

OPEN

Audit and Governance Committee

30 May 2024

Update on the Governance arrangements of the Dedicated Schools Grant Management Plan 2024/25 to 2030/31

**Report of: Deborah Woodcock - Executive Director of Children's
Services**

Report Reference No: AG/07/24-25

Purpose of Report

- 1 Following approval of the Designated Schools Grant (DSG) Management Plan 2024/25 to 2030/31 by the Children and Families Committee on the 29 April 2024, members of the Audit and Governance Committee are asked to note the governance arrangements, risk and internal controls where the DSG management plan will be reported to and monitored.
- 2 This report will describe the governance arrangements and set out the monthly reporting arrangements to provide assurance to Audit and Governance Committee that the actions undertaken as part of the DSG Management Plan are having a positive impact on children, young people and families in Cheshire East, balanced with an update of the authority's financial position in line with achieving a balanced budget by 2031.

Executive Summary

- 3 The governance arrangements for a strategic DSG Management Plan panel have been established, to track and monitor progress against the strategy workstreams, implementation of the 9 PIDs and the financial impact on the DSG budget. The governance and scrutiny will take place via a DSG Management plan panel chaired by the Chief Executive with member representation, including cross party members from Children and Families Committee and Scrutiny and Finance committees. Reporting and scrutiny will be from Children and Families Committee monthly.

RECOMMENDATIONS

The Audit and Governance Committee is recommended to:

1. Note that this briefing report outlines the progress of the DSG management plan based on the outturn financial DSG high needs position.
2. Note that monthly reports will be provided to the children and families committee to provide a breakdown on progress of the DSG management plan based on the agreed mitigated outcomes of the Plan from April 2024 onwards.
3. Note the monthly reporting schedule for the children and families committee to scrutinise progress against the plan.

Background

Cheshire East Revised DSG Management Plan

- 4 The DSG Management Plan 2024/25 to 2030/31 approved at children and families committee on 29 April 2024 outlined an unmitigated and a mitigated financial position.
- 5 The unmitigated financial forecast considered the local authority's High Needs deficit if no action is taken. The mitigated financial forecast included carefully considered interventions. Cumulative mitigations are forecast to amount to £916 million.
- 6 The unmitigated forecast position for 2030-31 shows total expenditure of £340.4 million against an expected grant of £68.6 million, resulting in an in-year deficit of £271.8 million and a total deficit reserve position of £1.2 billion.
- 7 The mitigated forecast position for 2030-31 shows total expenditure of £70.2 million against an expected grant and school block transfer of £70.7 million, resulting in an in-year surplus of £0.6 million and a total deficit position of £284.8 million.

Mitigations

- 8 Since the development of the new DSG Management Plan 2024/25 to 2030/31 a determined focus has been on the strategic aim of the RIGHT TIME, RIGHT SUPPORT, RIGHT PLACE, to enable us improve outcomes for our children and families.
- 9 Our vision for children and young people with special educational needs and disabilities (SEND) is the same as for all children and young people

- that they achieve well in all aspects of their lives and are happy, fulfilled and play an active role in their communities. For children and young people and their parents and carers, this means that their experiences will be of a system which is supportive of everyone and we ensure our resources and energy are applied efficiently. Their special educational needs and disabilities will be picked up at the earliest point with support routinely put in place quickly, and their parents and carers will know what services they can reasonably expect to be provided. Children and young people and their parents and carers will be fully involved in decisions about their support and what they want to achieve.

- 10 The DSG management plan 2024/25 to 2030/31 has been developed collaboratively across the partnership with our key stakeholders in developing a set of mitigations that will improve the lives of our children with SEND in Cheshire East. By listening and working in collaboration with our children, young people, parents, carers, early years' providers, schools and colleges, health and social care professionals who are best placed to know what is needed and what works well, the mitigations will support us to deliver on the areas identified in our SEND strategy.

The High Needs Budget and Expenditure

- 11 The authority's DSG high needs forecast cumulative deficit position in October 2023 was £89.6M.
- 12 Since September 2023 the partnership has been working together to embed the SEND Strategy and implement mitigations from the DSG plan and our Improvement plan.

Governance arrangements

- 13 A strategic DSG Management board has been reconfigured. Previously it was established to provide governance and steering throughout the Delivering Better Value (DBV) programme and governance of the DSG Management Plan. A new board has been reconfigured and strengthened with new Members of this board which will include the Executive Director of Children's Services and S151 Officer. This panel is being expanded to be a key transformation panel. The Chief Executive will chair this panel and there will be member representation, including cross party members from Children and Families Committee and Scrutiny and Finance committees.
- 14 The SEND strategy workstreams will drive the implementation of the 9 PIDs and will form part of our monitoring process which will report to the Strategic SEND transformation and oversight panel.

