

Decision Maker: PORTFOLIO HOLDER FOR CHILDREN, EDUCATION AND FAMILIES

Date: For Pre-Decision Scrutiny by the Children, Education and Families PDS Committee on 17 November 2022

Decision Type: Non-Urgent Executive Non-Key

Title: DEDICATED SCHOOLS GRANT (DSG) DEFICIT RECOVERY MANAGEMENT PLAN

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Chief Officer: Director of Children, Education and Families

Ward: All Wards

Reason for decision/report and options

- 1.1 Officers have prepared a Dedicated Schools Grant (DSG) Deficit Recovery Management Plan (DRMP) which provides analysis of key data and sets out the actions already taken, and those actions proposed, to address the growing financial pressures within the High Needs Funding Block of the DSG.
 - 1.2 The current five-year Recovery Plan, which is modelled on forecast requirements and government funding in the next five years, does not show the DSG coming back into balance during this period. This is because the forecast demands on the DSG continue to exceed the anticipated funding made available at this time.
 - 1.3 Officers will be meeting with representatives from the Department for Education to discuss the Council's plans to address its DSG deficit. Feedback from this meeting will be provided verbally to the PDS Committee.
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2. RECOMMENDATION(S)

The Children Education and Families PDS Committee is asked to:

- 2.1 Comment on and endorse the draft DSG Deficit Recovery Management Plan.
- 2.2 Recommend that the Portfolio Holder agrees the draft DSG Deficit Recovery Management Plan.

Impact on Vulnerable Adults and Children

1. Summary of Impact: The protected characteristics of Age and Disability are inherent within the Council's statutory responsibilities for Special Educational Needs and Disabilities. The High Needs Funding Block funds a wide range of services to enable the Council to meet its statutory responsibilities for children and young people who have SEND. The DRMP proposes to reduce costs through transformation and improved efficiency, rather than cuts to services. Any potentially adverse impact on protected characteristics groups will be considered through EQIA Screening and closely monitored as detailed proposals are developed. It is anticipated that earlier intervention and access to appropriate support will have a positive impact on children and young people who have SEND, as will increased opportunities and support for young people to live independent lives.
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Transformation Policy

1. Policy Status: Existing Policy,
 2. Making Bromley Even Better Priority
 - (1) For children and young People to grow up, thrive and have the best life chances in families who flourish and are happy to call Bromley home.
 - (2) For adults and older people to enjoy fulfilled and successful lives in Bromley, ageing well, retaining independence and making choices.
 - (5) To manage our resources well, providing value for money, and efficient and effective services for Bromley's residents.
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Financial

1. Cost of proposal: N/A
 2. Ongoing costs: Not Applicable:
 3. Budget head/performance centre: Various DSG grant covered cost centres
 4. Total current budget for this head: £335,722k before recoupment and deductions
 5. Source of funding: DSG
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Personnel

1. Number of staff (current and additional):
 2. If from existing staff resources, number of staff hours:
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Legal

1. Statutory Requirement supplemented by Guidance
 2. Call-in: Applicable: Portfolio Holder decision
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Procurement

1. Summary of Procurement Implications: N/A
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Property

1. Summary of Property Implications: N/A
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Carbon Reduction and Social Value

1. Summary of Carbon Reduction/Sustainability Implications:

Customer Impact

1. Estimated number of users or customers: 3,473 children and young people with an EHCP (September 2022)
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Ward Councillor Views

1. Have Ward Councillors been asked for comments? N/A
2. Summary of Ward Councillors comments:

3. BACKGROUND

- 3.1 Background to the DSG: The Dedicated Schools Grant is a ring-fenced specific grant. It must be used in support of the schools budget as defined in the School and Early Years Finance (England) (No 2) Regulations 2022; it can be used for no other purpose.
- 3.2 The DSG is divided into four notional blocks – the schools block, the high needs block, the central school services block (which allocates funding to local authorities for their ongoing responsibilities towards both maintained schools and academies) and the early years block. Each of the four blocks of the DSG are determined by a separate national funding formula.
- 3.3 In consultation with the schools forum, local authorities make decisions about the delegation of funds to schools and on the spending of funds held centrally, most of which is within the ‘high needs block’ used for making high needs provision for children and young people with special educational needs and disabilities. High needs funding is allocated and can be used in accordance with the High Needs Funding Operational Guide.
- 3.4 Where a local authority has an overall deficit of DSG of 1% or more it is required to submit a recovery plan to the Department for Education, setting out how it plans to bring the overall DSG account into balance.
- 3.5 The introduction of the DRMP sets out the local Bromley position, in the context of national systemic challenges acknowledged by the Government in its SEND Green Paper. Bromley was one of the last London Boroughs to enter a DSG deficit position, but now faces significant financial pressures necessitating a detailed action plan.

