

June 2024

**Update on the progress of the key areas
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: CF/18/24-25

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 approved an additional recommendation that they see and scrutinise monthly reports outlining key areas of progress against the Plan.
- 2 The report outlines progress against the DSG management plan based on the outturn financial position 2023-24 and the relevant performance data of the January 2024 SEN2 DfE return, compared to the previous two years and acts as a baseline as we move into regular monthly reporting. Progress is underpinned by the mitigated activity stipulated in the DSG management plan.
 - (a) Expenditure of the high needs budget.
 - (b) Proportions of EHC plans and SEN support levels.
 - (c) Proportions of EHC plans in different types of provision.
- 3 This report sets out a proposal for the governance and monthly reporting arrangements to provide assurance to members that the actions undertaken as part of the SEND executive oversight panel 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

- 4 The authority's outturn position for the financial year 2023-24 outlines a reduced deficit position of the DSG high needs budget of £79.5M

compared to the forecast deficit of £89.6M resulting in a reduction of £10.1M. This is a significant achievement and a key milestone in the journey to achieving a balanced budget by 2030/31.

- 5 Expanding specialist provision within the LA appropriately to meet the needs of children and young people within the authority is a key objective within the plan. A Capital bid of £16.6M has been submitted to create more specialist provision and the DfE have now confirmed we have been successful in our bid. Details of our capital expansion will follow in a detailed paper to C&F committee in June 2024.

The Children and Families Committee is recommended to:

1. Scrutinise the key areas of progress outlined in this report regarding the DSG Management plan 2024/25 to 2030/31 to achieve a balanced budget by 2030-31.
2. Note that this briefing report outlines the progress of the DSG management plan based on the outturn financial DSG high needs position and includes the relevant performance data of the January 2024 SEN2 DfE return, compared to the previous two years.
3. Agree the monthly reporting schedule for committee to scrutinise progress against the plan.
4. Approve the draft terms of reference for the SEND executive oversight panel. (Appendix 1)

Background

Cheshire East Revised DSG Management Plan

- 6 The DSG Management Plan 2024/25 to 2030/31 approved at committee on 29 April 2024 outlines an unmitigated and a mitigated financial position.
- 7 The unmitigated financial forecast considers the local authority's High Needs deficit if no action is taken. The mitigated financial forecast includes carefully considered interventions. Cumulative mitigations are forecast to amount to £916 million.
- 8 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.

- 9 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

- 10 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.
- 11 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.
- 12 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.
- 13 The plan includes through transformation planning the following areas of mitigated activity:
- (a) Support mainstream schools to adopt inclusive practice to enable more children and young people to remain in mainstream settings where appropriate. Ensure the graduated response is consistently implemented across all settings to provide an equitable offer to children and young people in Cheshire East.
 - (b) Strengthen the SEN support offer available in mainstream schools to reduce escalation of children and young people's needs and manage demand for EHCPs. This should include targeted investment

on effective early intervention particularly on improving speech, language and communication needs in early years children to support good levels of development and better prepare them for transition in school.

(c) Strengthen the professional networks across mainstream settings to promote learning and confidence in meeting children and young people's needs, including articulating school level inclusion standards.

(d) Expand specialist provision within the LA appropriately in order to meet the needs of children and young people within the authority. This includes a Capital bid of £16.6M.

(e) Secure collaboration and financial commitment from partner agencies as part of co-commissioning arrangements, particularly for improving the outcomes of children and young people with complex needs ensuring partners contribute accordingly.

(f) Develop and implement a clear planning and decision-making process for placements, in line with the sufficiency strategy.

(g) Strengthen oversight and contracting with independent and non-maintained schools to ensure value for money, including reviewing approval routes of high-cost placements.

(h) Strengthen the EHCP annual review process in order that EHCPs can be stepped down where children and young people's needs have been met appropriately, celebrating success.

(i) Review and develop a clear SEND financial strategy that ensures case level decision making is strategic and appropriate.

The High Needs Budget and Expenditure

14 The authority's DSG high needs forecast cumulative deficit position in October 2023 was £89.6M.

15 The outturn position for the financial year 2023-24 was £79.5M deficit and a reduction of the forecasted position by £10.1 M.