- 15 Terms of reference for this group are being developed and will be shared with the Children and Families committee on the 3rd of June.
- 16 We have continued to update schools and settings on progress and deliver key updates as part of on-going network meetings, such as Schools Forum, head teacher network sessions both primary and secondary, SEND conferences and governor forums.
- 17 The SEND Partnership will ensure partners are aware of the issues and part of the design of any solutions.
- 18 A detailed data performance suite is being developed to track and monitor progress against the strategy workstreams and implementation of the 9 PIDs.
- 19 Committee agreed monthly meetings to scrutinise the progress of reports outlining key areas of progress against the plan. To enable this to happen it is agreed that a progress report of our SEND transformation plan and data will be a standardised agenda item and a report will be at each C&F committee. It is then proposed that during the month without a committee a team's briefing will be scheduled to share the months update. A copy of the report will also be placed on the members hub.
- 20 The new reporting data suite is being developed and we aim to have a final version agreed and in place by September. Over the next few months, we will work with members of the children and families committee within the team briefings to refine a report and data set to ensure the validity and integrity of the data and provide members with sufficient data to scrutinise our progress.

Monitoring Officer/Legal

- 21 Under the Local Government Finance Act 1993, the council has a statutory duty to use resources efficiently and effectively against priorities and to achieve a balanced budget. S28 (budget monitoring: general) of the Local Government Act 2003 requires the Council to review its calculations from time to time during the year and to take such action, if any, as it considers necessary to deal with any deterioration in its financial position.
- 22 The Dedicated Schools Grant (DSG) is paid to the Council by the Secretary of State under the Education Act 2002. S14 (power of Secretary of State to give financial assistance for purposes related to education or children etc.). It is a specific ring-fenced grant given outside the local government finance settlement. The terms of the grant require it to be used to support schools budgets for purposes defined in regulation 6 and schedule 2 of The Schools and Early Years Finance (England) Regulations 2022. Local authorities are responsible for

determining the split of the grant between central expenditure and the individual schools budget (ISB) in conjunction with local schools forums. Local authorities are responsible for allocating the ISB to individual schools in accordance with the local schools' funding formula.

- 23 The Education and Skills Funding Agency Guidance on DSG: Conditions of grant 2023-24 require any local authority with an overall deficit on its DSG account to present a Plan to the DfE for managing their future DSG spend and to keep the schools forum regularly updated about the authority's DSG account and plans for handling it including high needs pressures and potential savings.

Section 151 Officer/Finance

- 24 The DSG management plan forecasts an unmitigated cumulative DSG deficit of £1.2 billion by the end of 2023/31, reducing to £285 million if implemented successfully.
- 25 Both the current and forecast deficit balances are creating financial pressures and are unaffordable for the council. Therefore, support from the DfE through the Safety Valve program, or support through other avenues, is essential to avoid the need to issue a S114 notice in the future.
- 26 As detailed in the Cheshire East MTFs the council is experiencing financial challenges at a scale that it has not faced before. This makes delivery of the DSG Management Plan imperative as the council is not in a position to be able to fund DSG pressures.
- 27 The council has applied for Exceptional Financial Support (EFS) to the Secretary of State for Levelling Up. This application includes a request to be able to capitalise the estimated cost of interest on the DSG deficit for years 2023/24 and 2024/25, estimated to be £9 million.
- 28 This request has been approved in principle and if supported it will remove the cost of interest for these two years from the revenue costs and allow us to spread the cost over a longer timeframe. However, this does not address the ongoing cumulative deficit, or the interest costs which will continue to be a pressure in year 2025/26 and onwards linked to the deficit.

Policy

- 29 Local authorities are under a duty to ensure sufficiency of school places in their area (section 14 of the Education Act 1996).

30 The SEND Code of Practice (January 2015) provides statutory guidance on duties, policies and procedures relating to Part 3 of the Children and Families Act 2014 and associated regulations and applies to England.

31 The DfE issued the “SEND Review: Right support, right place, right time” - a SEND and AP green paper which is a consultation on the future of SEND services. The SEND Partnership response is in support of the proposals and promptly making those legal requirements will support the council in delivery of the necessary changes.

32 Following the green paper consultation in March 2023 DfE published their SEND and alternative provision improvement plan which sets out their plans to change the special educational needs and disabilities (SEND) and alternative provision system in England. The partnership will ensure we keep up to date with the DfE roadmap and change programme as this is progressed nationally.

