

Decision Pathway – Report



PURPOSE: For noting

MEETING: Cabinet

DATE: 03 October 2023

TITLE	Progress Report on the Dedicated Schools Grant (DSG) High Needs Block Recovery Plan		
Ward(s)	All Wards		
Author: Tommy Jarvis	Job title: Senior Project Manager		
Cabinet lead: Councillor Asher Craig Cabinet Member for Children’s Services, Education and Equalities	Executive Director lead: Stephen Peacock Chief Executive		
Proposal origin: Other			
Decision maker: For noting Decision forum: Cabinet			
Purpose of Report: The report is for information and will provide Cabinet with an update on progress on the 14 deficit mitigation schemes contained with Dedicated Schools Grant (DSG) High Needs Block (HNB) Recovery Plan (indicative proposals first published at Bristol Schools Forum in September 2022). The report will also lay out how the High Needs Block Recovery Plan interfaces with the Our Families transformation programme.			
Evidence Base: <ol style="list-style-type: none"> Over recent years, rising demand and other pressures have contributed to many local authorities (LA) in England accruing deficits on their Dedicated Schools Grant (DSG). The Covid pandemic has exacerbated these issues. In Bristol, the overspend on the DSG High Needs Block (HNB) budget (i.e., the funding that supports provision for pupils and students with Special Education Needs and Disabilities (SEND)) has been increasing year-on-year to the point at which it has become unsustainable. The cumulative deficit is forecasted to reach approximately £58m without mitigations at the end of the 2023/24 financial year, as outlined in the most recent School’s Forum Report (Background Documents 8) Any LA that has an overall deficit on its DSG account, or whose DSG surplus has substantially reduced during the year, must be able to present to Department for Education (DfE) for managing their future DSG on a sustainable basis. The DSG Management Plan is a planning tool, intended to help LAs to develop evidence-based and strategic plans for the provision of children and young people with SEND; which needs to be regularly updated and presented at schools forum meetings and any high needs sub-groups regularly, and at least on a termly basis. Completion of the Plan enables LAs to comply with the DfE requirement in Paragraph 5.2 of the Condition of the DSG Grant. In early 2023 Bristol City Council (BCC) was awarded £1m of funding from the DfE’s Delivering Better Value (DBV) in SEND programme. The funding must be used to deliver two workstreams focused on school-based inclusion and HNB funding allocation. 			

4. The DSG Management Plan is underpinned by a HNB Recovery Plan which details 14 separate cost efficiency/enabling schemes with letter beginning A – G (as outlined in Appendix A1 – Fig.2). All 14 of these mitigations 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. Following a full procurement process a Delivery Partner has been secured to deliver this element of the programme. Private Public Ltd., in partnership with Social Finance Ltd., started the delivery of these mitigations in July 2023. Relevant Equalities Impact Assessments (EqIA) can be found for each scheme by following the links in Appendix A2.
5. The anticipated completion dates for the 10 cost efficiency/enabling schemes already in delivery are:
 - a) DBV Workstream 1, strengthening relationships between families and schools is due for completion March 2024.
 - b) The Belonging with SEND programme (C4) is expected to be completed September 2024.
 - c) SEND Sufficiency schemes (A1, A2, A3) are targeted to be completed by October 2024.
 - d) Some schemes are now business as usual. These include improvements to commissioning frameworks (D2, D3) and workforce development (C5, C6). Work in this space will be ongoing
 - e) The implementation of a Needs Matrix for Top Up funding (B2) is being reviewed and will be adapted following the outcome of DBV workstream 2 Review February 2024
 - f) Reduction in the Use of ALP (G1) - Review to be completed October 2023
6. The 4 schemes which are part of the DBV in SEND programme, now known as DBV Workstream 2 are:
 - a) Review HNB Element 3 non-statutory top up funding
 - b) Specialist place planning
 - c) Review of 18 – 25 EHCP top up funding
 - d) Review of Post-16 Out of Authority

