

Meeting date: 17th October 2024
Report to: Solihull School Forum



Subject/report title: DSG Management plan 2024/25
Report in name of: Director of Public Health, Education and Inclusion
Report author/lead contact officer: Bern Timings, Head of Commissioning for Learning

Schools affected:

☐ All Schools | ☒ All Primary | ☒ All Secondary

Type of Report For Forum to express view to the Local authority
Forum Voting Whole of Forum
Public/private report: Public

1. Executive Summary

- 1.1 Solihull Council are required to publish a Dedicated Schools Grant (DSG) Management Plan by the DfE due to its deficit position against the High Needs Budget (HNB) element of the DSG
- 1.2 The DSG Management Plan sets out the Council's plan to deal with the overspend of the high needs block. Details of the DSG Management plan requirements are outlined in appendix 1
- 1.3 This report outlines the financial implications of the draft 2024/25 DSG Management Plan, along with the mitigation measures included.
- 1.4 Following submission of the 2023/24 DSG Management plan it was agreed headteacher Task and Finish groups would be established to explore how cost to the DSG High Needs Block could be further mitigated.
- 1.5 The recommendations put forward by those task and finish groups form the basis of the costed mitigations included in the draft 2024/25 DSG management plan.
- 1.6 The High Needs Block outturn was a deficit position of £4.4m in 2023-24, leading to

an accumulated deficit at the end of 2023/24 of £20.7m

- 1.7 The 2023/24 DSG management plan (submitted to DfE in January 2024) estimated the 2023/24 overspend to be £3.0m, and the 2024/25 overspend to be £3.1m.
- 1.8 Due to the increasing growth in EHCP numbers, above previously predicted levels, the 2023/24 DSG management plan mitigations previously outlined and the DBV programme are not having the desired financial impact, and some recalibration is required moving forward.
- 1.9 The current forecast for 2024/25 is for a £7.2m overspend by the end of the financial year, increasing the accumulated deficit to £27.9m.
- 1.10 The draft 2024/25 management plan includes the expected impact of ongoing growth in EHCP numbers.
- 1.11 Without mitigation the forecast for 2025/26 is for a £14.3m overspend by the end of the financial year, increasing the accumulated deficit to £42.2m.
- 1.12 The mitigations outlined in the draft plan reduce the 2025/26 in-year deficit by £3.87m to £10.43m, giving a cumulative deficit of £38.3m.
- 1.13 This includes the impact of existing mitigations and the DBV programme and assumes a 3% increase on the High Needs block allocation for 2025/26, in line with previous years. This has not been confirmed by Central Government.
- 1.14 This excludes the £1.0m impact of any potential school's block transfer for the 2025/26 funding allocation. The details of the proposed schools block transfer for 2025/26 are subject to a separate report to Schools Forum.

2. Decision(s) recommended

- 2.1 Solihull Schools Forum is invited to express their views on the contents of this report and the mitigations under consideration in the draft 2024/25 DSG management plan.
- 2.2 Schools Forum are also asked for their views on any other mitigations that forum considers might contribute to balancing the high needs budget in line with the High Needs Grant and any further mitigations that should be considered to reduce the cumulative deficit.

3. Matters for Consideration

- 3.1 The management plan must consider both forecast additional costs and potential for mitigating savings.
- 3.2 Nationally the number of children and young people with an EHCP is increasing year on year. Solihull experienced a 4.7% increase in the number of EHCP's from 2023 to 2024, well below national and comparator LA levels.