<https://www.gov.uk/government/publications/send-and-alternative-provision-improvement-plan/send-and-alternative-provision-roadmap>

33 The statutory duties include:

- the need to undertake a needs assessment where a child may have additional needs,
- to issue an education, health and care plan within 20 weeks where assessment provides evidence this is required to meet the assessed needs.
- the local authority must then secure an appropriate school place and must consult with parental preference.

Equality, Diversity and Inclusion

34 An Equality Inclusion Assessment has been completed previously for the DSG Management Plan; this is available on the website.

35 The SEND Code of Practice looks to ensure the assessed additional needs of children with special education needs are provided for, to enable them to reach agreed outcomes.

Human Resources

36 Additional budget of £500,000 has been secured via the MTFs to provide transformation support for the implementation of the plan.

Risk Management

- 37 An impact on the council's base budget (council tax, national non-domestic rates and general grants) as a contribution may be required to manage the high needs pressures or DSG deficit reserve balance.
- 38 There are insufficient capital resources and / or capacity to deliver the additional changes needed to provide more places in the borough. This is a particular challenge if trying to bring the mitigations forward.
- 39 Service levels reduce as funding is not sufficient and future Ofsted inspections raise issues which damage reputation and result in the council being required to produce a "written statement of action" to remedy failings.
- 40 The council continues to make payments to settings, but it is not able to fund them from the overall resources it has available.
- 41 The DSG Management Plan is based on a series of assumptions over EHCP numbers and average costs. These are subject to change and this risk will be mitigated through regular reviews of the plan.

Rural Communities

- 42 There are no direct implications for rural communities.

Children and Young People including Cared for Children, care leavers and Children with special educational needs and disabilities (SEND)

- 43 The council has approved its Children's Vision which contains a priority around children with additional needs.
- 44 The SEND Partnership Strategy sets out the Partnership vision for meeting the needs of children and young people with SEND. This strategy was refreshed to include the DBV opportunities and mitigations within the DSG Management Plan in 2023.

Public Health

- 45 There are no direct implications for public health.

Climate Change

- 46 Many pupils are educated out of borough at high costs and with long travel journeys.
- 47 Where possible systems that save on energy consumption will be considered, particularly for electricity.

- 48 Any internal works required to update buildings to make them fit for purpose will include a comprehensive review of the impact on climate factors.
- 49 Any significant changes that may take place will require full compliance with the latest building regulations relating to such factors as insulation/heat loss and energy efficiencies. Such factors will be key considerations as the scheme is developed through to full handover.

Access to Information	
Contact Officer:	<p>Claire Williamson</p> <p>Director of Strong Start, Family Help and Integration and SEND</p> <p>Claire.williamson@cheshireeast.gov.uk</p>
Appendices:	<p>There is one appendix in this report:</p> <p>Appendix 1 – EHCP provision.</p>
Background Papers:	<p>Revised Dedicated Schools grant Management Plan 2024/25 to 2030/31 following the Department of Education Safety Valve Intervention Programme</p> <p>DSG Management Plan 2022-23 – C&F Committee September 2022 - Decision report template (cheshireeast.gov.uk)</p> <p>DSG Management Pan 2023-2024 – C&F Committee September 2023 - CEC Report Template (cheshireeast.gov.uk)</p> <p>Delivering Better Value Update C&F Committee March 2023 - Decision report template (cheshireeast.gov.uk)</p> <p>SEND & AP Green Paper - SEND and alternative provision improvement plan - GOV.UK (www.gov.uk)</p> <p>Children and Families Committee 18 September 2023:</p>

- SEND Strategy [2. SEND Strategy.pdf \(cheshireeast.gov.uk\)](#)
- SEND Sufficiency Statement [CEC Report Template \(cheshireeast.gov.uk\)](#)
- Capital Programme [CEC Report Template \(cheshireeast.gov.uk\)](#)

This link provides information on Safety Valve agreements with other local authorities - [Dedicated schools grant: very high deficit intervention - GOV.UK \(www.gov.uk\)](#)

Appendix 1

Table 1 - All EHC Plans in each type of setting including annual increase/decrease.

All EHCPS by provision type	Jan-22	EHCP Increase	% Increase	Jan-23	EHCP Increase	% Increase	Jan-24	EHCP Increase	% Increase
Mainstream schools inc. Nursery/Private, Voluntary and Independent (PVI)	1,830	261	17%	2,084	254	14%	2,368	284	14%
Resource Provision	88	-6	-6%	132	44	50%	148	16	12%
Special Schools	706	44	7%	778	72	10%	817	39	5%
NMSS/ISS/SPIs	337	78	30%	545	208	62%	613	68	12%
Alternative Provision (AP) and Pupil Referral Unit (PRU)	11	2	225	19	8	73%	19	0	0%
FE college & sixth form	440	99	29%	471	31	7%	611	140	30%
Total	3,412	478	16%	4,029	617	18%	4,576	547	13.6%

Table 2 - EHC plans in by setting type.