A full 6-week public consultation on changes to the schemes will begin in October 2023 and the outcome of that consultation will subsequently be presented at Cabinet together with an EqIA for those schemes.
7. The DSG Deficit Programme now forms part of the wider *Our Families* Transformation Programme. [Our Families Cabinet Report 6 June 2023](#) Projects and workstreams from the DSG Deficit Programme have now been aligned to the key focus areas as outlined in Appendix A1 Fig.3.
8. It is proposed that the governance of the DSG Deficit Programme will align with the existing SEND Governance structure in Bristol. In addition to this the DSG Deficit Programme will report into the *Our Families* Programme Board, Schools Forum and directly to the DfE regarding the DBV programme. (Appendix A Fig. 4)

Cabinet Member / Officer Recommendations:

That cabinet:

1. Note the progress on the DSG HNB Plan; specifically, that 4 of the schemes will be delivered via the DBV programme
2. Note that a full public consultation will be undertaken for these 4 schemes pertaining to review of High Needs Block Element 3 funding
3. Note the links to wider transformation activities and programmes of change within the Children & Education Directorate
4. Note the future proposed structure, management and governance of the High Needs Block Recovery Plan beyond this update paper.

Corporate Strategy alignment:

This programme is well aligned to priorities for our Children and Young People set out within the Corporate Strategy,

CYP3: Equity in education

Over the course of this Corporate Strategy, we expect our SEND provision to continue improving, co-designing appropriate support with children and families to meet their needs. We want to create the right conditions that will enable more young people with SEND and from disadvantaged backgrounds to enter further education, employment, or training. Supporting children and young people to experience an inclusive education that meets their academic, health, social and emotional needs is a crucial step to entering employment and becoming independent and economically active within the city, which supports their lifelong wellbeing.

Our ambition is that children and young people have access to an education that develops their potential both in what they learn and who they become, so that they have skills for life and work. Additionally, an education that is inclusive and values diversity, and that provides opportunities where they learn from each other and benefit from understanding their different experiences is important. In achieving this, we will work both directly and with partners across the entire system to maximise opportunities for all. This includes access to further education, higher education, and other training providers to help people find pathways to employment; acknowledging and building upon much existing work by the council and partners in these sectors to address the educational disadvantage in the city.

City Benefits:

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

Consultation Details:

Consultation and engagement on plans to address the DSG deficit have been ongoing over since 2021:

- A first iteration of the DSG Management Plan was presented to Bristol Schools Forum in November 2021 with feedback invited on the proposed mitigations.
- A second iteration of the DSG Management Plan was presented in March 2022, and a third in September 2022 (accompanied by indicative mitigation proposals set out in the HNB Recovery Plan)
- Following the September meeting, a series of engagement activities took place seeking views on the indicative mitigation proposals, including Head teachers, Governors, SENDCos and parent carer forums. An online survey was also undertaken.
- Further public consultation is planned for schemes pertaining to reviews of the use of High Needs Block Element 3 funding starting September and concluding in November 2023

Background Documents:

1. DfE [Guidance on our work with local authorities](#), October 2022
2. DfE [Sustainability in high needs systems: guidance for local authorities](#), June 2022
3. [The Dedicated Schools Grant \(DSG\) Management Plan Update including mitigations](#) Sept 22
4. [6a Appendix A DSG Management Plan.pdf](#) Sept 22
5. [6i 2022-09-27 DSG Mitigations Covering Report.pdf](#) Sept 22
6. [Appendix A DSG Mitigations plan](#) Sept 22
7. [Report to Bristol Schools Forum, 12 January 2023 – Delivering Better Value in SEND](#) Jan 23
8. Report to Bristol School Forum, [DSG 2023/24 Quarter 1 \(Q1\) forecast report as at May 2023 \(Period 02 / P02\)](#) July 2023
9. Report to Bristol School Forum, [Delivering Better Value \(DBV\) in SEND Programme July 2023](#)

