

<b>Classification</b>	<b>Item No.</b>
<b>Open</b>	

<b>Meeting:</b>	Cabinet
<b>Meeting date:</b>	24 March 2021
<b>Title of report:</b>	<b>Dedicated Schools Grant (DSG) Deficit Recovery</b>
<b>Report by:</b>	CLlr Tamoor Tariq, Cabinet Member for Children, Young People and Skills
<b>Decision Type:</b>	<b>Non Key Decision</b>
<b>Ward(s) to which report relates</b>	<b>All</b>

### **Executive Summary**

Cabinet has previously received reports setting out the significant deficit on the Council's Dedicated Schools Grant (DSG) and proposed actions to try and reduce this. In reporting the deficit, it has been recognised that it is currently offset by the Council's reserves and has also been reflected in the Council's Annual Governance Statement as a financial risk that needs to be addressed.

Councils with significant deficits are required to submit deficit recovery plans to the Department for Education (DfE) on an annual basis. Bury has complied with this requirement and has taken some actions to begin to reduce the deficit over time. This was set out in the detailed DSG recovery report presented to Cabinet in September 2020 at which point it was estimated that Bury's deficit on the DSG would increase to c£25m by the end of 2020/21.

Since then, the DfE has intervened and has been working with a small number of local authorities with the highest DSG deficits nationally, including Bury. The outcome of this work is to develop and agree an approach that will reduce the deficit and ultimately achieve a balanced budget.

This report outlines the outcome of this work including additional funding that is being made available, the delivery plan agreed with the DfE and the expected outcomes against which the Council will be monitored.

In total, funding of £20.5m revenue funding and £4m capital has been awarded by the Secretary of State following recommendations from the DfE. The funding will be received over 4 years up to 2024/25 including £6m that will be awarded in the current financial year.

## **Recommendation(s)**

Cabinet is asked to:

- Note the DSG recovery agreement between the Department for Education and Council which forms the basis of the grant agreement that the Council has been required to sign up to
- Support the decisions required by officers to deliver the recovery plan within the agreed timeframe
- Note the financial support provided by the DfE in assisting Bury Council to recover the DSG deficit and the expectation that this will lead to a balanced position by the end of 2024/25
- Note that the settlement reached with the DfE will bring significant additional government funding into Bury to remove a large proportion of the DSG overspend
- Note that the settlement gives the Council funding to improve services, including services for children and families with SEND; better services here in Bury will replace more expensive services further away
- Agree that no decisions for change affecting individual children and families will be made without them.

## **Key considerations**

### **Background**

The DSG deficit has been the subject of concern due to its accumulated size and trajectory to increase further if no action was taken to address it. The DfE identified Bury as one of a small number of Local Authorities to be invited to work with them on a recovery plan, known as 'The Safety Valve Project'.

DfE senior officials met with officers in December 2020 and agreed to work with Bury on developing a robust recovery plan to be presented to the Minister of State for Education for approval.

Bury Council engaged with Ameo, the Council's transformation partner, to develop a project plan that investigated all issues in respect to the High Needs Block of the DSG that were resulting in the cumulative overspend and increasing deficit.

In developing the plan, officers engaged with relevant stakeholders and presented draft proposals to the DfE officials throughout January 2021.

Officers presented the final recovery project plan to the DfE senior officials on 5 February 2021 where their support was provided, and confirmation received that Bury's recovery plan would be recommended to the Minister for their approval.

An agreement has been drawn up by the DfE in liaison with officers in Bury, including new conditions of grant in respect to additional funding to be provided by the DfE.

In developing the plan, the Council has demonstrated that services and practices in respect of SEND will be transformed and this has been linked to the delivery of savings over the agreed period. A significant driver for the deficit is the relatively high number of out of borough placements for SEN/High Needs. As well as revenue funding, capital funding has been provided to help support the Council in developing more in-borough capacity.