6. IMPACT ON VULNERABLE ADULTS AND CHILDREN

- 6.1 The protected characteristics of Age and Disability are inherent within the Council’s statutory responsibilities for Special Educational Needs and Disabilities. The High Needs Funding Block funds a wide range of services to enable the Council to meet its statutory responsibilities for children and young people who have SEND. The DRMP proposes to reduce costs through transformation and improved efficiency, rather than cuts to services. Any potentially adverse impact on protected characteristics groups will be considered through Equalities Impact Assessment (EQIA) screening and closely monitored as detailed proposals are developed. It is anticipated that earlier intervention and access to appropriate support will have a positive impact on children and young people who have SEND, as will increased opportunities and support for young people to live independent lives.

7. TRANSFORMATION/POLICY IMPLICATIONS

- 7.1 Transforming Bromley Our Four-Year Roadmap (2019-2023), Responsible financial management strategy. This report seeks to prioritise the limited resources available to the Council to meet its statutory duties for Special Educational Needs and Disabilities and Alternative Provision.
- 7.2 Making Bromley Even Better (2021-2031): Bromley has five ambitions for the next stage of our journey. The relevant ones to this service are:
- For children and young people to grow up, thrive and have the best life chances in families who flourish and are happy to call Bromley home.
 - For adults and older people to enjoy fulfilled and successful lives in Bromley, ageing well, retaining independence and making choices.
 - To manage our resources well, providing value for money, and efficient and effective services for Bromley’s residents.

8. FINANCIAL IMPLICATIONS

- 8.1 The current DSG deficit is predicted to be £12m by the end of March 2023. DfE require authorities with deficits to submit plans to them to reverse the deficit and bring it back into balance. The current plan does not do this and further work is being carried out by the authority with further meetings being set up with DfE to discuss the plan.
- 8.2 At the moment any deficits in DSG cannot be paid from the Councils general fund balances without permission from the Secretary of State. These deficits are ringfenced away from other reserves in the balance sheet to help Councils manage these financial pressures. This is called the 'Statutory Override'. The Statutory Override is being looked at by government as to whether to continue with the policy or remove it, therefore charging any deficits to Council balance sheets and affecting the overall reserves position.

9. LEGAL IMPLICATIONS

- 9.1 The right to an assessment of a child's special educational needs, the production of an Education, Health and Care Plan which meets those needs and the commissioning of the required service provision outlined in the plan are statutory requirements under the Children and Families Act 2014. This is primarily funded through the Dedicated Schools Grant (DSG) High Needs Funding Block of the DSG
- 9.2 DSG is paid to the Council by the Secretary of State under the Education Act 2003 section 14. It is a ring-fenced specific grant provided outside the local government finance settlement. It must be used in support of the schools budget for purposes defined in regulation 6 and schedule 2 of The Schools and Early Years Finance (England) Regulations 2022. The Regulations require local authorities to determine budget shares for schools maintained by them and amounts to be allocated in their areas, in accordance with the appropriate formulae.
- 9.3 The DSG: conditions of grant 2022 to 2023 paragraph 5.2, requires that any local authority with 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 be able to present a plan to the Department for Education (DfE) for managing their future DSG spend, when requested. The DfE have produced guidance to assist local authorities in preparing a Deficit Recovery Management Plan (DRMP).
- 9.4 As a result of prudent financial management of Council budgets as explained elsewhere in this report, this report is seeking a decision from the Portfolio Holder to agree a draft DRMP in relation to the DSG High Needs Funding Block of the DSG. The Draft DRMP provides analysis of key data and sets out the actions already taken, and those actions proposed, to address the growing financial pressures within the High Needs Funding Block of the DSG.
- 9.5 The funding allocations and formulae are set nationally and are therefore already subject to an equality assessment.
- 9.6 In setting the Education Budget, the Council must consider its duties under the Equalities Legislation, in particular the need to ensure targeted funding is available in raising the attainment of disadvantaged pupils who are likely to share a "protected characteristic" (as defined in the Equality Act 2010) and close the gap between them and their peers. It is acknowledged elsewhere in this report that the duties under the Equality Act will be addressed on an ongoing basis.

10 CUSTOMER IMPACT

- 10.1 As previously discussed under section 6, it is proposed that any potentially adverse impact on children, young people and their families will be minimised through a focus on transformation and improved efficiency. It is anticipated that earlier intervention and access to appropriate support will have a positive impact on children and young people who have SEND, as will increased opportunities and support for young people to live independent lives.

Non-Applicable Headings:	PROCUREMENT IMPLICATIONS PROPERTY IMPLICATIONS, CARBON REDUCTION/SOCIAL VALUE IMPLICATIONS, WARD COUNCILLOR VIEWS
Background Documents: (Access via Contact Officer)	[Title of document and date]