Revenue Cost	£1,600,000 £1,000,000	Source of Revenue Funding	Dedicated School Grant Delivering Better Value Grant (DfE)
Capital Cost	£N/A	Source of Capital Funding	N/A
One off cost <input checked="" type="checkbox"/>	Ongoing cost <input type="checkbox"/>	Saving Proposal <input type="checkbox"/>	Income generation proposal <input type="checkbox"/>

Required information to be completed by Financial/Legal/ICT/ HR partners:

1. Finance Advice: HNB recovery plan:

DSG ended the financial year 2022-23 with a cumulative deficit of £39.680m. As illustrated in Table 1 below that in-year unmitigated deficit of £18.488m is forecasted as at P05 (August 2023). This means the unmitigated DSG deficit position could reach £58.170m in 2023-24 in do nothing scenario. Two workstreams funded through a Department for Education Delivering Better Value (DBV) Grant are starting to move from the development to the delivery phase. Forecast mitigated deficit position of £16.4m could be achieved if benefits of transformation work currently underway could materialise which is excluding £1.0m potential mitigations are currently highlighted as at risk due to further due diligence work is still required and delay in securing a delivery partner to delivery workstream 2 mitigation proposals.

Latest DSG forecast position for 2023-24 as at P05 (including unmitigated and mitigated position) is summarised in below table:

Table 1 - Bristol Dedicated Schools Grant 2023/24	2022/23 b/f balance	Gross DSG funding / Budget 2023/24*	P05 Gross DSG forecast outturn	In-year variance as at P05	Cummulative c/f forecast position as at P05
	£'000				
Schools Block	(787)	323,851	323,851	(0)	(787)
De-delegation	(527)	0	(1)	(1)	(528)
Central School services Block	8	2,717	2,709	(8)	(0)
Early Years	(605)	37,432	38,333	902	296
High Needs Block	42,520	86,675	103,221	16,546	59,067
High Needs Transformation	(928)	1,627	2,677	1,049	121
Funding	0	(452,302)	(452,302)	0	0
Total (Unmitigated position)	39,680	(0)	18,488	18,488	58,170
Mitigations (budget v.s. forecast in 2023-24)		(3,180)	(2,112)	(1,068)	(2,112)
Total - Mitigated position	39,680		16,376	(1,068)	56,058

* Bristol gross DSG Allocations, including recoupment and deductions for NNDR, and for direct funding of high needs places directly passported to schools by ESFA totalling £255.752m as at 20th July 2023.

The latest summary of five years DSG forecast position including mitigations is illustrated in Table below. The latest iteration shows the forecasted unmitigated deficit to be £127.4m which is a reduction of £800k. This is primarily driven by the reduction in population between 4- to 14-year-olds within Bristol. Based on the population data used from the ONS website for our forecasting the average reduction within this age demographic between 2024 to 2028 is (0.80%). When looking at the population within Bristol aged 0 to 25 in 2023 the analysis shows approximately 8.1% of the total are CYP's within the High Needs Block. This is estimated to reduce to 7.5% by 2028.

		Outturn					
Table DSG MP: DSG Forecast Position		2022-23	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
1	Brought Forward unmitigated deficit	£24,480	£39,577	£58,232	£79,906	£98,738	£114,929
2	Total Expenditure	£438,486	£470,957	£476,569	£476,404	£476,522	£475,669
3	DSG Income	(£423,388)	(£452,302)	(£453,275)	(£455,953)	(£458,712)	(£461,553)
4	Schools Block 0.5% (Subject to SF Approval)			(£1,619)	(£1,619)	(£1,619)	(£1,619)
Funding gap carry forward to future years		£39,577	£58,232	£79,906	£98,738	£114,929	£127,425
Mitigation Proposals							
5	Annual Indicative Proposed Mitigations	£0	(£2,112)	(£8,965)	(£11,473)	(£12,574)	(£12,574)
6	DBV Stretched confidence benefits - annual	£0	£0	(£1,035)	(£5,227)	(£10,526)	(£14,826)
Total Mitigations		£0	(£2,112)	(£10,000)	(£16,700)	(£23,100)	(£27,400)
7	Mitigations cumulative	£0	(£2,112)	(£12,112)	(£28,812)	(£51,912)	(£79,312)
8	Funding Gap after proposed mitigations	£39,577	£56,120	£67,794	£69,926	£63,017	£48,113

