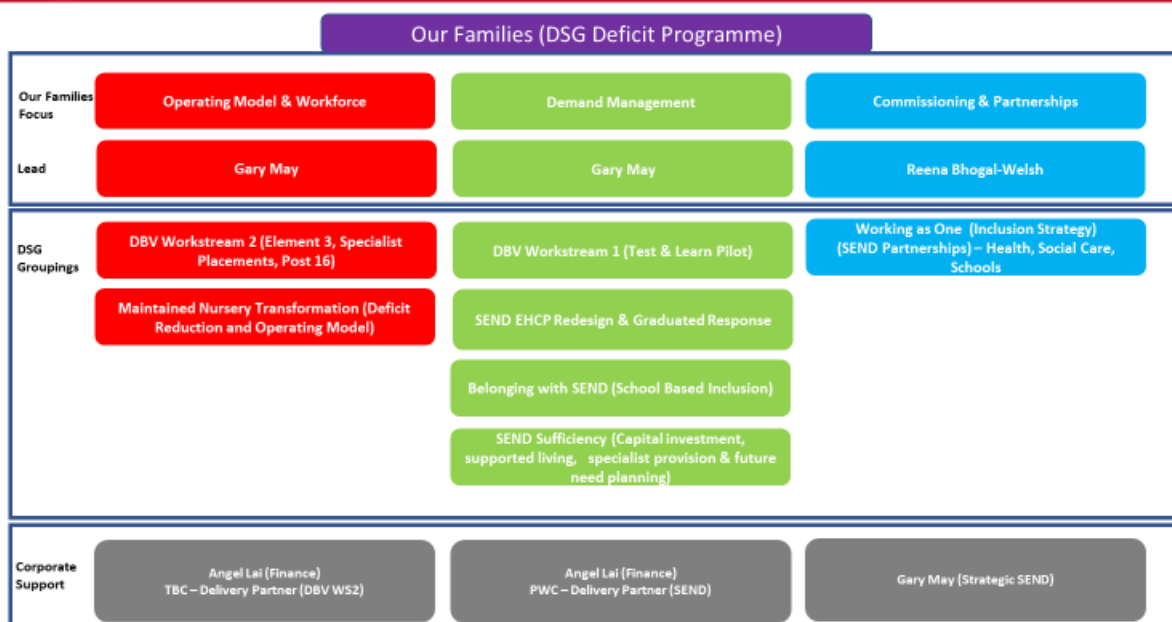


Figure 3 – DSG Deficit link to Our Families

As part of the diagnostic phase of DBV in SEND, the Bristol's HNB Recovery Plan was assessed and validated by the programme delivery partners – Newton Europe and CiPFA – mitigation figures were updated as a result.

The development of this work has been informed by the DfE's research report: [High needs budgets: effective management in local authorities](#). This research focuses on 10 local authorities that are seen to be managing their high needs budgets more effectively, with the intention of identifying positive practice that can be transferred to other areas.

Bristol Schools Forum have received updates regularly regarding the development of the DSG Management Plan, the development of the HNB Recovery Plan and the DBV in SEND programme process and outputs as can be evidenced in the following papers:

- Bristol Schools Forum, March 2022 – [Presentation by Director of Education & Skills ; DSG Management Plan Update](#)
- Bristol Schools Forum, September 2022 – [DSG Management Plan Update ; Update on High Needs \(Delivering Best Value\)](#)
- October to November 2022 – High Needs Block Recovery Plan engagement (and [survey](#))
- Bristol Schools Forum, January 2023 – [Delivering Best Value in SEND Update ; Belonging with SEND Programme](#)
- Bristol Schools Forum, March 2023 – [High Needs Recovery Plan – Delivering Best Value](#) (report pack includes analysis of engagement work undertaken in Autumn 2022)

- Bristol Schools Forum, July 2023 - [DSG Budget Monitor | Period 2](#) & [Delivering Better Value in SEND Resourcing](#)

Bristol Schools Forum ‘buy in’ to the proposals presented in reports and the approach being taken by the Council is evidenced through their decision to transfer the full amount (£1.6m) possible to support transformational delivery in 2023/24. £600k of this funding will be used to support the delivery of the HNB recovery plan, with an additional £1m funding coming from the DBV Programme.

