

Appendix 1

Budget Working Group 4th October 2024 – High Needs Position/DSG Management Plan

Agenda

- 1. High Needs Dedicated Schools Grant (DSG)
Position Statement/DSG Deficit Management Plan
(Finance)**

Agenda Item 1:

A) High Needs Dedicated Schools Grant (DSG) Position Statement/ DSG Deficit Management Plan

Overspend of £5.1 million at 2023/24 year end

Key Pressures:

- Out-county schools £2.3m
- Post-16 top-ups £0.5m
- Mainstream top-ups £0.3m
- SEN Protection scheme £0.4m
- Special school top-ups £0.7m
- School top-ups £0.8m
- EY SEND grants £0.2m

High Needs Budget 2024-25

- Approved Schools Forum 12 April 2024 - acknowledged the High Needs pressures and set a deficit budget of £6.6million
- Pressures on independent school places indicate deficit will be higher.
- Detailed forecasting data is in place.
- **The council's external auditors have highlighted the DSG deficit as a risk to the council's financial sustainability and have recommended close working with schools to manage expenditure.**

High Needs Deficit

- Cumulative DSG Deficit
 - At end of 2023/24 **£6.1 million**
 - **Based on latest 2024/25 forecasts this could increase to £13.7 million**
- DSG Deficit is an un-useable reserve on the Council's Balance sheet – this enables all local authorities to ring fence DSG Deficits from the overall financial position in the statutory accounts until March 2026
- **The deficit will have an impact on the council's overall financial position once the override periods ends**

B) DSG Deficit Management Plan:

- The DSG Management tool has been released by the ESFA for completion by all Local Authorities. The Council meet annually with the ESFA to discuss our plan.
- The DSG Management tool identifies the drivers behind the current DSG deficit and forecasts this deficit through to subsequent years (up to 2031). Strategies to mitigate deficit increase and cost pressures (which will increase deficit) are included.
- Strategies that we have put in place so far to mitigate DSG spend, to name a few, are nurture hubs, autism resource bases, Widemarsh, and National Star. These are strategies that will continue in future years.

DSG Deficit Management Plan (continued):

- Strategies that are built into future planning are the addition of a Herefordshire free special school, repurposing of current premises, both with the aim of reducing independent school places (and hence reducing cost).
- The numbers are still being finalised by finance/the service and a summarised view will be presented to the Budget Work Group/ Schools forum on completion.

High Needs 2024-25 – considerations

Some views and actions required from the BWG:

1. What further strategies/ideas can we work together on to manage spend and contain/mitigate the growing deficit?
2. Local Government Auditor's Annual Report 2023/24 mentions:

“In order to reduce the forecast DSG deficit, the Council needs to work with schools and other stakeholders and partners to ensure that expenditure is reduced.”

How are we encouraging cost saving actions from the schools?

3. We have an Internal Audit review/self assessment of schools coming up to identify areas where financial controls could be strengthened – would this be helpful to schools?