16 Since September 2024 the partnership has been working together to embed the SEND Strategy and implement mitigations from the DSG plan and our Improvement plan. There is already clear evidence that the implementation of new ways of working is supporting an improved deficit position. A breakdown of key areas of savings for 2023-24 include:

- (a) £6.5M reduction in spend on external placements including independent special schools, non-maintained special schools and post 16 specialist institutes.
 - (b) £1.6M reduction in spend on top-up and place funding costs in mainstream schools and resourced provisions.
 - (c) £1.3M reduction in spend on SEN support services and other commissioned specialist provisions.
 - (d) £0.7M of additional DSG income
- 17 The reduced deficit position has been due to the successful implementation of the mitigated activity with a gear change and focus of activity since September as outlined in the DSG management plan.
- 18 Since September 2024 the partnership has been working together to embed the new SEND Strategy, implement mitigations from the DSG plan and work to our Improvement plan. There is already clear evidence that the implementation of new ways of working is supporting an improved deficit position. A breakdown of key areas of savings for 2023-24 include ;
- (a) An overall reduction to the rates of growth of EHC plans and an increase in children receiving support earlier at SEN support levels.
 - (b) Schools are being supported earlier by specialist professionals to improve their inclusive practice and graduated approach in meeting needs. The SEN support offer to schools has been strengthened through the delivery of specialist training aimed at upskilling school staff and ensuring the SEN toolkit is used effectively.
 - (c) An outreach programme has been developed with the LA and leaders and key staff from the special schools to support mainstream schools. Support, advice guidance, peer-to-peer support is being delivered by skilled practitioners from local special schools directly into mainstream schools to support best practice and support directly to children in these settings.
 - (d) Clearer and more robust decision-making processes are now embedded in SEND panels. Those relate to the authority's statutory functions and responsibilities in agreeing EHC needs assessments, issuing EHC plans and ensuring children and young people are placed in suitable settings according to their needs.
 - (e) Advice provided by the educational psychology service (EPS), as part of statutory SEN needs assessments, better describes what is ordinarily available in schools. This ensures that the authority only

issues EHC plans where the provision described in the advice is beyond what a school can ordinarily offer.

(f) An overall reduction in spend and the proportions of children and young people attending expensive independent non-maintained specialist settings

(g) Decision-making processes regarding educational placements have improved and consider what is best value for money through the best use of resources. The drive on inclusion, the improved specialist support offer to schools and increasingly challenging schools on best practice, has reduced the numbers placed in very expensive independent non-maintained specialist settings.

(h) The reduction in spend for independent non-maintained specialist settings is a culmination of a) lower numbers of actual placements and b) more children attending Cheshire East special school provisions

(i) Strengthen the EHCP annual review process in order that EHCPs can be stepped down where children and young people's needs have been met appropriately, celebrating success.

(j) Reviewed and develop a clear SEND financial strategy that ensures case level decision making is strategic and appropriate.

Performance data

19 Each local authority is required to produce a statutory data set each year that we report into the DfE called the SEN2 return. Performance from the January 2024 SEN2 DfE return compared to the previous two years data set evidences that the mitigations in the DSG plan have started to be implemented across the service areas and are having a positive financial impact of the deficit position.

Performance data of the January 2024 SEN2 statutory return compared to the previous two years Data Set

Table 1 - Total EHC Plans maintained by Cheshire East

Total Numbers of EHCPs	Jan 2022	Jan 2023	Jan 2024
Total Numbers	3,412	4,029	4,576
% Annual Growth	16%	18%	13.6%
Trend compared to previous year	↑	↑	↓

- 20 The January 2024 SEN2 return to the DfE, demonstrate that there has been a decrease in rates of growth of EHC plans compared to the SEN2 return in January 2023 from 18% to 13.6% respectively.
- 21 The trend in the previous two years had shown an increase to the rates of growth of EHC plans so it is positive to see a reduction in 2024. Rates of growth nationally are even lower at 9%. There is still further work to be done to ensure children and young people are receiving the right levels of support as early as possible and are supported at SEND support levels without the need for all to escalation to EHC plans.

