

Meeting date: 14th January 2025
Report to: Solihull School Forum



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

Schools affected:

☐ All Schools | ☒ All Primary | ☒ All Secondary

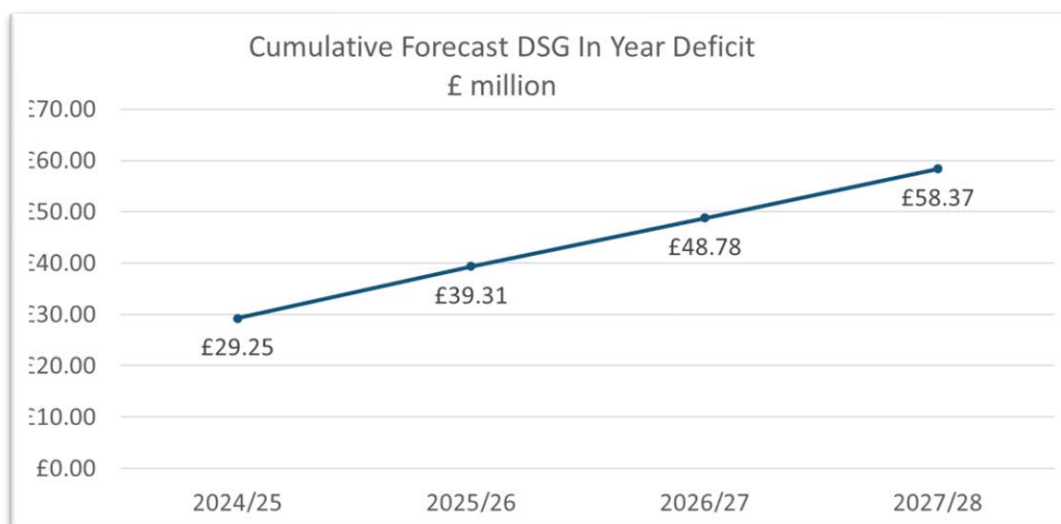
Type of Report For Forum to express view to the Local Authority
Forum Voting As outlined in report Decision recommended
Public/private report: Public

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 2024/25 DSG Management Plan, along with the mitigation measures included.
- 1.4 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
- 1.5 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.
- 1.6 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.

- 1.7 The final 2024/25 management plan includes the expected impact of ongoing growth in EHCP numbers and has been updated to include the impact of additional High Needs funding announced by Central Government in November 2024, higher than previously forecast numbers of pupils placed in Independent Special Schools, and recent changes in DfE advice around EHCP funding for Solihull Children Looked After residing in other Local Authority areas.
- 1.8 These factors have led to an increase in the forecast 2024/25 in year deficit and a reduction in the forecast deficit position for the 2025/26 financial year compared to the draft plan presented to Schools Forum in October 2024.
- 1.9 Following consultation with schools, the vote undertaken by Schools Forum in October 2024, and consideration of requirements for approval by Central Government, it was agreed not to proceed with any block transfer for the 2025/26 DSG allocation.
- 1.10 The current forecast for 2024/25 is for a £8.5m overspend by the end of the financial year, increasing the accumulated deficit to £29.2m.
- 1.11 Without mitigation the forecast for 2025/26 is for a £11.7m 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 £1.64m to £10.03m, giving a cumulative deficit of £39.31m.
- 1.13 The graph below outlines the expected cumulative high needs deficit by April 2028 based on the current mitigations:



2. Decision(s) recommended

- 2.1 Solihull Schools Forum Finance Working Group are asked to endorse the final 2024/25 DSG Management Plan ahead of submission to the DfE.

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 EHCPs 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 to 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 LAs received a minimum increase of at least 3% on their allocation per head of population, compared to their baseline funding. While for some LAs this increase was closer to 5% or 6%, Solihull received the lowest level of funding increase at the 3% minimum for 2024/25.
- 3.6 The announcement of the 2025/26 DSG funding allocation was significantly delayed due to the general election and were received on 29th November. All estimates have been updated based on the provisional 2025/26 funding allocation as provided by the DfE.
- 3.7 The DfE have outlined that the minimum increase per LA expected for 2025/26 is 7% and capped at 10%. Therefore, Solihull has received the lowest level of funding increase available for 2025/26.
- 3.8 The provisional funding allocation outlines a 6.8% increase for the 2025/26 HNB allocation. This is lower than the announced 7% increase as DfE have applied a 0-19 population adjustment to the funding increase after the 7% calculation. Previous DSG Management Plan forecasting had assumed a 3% increase.
- 3.9 This represents a £1.6m uplift above the previously assumed increase of 3% based on previous years, the impact of this additional funding is represented in the figures above.
- 3.10 Of that additional funding £0.8m has been agreed as a one-off investment under the 2024/25 management plan to support work with schools beginning in Spring 2025 to reduce the long-term high needs spent including those mitigations under consideration for the 2025/26 management plan.
- 3.11 Working in partnership with our schools is key to delivering successful changes across the SEND system and to improve outcomes and experiences of children and young people. This investment will be used to support the work we will undertake with schools to develop a sustainable SEND system for Solihull.

4. Mitigations included in the 2024/25 plan

- 4.1 In addition to the existing 2023/24 plan additional mitigations have been proposed and impacts costed to further reduce the expected deficit.
- 4.2 Mitigations included in the 2024/25 plan and the associated financial impacts are outlined in the table below:

Mitigations 2024/25 Plan	2025/26	2026/27	2027/28
	£m	£m	£m
CLA EHCP costs recoupment (£0.55m annual saving previously included in October draft plan – for information)	-0.00	-0.00	-0.00
DBV mitigations	-0.64	-0.75	-0.94
Reduction in other SEND non-pupil spend and Home tuition costs	-0.25	-0.35	-0.45
Reduction in exclusions, rationalisation of 6th day provision	-0.70	-0.91	-0.91
New Special Free School bid (Savings start at £585k from 2028/29 and increase year on year)	0.00	0.00	0.00
Reduction in cost inflation associated with the above mitigations	-0.05	-0.06	-0.06
Total Mitigations Forecast	-1.64	-2.07	-2.36

- 4.3 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.
- 4.4 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.
- 4.5 Engagement with wider school leaders to gather key data and evidence on the remaining recommendations is being undertaken in December 2024.
- 4.6 Communication to schools on proposed actions and specific areas of work which need further development in January with the creation of working groups to begin the co-design process with schools over the Spring term.
- 4.7 Final confirmation of areas of focus, working group membership and intended outcomes by Easter 2025, with detailed work then undertaken during the Summer term 2025 in advance of preparation for the 2025/26 DSG management plan.

5. Associated next steps

- 5.1 Final DSG management plan presented to Schools Forum for endorsement 14th January 2025
- 5.2 The 2024/25 DSG Management plan is due for submission to the Department for Education by 17th January 2025

6. Implications and Considerations

6.1 Impact on schools:

- 6.1.1 All mitigations have been considered with the intention to deliver a positive impact on schools, increasing inclusivity and support available across the system
- 6.1.2 A schools block movement would have an adverse impact on school funding, this proposal is subject to a separate report to schools forum.

6.2 Consultation and Scrutiny:

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

6.3 Financial implications:

- 6.3.1 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 plan sets out the current pressures and mitigations but does not achieve the required goal of balancing annual spend with grant.

6.4 Legal implications:

- 6.4.1 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.

6.5 Risk implications, including risk appetite:

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

6.6 Equality implications:

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

7. List of appendices referred to

- 7.1 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