It is worth noting that forecast for 2023-24 and onwards are based on demand forecast (number of children in the system) and including national trend plus contingency circa 15% taking into consideration of increased complexity, backlog and 10% growth based on Service advice.

Whilst we continue to work with the DfE to drive the improvements required in outcomes for children with additional and special educational needs and achieve a balance in year position, that can be sustained and demonstrable reduces the deficit, we will need to consider all potential funding sources. The Council has made significant investment in the General fund budget of circa £4m per year since 2022-23 to improve SEN service and fund Home to School Transport (HTST) and similarly have significant pressures in year of the same magnitude which will be recurrent in 2024/25 and beyond. We recognise the collaborative approach adopted to date and the significant contribution that schools have and continue to make in investing in the Education Transformation programme. In considering future budgets, we have provisionally included the 0.5% transfer in our latest forecast understanding this will require approval from Bristol Schools Forum.

Based on latest forecast (as of P05, August 2023), which was broadly in line with Newton's (DfE DBV delivering partner) forecast, it is estimated that High Needs Block could achieve a balanced budget position in 2026-27 if DBV stretched confidence benefits materialise, which is subject to further due diligence and formal consultation. It is therefore absolutely vital that progress on mitigation proposals is monitored and delivered on a timely basis in order to restore and secure financial health of DSG funding in the longer term.

Finance Business Partner: Angel Lai – Finance Manager for Children's & Education 20 September 2023

2. Legal Advice: This report notes an update on the Dedicated Schools Grant (DSG) High Needs Block Recovery Plan. It includes reference to planned consultation for schemes pertaining to reviews of the use of High Needs Block Element 3 funding. The consultation responses must be conscientiously taken into account in finalising the decision. The leading cases on consultation provide that :

- Consultation should occur when proposals are at a formative stage;
- Consultations should give sufficient reasons for any proposal to permit intelligent consideration;
- Consultations should allow adequate time for consideration and response;

There must be clear evidence that the decision maker has considered the consultation responses, or a summary of them, before taking its decision.

Legal Team Leader: Husinara Jones, Team Manager/Solicitor 11 September 2023

3. Implications on IT: I can see no implications on IT in regard to this activity.

IT Team Leader: Alex Simpson – Lead Enterprise Architect, 11 September 2023

4. HR Advice: This report is for information and to provide an update on the progress of the 14 deficit mitigation

schemes contained with Dedicated Schools Grant (DSG) High Needs Block (HNB) Recovery Plan. There are no significant HR issues arising from this report for Bristol City Council employees.

HR Business Partner: Lorna Laing, 13 September 2023

EDM Sign-off	Abi Gbago, Executive Director Children and Education	30 August 2023
Cabinet Member sign-off	Councillor Asher Craig Cabinet Member for Children, Education and Equalities	4 September 2023
For Key Decisions - Mayor's Office sign-off	Mayor's Office	4 September 2023

Appendix A – Further essential background / detail on the proposal A1. National DSG Context A2. HNB Recovery Plan	YES
Appendix B – Details of consultation carried out - internal and external	NO
Appendix C – Summary of any engagement with scrutiny	NO
Appendix D – Risk assessment	NO
Appendix E – Equalities screening / impact assessment of proposal	NO
Appendix F – Eco-impact screening/ impact assessment of proposal	NO
Appendix G – Financial Advice	NO
Appendix H – Legal Advice	NO
Appendix I – Exempt Information	NO
Appendix J – HR advice	NO
Appendix K – ICT	NO
Appendix L – Procurement	NO