### **The proposal**

In accepting the funding, the Council has had to sign a detailed agreement with the DfE, details of which are set out below. The purpose of this is to ensure there is clarity on the basis on which the funding has been made and to be clear about the outcomes. This is key as it will form the basis on which the Council will be assessed going forward.

#### **Dedicated Schools Grant 'Safety Valve' Agreement: Bury Local Authority**

1. This agreement is between the Department for Education and Bury Local Authority. It covers the financial years from 2020-21 to 2024-25.
2. The authority undertakes to reach a positive in-year balance on its Dedicated Schools Grant (DSG) account by the end of 2022-23 and in each subsequent year. The authority undertakes to control and reduce the cumulative deficit as follows:

<b>Year</b>	<b>Maximum DSG Deficit Profile at year end £m</b>
2020-21	25.5
2021-22	25.6
2022-23	25.0
2023-24	21.9
2024-25	16.0

3. The authority agrees to implement the action plan that it has set out. This

includes action to:

- i. Strengthen their Special Educational Needs assessment and placements process
- ii. including clarifying assessment thresholds for Education Health and Care Plans
- iii. (EHCP) by March 2022. This should include reviewing transition arrangements for children and young people throughout 2021-22
- iv. Ensure robust planning for future provision, including reducing the use of independent school placements by increasing the availability and suitability of local provision within Bury. This should include developing a model for forecasting future needs by March 2022.
- v. Improve quality and timeliness of management information to enable evaluation of impact of central services.
- vi. Support and drive schools in Bury to meet a higher level of need in a more cost-effective way within mainstream settings, while maintaining the quality of provision. Develop a culture in which demand is more effectively managed throughout the authority.

Remodel financial practice to ensure accurate contributions from appropriate funding sources, by December 2021.

4. The authority also agrees to ongoing monitoring of its performance in fulfilling this agreement. The authority will:

- i. Report quarterly (as a minimum) in writing to the Department (Funding Policy Unit) on its progress towards implementing the plan as per the conditions set in paragraphs 2 and 3
- ii. Inform the Department (Funding Policy Unit) of any unforeseen difficulties or impacts of carrying out the agreement, or any significant risks to reaching the agreed financial position as soon as they arise
- iii. Meet with the Department in the last quarter of each financial year covered by this agreement to discuss progress, and update on detailed plans for the subsequent financial year
- iv. Meet with the Department at any other time when the Department deems it necessary to discuss progress towards the agreement.
- v. Provide the Department with relevant Schools Forum papers as soon as they are issued.

5. The Department agrees to pay to the authority an additional £6 million of DSG

before the end of the financial year 2020-21. In subsequent financial years, subject to compliance with the conditions set out in paragraphs 2 and 3, the Department will pay DSG sums as follows in addition to the authority's formulaic allocation: £4 million in 2021-22, £4 million in 2022-23, £3 million in 2023-24 and £3 million in 2024-25. This funding will be provided in instalments and subject to continued satisfactory progress. Subject to full compliance, Bury should therefore eliminate their cumulative deficit no later than 2024-25.

6. The Department will send a commission relating to capital plans to Bury in 2021-22. This commission will seek to understand the authority's future plans for capital investment in new school places for pupils with special educational needs (SEND) and for those requiring alternative provision (AP), focusing on projects which support wider deficit reduction aims. The Department will assess and review plans against set criteria which will be outlined in the commission. Subject to that assessment, the Department will consider making a capital contribution to these plans in 2021-22 as an adjustment to the local authority's High Needs Provision Capital Allocation (HNPCA).
7. This agreement is subject to review at any time, for example, because of the following events:
  - i. Higher or lower DSG formula funding levels for the authority in future financial years than those the authority has assumed
  - ii. Significant changes to national SEND policy, for example, as a result of the government SEND Review, which impact on elements of the plan
  - iii. Insufficient progress being made towards the authority reaching and sustaining an in-year balance on its DSG account as set out in the plan
  - iv. Whether Bury is awarded additional capital funding support following the capital plan commissioning process.