- 3.3 In Solihull this growth is currently expected to peak at 7% by the end of 2024/25. Growth in EHCP numbers will continue from 2025/26 onwards, but the rate of growth is expected begin reducing.
- 3.4 The High Needs National Funding Formula (NFF) allocates the high needs funding to all LAs. This funding supports provision for children and young people with special educational needs and disabilities (SEND) from ages 0-25 years.
- 3.5 For the 2024/25 funding formula all LA's received a minimum increase of at least 3% on their allocation per head of population, compared to their baseline funding. While for some LA's this increase was closer to 5% or 6%, Solihull received the lowest level of funding increase at the 3% minimum. Each additional 1% on the 2024/25 HNB element of the DSG grant is equivalent to £399,000.
- 4. Impact of the 2023/24 DSG management plan mitigations and Delivering Better Value programme**
- 4.1 The DfE expects the Council to fully utilise its Delivering Better Value (DBV) Grant to reduce the number of children requiring an EHCP and the number of children requiring a special school place to mitigate spend against the budget.
- 4.2 The impact of the work associated with the DBV programme is incorporated in the baseline financial information for the 2024/25 management plan, this includes meeting DfE targets for reducing EHCP numbers.
- 4.3 Progress has been made across a range of DBV workstreams, but the full impact in financial terms will not be realised or reportable until any amended processes and practice have been embedded for several years and children move through the system.
- 4.4 However, the impact of this work can be evidenced in the cost avoidance associated with the reduced number of EHCPs, an increased number of children remaining on SEN Support and in the lower level of EHCP growth experienced in Solihull in comparison to national and comparator Local Authorities.
- 4.5 If Solihull was in line with the national average, there would be 250 more EHCPs than current figures. Based on an average ECHP top up cost at £6,520, the associated cost avoidance is in the region of £1.56m
- 4.6 Mitigations included in the 2023/24 DSG management plan achieved to date have been incorporated in the baseline financial information for the 2024/25 management plan. This includes cost savings associated with the opening of The Heights, Saturn Centre Ap and Mill Lodge primary ARP, along with behaviour provision changes.
- 4.7 All other mitigations outlined in the 2023/24 plan remain in place and are being actively worked through with the related impacts on cost expected in line with the previously outlined timeframes.
- 5. Mitigation options included in the 2024/25 draft plan**
- 5.1 In addition to the existing 2023/24 plan additional mitigations have been proposed and

impacts costed to further reduce the expected deficit.

- 5.2 As part of this process the recommendations provided by the Task and Finish groups have been incorporated into the mitigations presented in the draft 2024/25 plan along with proposals from LA services.
- 5.3 New mitigations included in the draft 2024/25 plan include:
 - 5.3.1 Review of the use of tutoring – including utilising existing provision for children previously accessing tuition and increased use of AV1 Robots.
 - 5.3.2 Review of Specialist placement costs – ensuring existing specialist places are utilised fully, reviewing funding models, apportioning responsibility for EHCP costs for children looked after to resident LA's, with initial savings of £0.6m per year
 - 5.3.3 Review of Alternative Provision – including revision of commissioning and placement processes to ensure children are successfully reintegrated into mainstream provision, ensuring commissioned places are flexible to meet demand and utilised fully, removal of LA top ups for school placements in AP with current associated savings of £0.1m per year
 - 5.3.4 Reduction in exclusions - including decommissioning Saturn Waiting List and decommissioning places at Blackwater Academy alternative provisions with estimated savings of £0.8m per year
 - 5.3.5 Review of ARPs – including the development of a revised SEND commissioning strategy strengthening monitoring and identifying future need, clarifying and reviewing Arp funding models, focusing on identifying the appropriate cohorts and the role of ARPs in meeting need locally.
 - 5.3.6 Review of SEND support services – including creation of an early identification and support system, pending schools block movement decision.
- 5.4 Additional work is still required to calculate the full financial impact and timing for several of the above mitigations in advance of finalising the 2024/25 DSG management plan. The final plan will be presented to Schools Forum in November
- 5.5 The financial impact of the above extend beyond the 2025/26 financial year, with some mitigations not expected to have a financial impact until 2028/29 onwards, including the opening of the new SEND free school.
- 5.6 The mitigations identified so far do not bring the in-year spend into balance by 2026/27, when the current Statutory override is set to expire and bring considerable risk to the Council's financial position.
- 5.7 Further mitigations that may positively impact the forecast in year deficit require significant changes in strategic direction in how SEND provision operates in Solihull and further input from our schools and partners.
- 5.8 At this time any such work is not progressed to a stage where the associated impact can be quantified to an appropriate financial year nor costed accurately and would likely be for consideration under the 2025/26 DSG management plan.

- 5.9 The potential mitigations under review include maximising the Adult Education offer in Solihull to increase support for successful supported internships for young people with EHCPs at post 16 stage and providing clearer pathways to employment. Revising the funding responsibility proportionally with Heath (ICB) and Social Care partners, particularly for young people with an EHCP at Post 16 or Post 19.
- 5.10 All estimates are currently based on the 2024/25 funding position. The announcement of the 2025/26 DSG funding allocation has been significantly delayed due to the general election. The DfE require us to assume cost inflation equals funding inflation in future years. 3% has been used, which reflects the 2024/25 DSG HNB funding increase.
- 5.11 On October 3rd the DfE announced the 2025/26 DSG schools block allocation would be published in December 2024 and there will be no substantial changes to the funding formula. No details have been provided on the 2025/26 High needs allocation.
- 5.12 Due to the late announcement of funding allocation from Central Government all figures are subject to change and will be updated for cost inflation and the published 2025/26 funding allocation prior to submission of the Final DSG management plan.

