

**TO: SCHOOLS FORUM**  
**DATE: 19 NOVEMBER 2020**

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**DEDICATED SCHOOLS GRANT (DSG) DEFICIT MANAGEMENT**  
**Executive Director of People and Director of Resources**

**1 PURPOSE OF REPORT**

- 1.1 To introduce the Schools Forum to guidance that has been produced by the Education and Skills Funding Agency (ESFA) as a reference tool for all local authorities (LAs). It is a substantial tool that provides support when completing plans for DSG management through an Excel template spreadsheet.

**2 RECOMMENDATIONS**

- 2.1 **That the Forum NOTES the ESFA DSG Deficit Management template is in the process of being populated for presentation at a future meeting.**

**3 REASONS FOR RECOMMENDATIONS**

- 3.1 To ensure that by completing the template, the council can demonstrate to the ESFA, partners and stakeholders key HNB data, the extent of the forecast DSG deficit and the actions intended to be taken to manage it down.

**4 ALTERNATIVE OPTIONS CONSIDERED**

- 4.1 Do not engage with the ESFA support documentation to DSG management which is likely to be more time consuming, less effective and could result in additional scrutiny from the ESFA.

**5 SUPPORTING INFORMATION**

Background

- 5.1 As reported to the Forum in October, from April 2020, the DfE extended the rules under the DSG conditions of grant so any LA with an overall deficit on its DSG account – includes HNB, Early Years funding and general Schools Budget - at the end of the 2019-20 financial year, or whose DSG surplus has substantially reduced during the year, must co-operate with the ESFA in handling that situation by:
- providing information as and when requested by the DfE about its plans for managing its DSG account in the 2020-21 financial year and subsequently
  - providing information as and when requested by the DfE about pressures and potential savings on its high needs budget
  - meet with officials of the DfE as and when they request to discuss the LAs plans and financial situation
  - keep the Schools Forum regularly updated about the LAs DSG account and plans for handling it, including high needs pressures and potential savings

5.2 In September, the ESFA issued a management plan template to help LAs to manage their DSG and provide the initial required information. The template is designed to help LAs:

- comply with DfE requirements of providing a recovery plan where the DSG is in a deficit or has experienced a substantial reduction to the overall surplus
- monitor how DSG funding is being spent
- compare data on high needs spend between LAs
- highlight areas where LAs may wish to review spending
- form evidence-based and strategic future plans for the provision of children and young people with SEND
- present complex funding information simply to Schools Forums and other external stakeholders
- provide a consistent reporting format to help LAs share best practice and initiatives

5.3 The ESFA expect the plan to be updated and presented at Schools Forum meetings and any high needs subgroups regularly and at least on a termly basis. LAs should aim to present the first version of the plan to the Schools Forum in time for budget planning discussions for 2021 to 2022 and before the deadline for block movement requests, if it is submitting one (which BFC is not). The ESFA realises that the management of DSG balances, both bringing spend in line with income and repaying deficits, will take time for some LAs. The template has therefore been developed in such a way that it is intended to be a live document and able to readily track progress.

5.4 By moving to a deficit on the HNB element of the DSG, as well as experiencing a substantial reduction to the overall surplus in the DSG account, the council can now expect some form of intervention from the ESFA.

#### ESFA DSG management plan template format

5.5 The DSG management plan template is a substantial excel document. It comprises 19 different tabs of data and provides a format to maintain relevant data and management plans into one document. It also meets the requirements of the ESFA for DSG deficit management where this is required through the DSG conditions of grant which will apply to BF.

5.6 The template includes a mixture of narrative around the current and recent position of the DSG, with a focus on the HNB, actions to be taken, financial performance, SEND data and the ability to undertake benchmarking comparisons with other LAs, including the closest statistical neighbours. The template content is summarised as:

#### 1. Narration:

This includes an overall summary of how the DSG pressure will be managed, managing the number of children and young people (CYP) receiving funding and ensuring the best possible outcomes for CYP with SEND as well as more specific details of plans around areas such as each of the different placement types being commissioned e.g. in mainstreams settings, special schools, non-maintained special and independent schools, post 16 and FE etc, covering the key pressures, current strategy and the initiatives being trailed and their impact.

There is also more BF specific narrative around the plan including risks and mitigations, management plan support, drivers from statistical data, managing demand pressures, partnership working with other LAs and the key assumptions being made.

2. Financial information and SEND data:

As would be expected, a wide range of financial information is captured on the tool. This includes a breakdown of DSG funding by Block e.g. Schools Block, Early Years Block etc, showing spend, income etc separately over the recent past, current year and projected into the future to forecast the expected deficit / surplus balance.

