

Item 8 Dedicated Schools Grant Management Plan

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Brief Summary

This report provides information on the development of the Dedicated Schools Grant Management Plan.

Recommendation

The Working Group is asked to:

- a) Note the progress on the DSG Management Plan.
- b) Provide views on the current plans to reduce the DSG deficit.
- c) Express how Schools Forum would prefer to engage with the developments of the DSP Management Plan.

Purpose

The purpose of this paper is to inform the Schools Forum of the development of the Dedicated Schools Grant (DSG) Management Plan. The DSG Management Plan sets out the plan and the anticipated impact required to reduce the deficit and achieve a sustainable DSG position, as required under DSG grant conditions. Local authorities with a DSG deficit must provide the Department for Education (DfE) with a credible plan demonstrating how the deficit will be managed.

The Government has confirmed that it will assume responsibility for SEND funding from March 2028, alongside clearing 90% of deficits accumulated up to March 2026. However, Lancashire must ensure that robust plans remain in place to manage the residual deficit as DfE support will depend on evidencing a clear plan with strong governance and measurable impact.

Background

Lancashire County Council (LCC) commissioned CIPFA to produce an indicative forecast of DSG expenditure. The forecasts provide both an unmitigated and a mitigated forecast that incorporates seven existing plans:

- **Inclusion Hubs:** strengthen inclusion and reduce permanent exclusions
- **SEMH Outreach:** targeted outreach and reintegration support.
- **Specialist Teaching Service Transition Support:** help children remain in mainstream at key transitions points.



- **Specialist Teaching Service Focused Support:** strengthening ordinarily available provision
- **Sensory Support:** aligning provision with NATSIP guidance
- **Capital Plan:** delivering over 600 additional specialist places through new schools, expansions and SEND units
- **New Banding Framework:** applying a revised banding model to all new Education, Health and Care (EHC) plans and a phased transition for existing plans

Initial modelling did not show a significant difference between the mitigated and unmitigated position to the deficit, indicating more work was needed to manage the deficit position. This first phase of work incorporated existing plans into the financial model without evaluating their assumptions, scale or effectiveness. Consequently, LCC has commissioned further work to develop a comprehensive DSG Management Plan that will review current plans and identify additional opportunities to reduce the deficit.

Scope and Approach

This next phase of work extends beyond financial modelling, focusing on plans to strengthen inclusion, improving responsiveness to children and young people with SEND and ensuring EHC processes are timely, proportionate and sustainable. CIPFA with support from colleagues in Peopletoo, have been engaging with the SEND and Inclusion service, reviewing the SEND strategy, existing plans, pathways and drivers of DSG expenditure to understand the pressure and existing plans to reduce the DSG deficit. The work will also seek to identify any potential areas for further opportunities to reduce the deficit.

Engagement with the High Needs Block Working Group on 3 March provided an opportunity to gather views on current plans and surface any areas of demand or pressure not yet visible through data alone. A survey has also been issued to all educational institutions, including early years and Post-16, via the weekly bulletin and will remain open until the end of March. Further engagement is being arranged with parents and carers, health partners and the LCC children and young people's participation team.

Alignment with National SEND Reforms

The DSG Management Plan and programme documentation will form the baseline required by the DfE to demonstrate how Lancashire intends to deliver a sustainable position. Increasing inclusion and earlier identification remain core principles aligned with national reform. Forecasting and modelling will consider the impact of the reforms set out in Every Child Achieving and Thriving (White Paper) and will remain flexible to accommodate future policy decisions.

Next Steps and Timeline

By the end of April, the following outputs will be delivered:

- DSG Management Plan aligned with national reforms and DfE expectations
- DSG Management Plan delivery programme and associated documentation
- Demand Data and High Needs Block forecasting tool

The DSG Management Plan will be maintained as a live document, updated regularly to reflect emerging data and developments. Schools Forum is a key partner



in helping to shape priorities and understanding the impact on schools, continued engagement with the Schools Forum is required beyond the April completion of this work.

Recommendations

Schools Forum is asked to:

- Note the progress in developing the DSG Management Plan
- Provide reflections on current plans to reduce the deficit, including pressure points and areas requiring different or additional action
- Identify how Schools Forum would prefer to engage with the development of the DSG management plan as it progresses over the coming months.