Moving forward, oversight of delivery will be managed at the operational level through the DSG Deficit Programme Steering Group which meets every six weeks. This will escalate issues and report routinely into the SEND Partnership Board and the Our Families Programme Board on a 6-weekly basis (system-wide programme of service improvement and savings delivery in the Children & Education Directorate). The Council’s Corporate Leadership Board maintains a portfolio level view of all saving and efficiencies programmes within the organisation. Additional governance is provided by Bristol Schools Forum. An outline of the Governance structure for the programme is shown in figure 4 below.

Performance of the programme will also be monitored through the Programme Performance Data Working Group. This data focussed group uses defined Key Performance Indicators to examine progress, provide assurance on achievement of outcomes and allow the programme to concentrate on any areas of concern that arise.

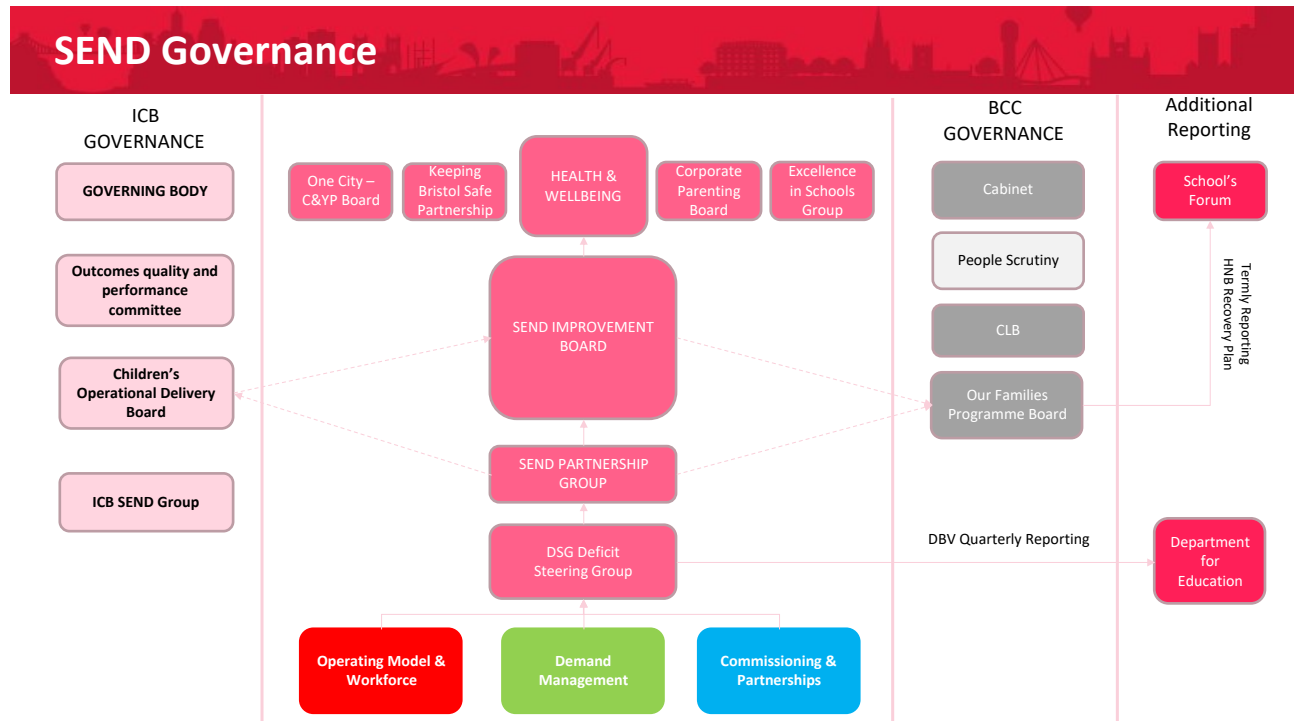


Figure 4 – Draft DSG Deficit Governance and Reporting

Bristol's context prior to DBV (taken from DBV slide pack)

- Bristol City Council and its local area are on an established improvement journey when it comes to providing support to its local children with SEND
- Following the local area inspection conducted by CQC and Ofsted in November 2019, the local area has been working through a Written Statement of Action to improve its local services
- This has yielded significant effort and focus from local area leaders for services supporting children with SEND, leading to the establishment of a strong existing governance framework and set of initiatives to improve local services
- These efforts have yielded results, with the latest revisit (October 2022) finding sufficient progress had been made against four of the five weaknesses highlighted
- The local area has built up on this to also develop a mature work programme targeted at managing the escalating deficit on the High Needs Block
- There is marked commitment from executive leaders in the city council to support all improvement work in this area