6. Associated next steps

- 6.1 Options for Schools block transfer 2025-26 presented to Schools Forum for vote 17th October.
- 6.2 Draft DSG management plan presented to Budget Strategy Group 6th November.
- 6.3 Deadline for submission to DfE for 2025/26 disapplication (DSG block movement) request 18th November.
- 6.4 Draft DSG management plan circulated to DfE for comment 21st November.
- 6.5 Final DSG management plan presented to schools Forum 28th November.
- 6.6 Final DSG management plan presented to Budget Strategy Group 5th December.
- 6.7 Final DSG management plan presented to Cabinet/ CLT for sign off January (date tbc).
- 6.8 The 2024/25 DSG Management plan is due for submission to the Department for Education by 17th January 2025

7. Implications and Considerations

7.1 Impact on schools:

7.1.1 All mitigations have been considered with the intention to deliver a positive impact on schools, increasing inclusivity and support available across the system

7.1.2 A schools block movement would have an adverse impact on school funding, this proposal is subject to a separate report to schools forum.

7.2 Consultation and Scrutiny:

7.2.1 Proposals for a block movement have been consulted on with all schools and SPCV, this proposal is subject to a separate report to schools forum.

7.2.2 Outcomes of revised demographic modelling will be communicated widely to all stakeholder groups.

7.3 Financial implications:

7.3.1 The DSG Management Plan must set out a credible plan to firstly establish a balanced annual spend of the high needs block, and then set out how the accumulated deficit will be dealt with. The first draft sets out the current pressures and mitigations but does not achieve the required goal of balancing annual spend with grant.

7.4 Legal implications:

7.4.1 Deployment of resources must still ensure responsibilities under the Childrens Act 2014 are properly discharged and must also ensure legal requirements on Councils to effectively manage their finances are met.

7.5 Risk implications, including risk appetite:

7.5.1 Risks concerning high needs spending are on the Council Risk Register.

7.6 Equality implications:

7.6.1 An Equalities Assessment will be required as part of the submission for any disapplication request.

8. List of appendices referred to

8.1 Appendix 1 – Department for Education guidance on DSG management plans

Appendix 1 - Department for Education guidance on DSG management plans

Schools operational guide: 2024 to 2025 - GOV.UK (www.gov.uk)

33. DSG management plans

Many local authorities have been incurring a deficit on their overall DSG account, largely because of overspends on the high needs block.

Starting in 2020 to 2021, DfE extended the rules under the DSG conditions of grant to state 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 cooperate with the department in handling that situation by:

- providing information as and when requested by the department about its plans for managing its DSG account in the 2023 to 2024 financial year and subsequently
- providing information as and when requested by the department about pressures and potential savings on its high needs budget
- meeting with officials of the department as and when they request to discuss the local authority's plans and financial situation
- keeping the schools forum updated regularly about the local authority's DSG account and plans for handling it, including high needs pressures and potential savings

DSG management plans should be discussed with the schools forum on a regular basis and should set out the local authority's plans for bringing the DSG spend back into balance.

The department expects the DSG management plan to be co-produced. Relevant leads in the finance and SEN areas should sign off each version, (with sign off to be at least at assistant director level).

Where a local authority has a substantial in-year overspend or cumulative DSG deficit balance at the end of the financial year, its management plan should look to bring the overall DSG account into balance within a timely period.

In all cases, the department expects local authorities' management plans to focus on how they will bring in-year spending in line with in-year resources and address whatever the main causes of overspending on the DSG have been.

The department expects a range of evidence to support local authority management plans. The department will continue to review the management plan process and has provided a template DSG deficit management plan for local authorities to use. The department expects all evidence to have been presented to schools forums.

The evidence should include:

- a full breakdown of specific budget pressures locally that have led to the local authority's current DSG position. Where this has resulted from high needs pressures, information should include the changes in demand for special provision over the last 3 years, how the local authority has met that demand by commissioning places in different sectors (mainstream and special schools, further education (FE) and sixth form colleges, independent specialist provision and alternative provision) and if there have been any reductions in the provision for mainstream school pupils with high needs

- an assessment and understanding of the specific local factors that have caused an increase in high needs costs to a level that has exceeded the local authority's high needs funding allocations; and a plan to change the pattern of provision where this is necessary, as well as to achieve greater efficiency and better value for money in other ways; together with evidence of the extent to which the plan is supported by schools and other stakeholders
- evidence of how the local authority intends to bring its DSG account back into balance within a timely period, clearly showing clearly how expenditure will be contained within future funding levels
- details of any previous movements between blocks and any proposed block movements. A detailed explanation of why these have not been sufficient in the past and why they will be needed going forward to meet the local authority's high needs pressures is required. Further information is included in the movements between blocks section of this guidance