All EHCPS by provision type	Jan-22	Proportion of EHCPs in Provision Type	Jan-23	Proportion of EHCPs in Provision Type	Jan-24	Proportion of EHCPs in Provision Type
Mainstream schools inc. Nursery/Private, Voluntary and Independent (PVI)	1,830	54%	2,084	52%	2,368	52%
Resource Provision	88	3%	132	3%	148	3%
Special Schools	706	21%	778	19%	817	18%
NMSS/ISS/SPIs	337	10%	545	14%	613	13%
Alternative Provision (AP) and Pupil Referral Unit (PRU)	11	0%	19	0%	19	0%
FE college & sixth form	440	13%	471	12%	611	13%
Total	3,412	100%	4,029	100%	4,576	100%

Table 3 - EHC plans by age range.

All EHCPS by Age range	Jan-22	% Increase	Proportion of new plans 2022	Jan-23	% Increase	Proportion of new plans 2022	Jan-24	% Increase	Proportion of new plans 2022
Under 5 years old	201	25%	6%	257	9%	6%	275	7%	6%
Aged 5 to 10	1211	19%	35%	1408	32%	35%	1580	12%	35%
Aged 11 to 15	1278	14%	37%	1513	38%	38%	1730	14%	38%
Aged 16 to 19	636	16%	19%	752	19%	19%	866	15%	19%
Aged 20 to 25	86	4%	3%	99	2%	2%	125	26%	3%
Total	3,412	16%	100%	4,029	18%	100%	4,576	13.6%	100%

Table 1 - Growth of EHC plans and proportions by setting type.

EHCPs by Provision Type	% Growth from last year						Proportion of total EHCP in provision types					
	Actual 2022-23	Forecast 2023-24	CE Actual 2023-24	Trend	National	Forecast 2024-25	Actual 2022-23	Forecast 2023-24	CE Actual 2023-24	Trend	National	Forecast 2024-25
Mainstream schools inc. Nursery/Private, Voluntary and Independent (PVI)	14%	18%	14%	↓		8%	52%	52%	52%	↔	48%	51%
Resource Provision	50%	18%	12%	↓		10%	3%	3%	3%	↔	3%	3%
Special Schools	10%	6%	5%	↓		11%	19%	17%	18%	↑	28%	18%
NMSS/ISS/SPIs	62%	39%	12%	↓		8%	14%	16%	13%	↓	7%	16%
Alternative Provision (AP) and Pupil Referral Unit (PRU)	73%	0%	0%	↔		0%	0%	0%	0%	↔	1%	0%
FE college & sixth form	7%	18%	30%	↑		6%	12%	12%	13%	↑	13%	11%
Total	18%	19%	14%	↓	9%	8%	100%	100%	100%		100%	100%

Table 2 - New EHC plans issued in the year by setting type.

New EHCPs Issued	Jan-22	% Increase 2022	Proportion of new plans 2022	Jan-23	% Increase 2023	Proportion of new plans 2023	Jan-24	% Increase 2024	Proportion of new plans 2024
Mainstream schools inc. Nursery/PVI	578	3%	88%	602	4%	81%	628	4%	88%
RP	8	100%	1%	24	200%	3%	9	-63%	1%
LA Special	30	11%	5%	42	40%	6%	24	-43%	3%
Special Independent schools + SPIs and NMSS (pre & post 16)	15	-35%	2%	47	213%	6%	19	-60%	3%
AP/Pupil Referral Unit (PRU)	7	75%	1%	10	43%	1%	9	-10%	1%
FE/Post 16	16	-24%	2%	17	6%	2%	26	53%	4%
Total	654	2%	100%	742	13.50%	100%	715	-3.64%	100%

Table 3 - Growth of new EHC plans issued in the year by age-range.

NEW/FIRST PLANS by age range	Jan-22	% Increase 2022	Proportion of new plans 2022	Jan-23	% Increase 2023	Proportion of new plans 2023	Jan-24	% Increase 2024	Proportion of new plans 2024
Under 5 years old	154	33%	24%	200	30%	27%	196	-2%	27%
Aged 5 to 10	266	-4%	41%	297	12%	40%	287	-3%	40%
Aged 11 to 15	211	-1%	32%	218	3%	29%	198	-9%	28%
Aged 16 to 19	22	-35%	3%	27	23%	4%	31	15%	4%
Aged 20 to 25	1	0%	0%	0	-100%	0%	3	0%	0%
Total	654	2%	100%	742	13.46%	100%	715	-3.64%	100%