For the overall DSG position, data is also captured at a 'Mitigated forecast' which ESFA define as the forecast after accounting for the cost reduction and/or invest to save measures in place. The 'Unmitigated forecast' shows forecasts prior to accounting for any cost reduction and/or invest to save measures in place; a 'do nothing' forecast. The template therefore shows the 'before' and 'after' actions positions.

There are also individual tabs for historic and predicted spend for the different placement types (8 different tabs) which are matched to the number of EHCPs in that category, by age and primary SEND need which then generates graphics for presentation and review.

3. Governance and stakeholder engagement:

Governance arrangements and stakeholder engagement is also captured. This includes internal LA sign-off of the plan, that should be at least at Assistant Director level in SEND and Finance, any local SEND governance Board, such as the BF HNB Sub-Group, the role and structure of which is currently under review, and the Schools Forum. Stakeholder engagement with education institutions, parents and carers, CYPL, elected members and health services are also captured.

4. High Needs Benchmarking:

The template contains some useful benchmarking comparisons. This information is collected from published figures that have been submitted to the DfE in the SEN2<sup>1</sup>, S251<sup>2</sup> and school census collections. Analysis can be undertaken across different years, by geographical region and also the closest statistical neighbours. Data is generally returned as an amount per head of 2-18 population for financial data and a number per 1,000 population of 2-18 population for other data.

### Impact in BF

- 5.7 The management plan will undoubtedly evolve and the ESFA tool is recognised as a comprehensive and effective aid to ensuring all significant and relevant data is

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<sup>1</sup> The information collected via the DfE annual SEN2 survey form is the major source of data collected on children and young people with Education, Health and Care (EHC) plans (formerly statements of SEN). It is the only source of data on the totality of EHC plans maintained by individual local authorities.

<sup>2</sup> Local authorities submit statements on planned and actual expenditure on education and children's social care in accordance with S251 of the Apprenticeships, Skills, Children and Learning Act 2019. The DfE uses the data for publishing statistics, constructing benchmarking tables, answering parliamentary questions and responding to other data requests.

available for taking into account during the period of recovery. A high-quality completion of the template will undoubtedly assist in the communications that will follow with the ESFA on the deficit recovery.

- 5.8 Whilst the ESFA tool presents a good aid to DSG deficit management, and a wide range of data is pre-populated, there remains a substantial amount of data for the LA to collate, verify, add and subsequently update. Whilst much of the approach and information used is consistent with what BF has been doing, completion of the template is still some way off. Useful presentation to the Forum of what is a long and detailed document will also need some consideration.

#### Other aspects of ESFA DSG deficit management

- 5.9 The ESFA recognises that there may be some LAs which will not be able to pay off their historic deficit from the DSG over the next few years. In these cases, the DfE expects to work together with the LA to agree a plan of action to enable the LA to pay off its deficit over time.
- 5.10 As part of an appropriate agreed package of measures, the ESFA will, if necessary, make funds available from within the overall total of DSG so that the local authority can pay off its deficit over time. The ESFA will need convincing evidence from the LA that it would be impracticable to pay off a historic deficit from the DSG it would expect to receive in future years.
- 5.11 Additionally, the ESFA expects to approach selected LAs to begin discussions with them during 2020. These discussions are likely to be detailed, and in order to make this process manageable it will be necessary to limit discussions during 2020-21 to a fairly small number of authorities. The ESFA expects to expand the discussions to other LAs during 2021-22 and subsequent years.

#### Next Steps

- 5.12 The ESFA template is in the process of being completed and will be presented to the Forum when there is useful information.

## **6 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS**

#### Borough Solicitor

- 6.1 There are no specific legal implications arising from the recommendations in this report.

#### Director of Resources

- 6.2 The Director of Resources is satisfied that no significant financial implications arise from completing the template which is expected to be a valuable tool in developing an effective response to the DSG deficit recovery requirements.

#### Equalities Impact Assessment

- 6.3 Not required.

## Strategic Risk Management Issues

- 6.4 There are strategic risks around ensuring all schools remain financially stable as well as pupils with SEND receive timely and appropriate support for their education within the funds allocated for this purpose by the DfE. A failure to develop a plan for a sustainable HNB budget will place at risk the need to make more drastic changes at a later date.

## **8 CONSULTATION**

### Principal Groups Consulted

- 8.1 Various consultations will be undertaken as the template is completed.

### Method of Consultation

- 8.2 To be determined.

### Representations Received

- 8.3 Will be incorporated into the template as appropriate.

### Background Papers

None.

### Contact for further information

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### Doc. Ref

Doc. Ref [https://bfcouncil.sharepoint.com/sites/fina/bpm/FIBPSCB-FIN9.6/Schools\\_Forum/\(100\)\\_191120/DSG Deficit Management.docx](https://bfcouncil.sharepoint.com/sites/fina/bpm/FIBPSCB-FIN9.6/Schools_Forum/(100)_191120/DSG_Deficit_Management.docx)