The review process will include an assessment of the impact of the change in circumstances.

## **Implementing the Project Plan**

As part of the process, the Council has developed a project plan that has been approved by the DfE. To make the impact that is needed, it is essential that the Council starts the process that has been agreed.

Within the funding made available, C£1m has been provided to support additional resources including SEN, systems, finance, data, and project management. To this end, Ameo has been retained to support Phase 1 of the programme and temporary resources for finance etc. are being sought. At the same time, a process is to

commence to create the longer-term requirements and these will be taken forward through the Council's established processes for recruitment etc.

The agreement has just been announced and it is proposed that a report be taken to the next meeting of the CYP Scrutiny Panel, where more detail will be provided on governance, outcomes, progress, consultation, reporting and performance management frameworks.

---

## **Community impact/links with Community Strategy**

---

### **Equality Impact and considerations:**

*Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:*

*A public authority must, in the exercise of its functions, have due regard to the need to -*

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;*
- (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;*
- (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.*

*The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services.*

<b>Equality Analysis</b>	<i>Please provide a written explanation of the outcome(s) of either conducting an initial or full EA.</i>
	<p>The Children and Families Act 2014 brought in new legislation and systems for supporting children and young people 0-25 years with special educational needs (SEN) and disabilities. The SEND Code of Practice provides statutory guidance which sets out how local authorities and other services are expected to work and support children and young people with SEN.</p> <p>The DSG Recovery plan will support the local authority to continue to meet its statutory functions as set out in the SEND Code of Practice and to improve and develop new and existing systems and processes. This will impact positively on children and people with SEND and their families – it is an opportunity to improve co-production with parents and young people, decision making, transparency and equity of service delivery. Children and young people's needs will be identified at an earlier stage and support pathways will be improved. The SEN service will be integrated more effectively with multi agency partners, ensuring that the holistic needs of children and young people with SEND are met. The school system will be enhanced to increase the range and type of local provision to better meet the diversity of needs and address inequalities in provision.</p>

*\*Please note: Approval of a cabinet report is paused when the 'Equality/Diversity implications' section is left blank and approval will only be considered when this section is completed.*

---

**Assessment of Risk:**

The following risks apply to the decision:

Risk / opportunity	Mitigation
Opportunity to improve services to the public	The Project has been made a priority corporately and across the partnership (Bury 2030, The Corporate Plan, The Children's Strategic Partnership Priorities, Schools Forum)
Opportunity to improve the local offer to CYP with SEND	
Opportunity to improve the partnership responsiveness to meeting the needs of CYP earlier and more effectively	The Project is supported by refreshed governance via the newly established CYP Scrutiny Panel
Risk of lack of capacity to mobilise the recovery plan due to complex council governance, systems and processes	The Project is supported by external expertise and programme management provided by Ameo
Reputational risk of not meeting deadlines and expectations in respect of improvements and deficit recovery	

---

Consultation: Relevant stakeholders were consulted in the scoping stage of the safety valve project. Consultation on the recovery plan will be factored into the programme plan. An initial meeting with Bury2gether has been arranged. Consultation will be ongoing with stakeholders and will be monitored via governance structures

---

**Legal Implications:**

*There are no legal implications arising from this report.*

---

**Financial Implications:**

The financial implications are set out in the report,

---

**Report Author and Contact Details:**

**Steven Goodwin, Head of Strategic Business and Finance**

[s.goodwin@bury.gov.uk](mailto:s.goodwin@bury.gov.uk)

---

**Background papers:**

Any further information is available upon request from Steven Goodwin

**Please include a glossary of terms, abbreviations and acronyms used in this report.**

<b>Term</b>	<b>Meaning</b>
DSG	Dedicated Schools Grant
DfE	Department for Education
SEND	Special Educational Needs