

Somerset Council
Scrutiny Committee
Children’s & Families Scrutiny Committee – 10th February
2025



Dedicated Schools Grant (DSG) & Deficit Management Plan (DMP)

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1. Summary

1.1. The Dedicated Schools Grant (DSG) Deficit Management Plan (DMP) is a plan required by the Department of Education due to the ongoing scale of the High Needs deficit in Somerset. The original plan was submitted to auditors and the DfE, and reported to Children and Families Scrutiny, in March 2024.

1.2. While progress against the actions in the plan has been good, the mitigations in the plan, which were agreed with the DfE, have not changed the trajectory of cost escalation. This is a pattern consistent with other local authorities. In order to protect Somerset’s financial position, a new DMP is being drafted with the support of PeopleToo, a specialist consultancy in this field, who are providing expertise to cost and model the new, more stretching objectives of the forward plan.

2. Issues for consideration / Recommendations

2.1. Children and Families Scrutiny is recommended to:

- Take note of the financial pressures and the scale of the cost escalation
- Scrutinise the progress made to completing the actions in the current DMP
- Commit to reviewing the revised DMP once completed

3. Background

3. The DSG is a ring-fenced grant and must be deployed in accordance with the conditions of grant and the latest school and Early Years Finance (England) Regulations. Detailed guidance for each block is contained within various operational

documents issued by the Education Funding & Skills Agency (EFSA). The allocation provided to Somerset for the High Needs element of expenditure has been insufficient to meet statutory obligations for successive years with a resultant forecast deficit for the DSG as a whole for 2024/25 of £66.678m.

Table 1: DSG Allocations Comparison

Block	24/25	25/26	Increase/ Decrease)	
	£m	£m	£m	%
Schools Block	391.127	416.882	25.755	6.6%
Central Schools Services Block	4.604	4.472	- 0.132	-2.9%
High Needs Block	87.400	94.860	7.460	8.5%
Early Years Block	50.211	73.698	23.487	46.8%
Total	533.342	589.912	56.570	10.6%

Note: allocations above are before deductions and recoupment

4. Consultations undertaken

- 4.1.** The programme of work that supports the DMP has been extensively consulted on with schools and parent carers. An informal programme of consultation with schools, settings and parent/carers on priorities for change took place in April 2024. A formal consultation on funding option and a new model of provision was launched in September 2024 for six weeks.

5. Background papers

- 5.1.** Slide pack included with more detail in relation to this item.