Table 2 - Rates of Growth of EHC Plans by Age Range Compared to Previous Years

Growth of EHCPs by Age Range	Jan 2022	Jan 2023	Jan 2024
Under 5 years old	25%	9%	7%
Aged 5 to 10 years (primary school)	19%	32%	12%
Aged 11 to 15 years (secondary school)	14%	38%	14%
Aged 16 to 19 years	16%	19%	15%
Aged 20 to 25 years	4%	2%	26%

- 22 For the periods described above there has been a significant decrease of the rates of growth of EHC plans in January 2024, particularly for primary and secondary school aged children and young people who account for 73% of the total EHC plans. The rates of growth for those age groups decreased from 32% to 12% and from 38% to 14% respectively compared to the previous year.
- 23 The biggest rate of increase in EHC plans was amongst young people aged between 20-25 years, from 2% to 26%. Although this seems a rapid rise it is not linked to the number of new plans being issued for this cohort, but linked to a larger volume of young people with existing plans reaching this age bracket in January 2024.
- 24 A contributory factor for the lower rates of growth of EHC plans in January 2024 is the fewer number of requests for statutory assessment for the same period, and the lower number of EHC plans agreed to be issued following assessment, in comparison to the previous year. There was a decrease of 3.64% to the volume of new EHC plans issued in Jan 2024 in comparison to the previous year.

25 Another reason relates to the proportions of children and young people receiving SEN support in settings (not through an EHC plan). This increased from 9.9% recorded in January 2023 to 11% in January 2024. This indicates that more children and young people are supported appropriately earlier through a graduated approach. However, proportionally SEN support levels across settings are still below the national average of 13%. The Authority will continue to support schools to improve their inclusive practice in partnership with specialist practitioners and services and support parents to feel confident in the support their children are receiving at SEND support.

Overview on Educational Placements

Table 3 - Proportion of Children and Young People with EHC plans Placed in Educational Settings

Proportion of EHCPs in Settings	Jan 2022	Jan 2023	Jan 2024
Mainstream (including nurseries)	54%	52%	52%
Special Schools	21%	19%	18%
Independent (special & mainstream)	10%	14%	13%
Resourced Provisions	3%	3%	3%
FE Colleges and Sixth Forms	13%	12%	13%

26 Mainstream schools continue to support the highest numbers of children and young people with EHC plans. Proportionally this equates to 52% of the entire cohort as recorded in both January 2023 and 2024. This is higher than the equivalent national average of 48%. The authority aims to further reduce the proportion of EHC plans in line with national rates and to increase the numbers receiving targeted SEN support which will gradually result in lower proportions of EHC plans in mainstream schools.

27 The proportions of children and young people placed in special schools (including specialist academies and free schools) is far lower at 18% compared with a national average of 28%. This has led to a much higher proportion of children and young people with complex needs placed in expensive independent non maintained specialist settings (INMSS) recorded at 13% in January 2024 compared to a national average of 7%.

- 28 Proportions of children and young people in resourced provisions and FE Colleges are in line with national averages.
- 29 In January 2024, there has been a rapid decline in the rates of growth of children and young people placed in independent special schools, non-maintained special schools and post 16 specialist institutes compared to the previous year due to growing our provisions and working with our existing special school provisions. Growth has dropped from 62% to 12% respectively.
- 30 Considering that the average annual cost per placement in independent special schools, non-maintained special schools and post 16 specialist institutes is approximately £64,000, this significant decrease in the rates of growth in those placements has contributed to the overall improved outturn position this year. Notwithstanding, Cheshire East has still nearly double the number of placements proportionally in those types of settings at 13% compared to the national average of 7%. Further work is required to ensure there is sufficient specialist provision available to children and young people locally and this will be part of capital expansion for SEND provision in Cheshire East. Confirmation has been received that we have been successful in our bid to secure capital funding from the DfE to create additional SEN capacity to meet the needs of the children and young people in the local area.
- 31 Additional breakdown of this data can be seen in Appendix 1 Performance data of the January 2024 SEN2 DfE return.
- 32 Given the improved financial forecasting relating to the mitigation actions it is proposed that a revised dedicated school's grant (DSG) high needs management plan will be developed based on the new forecast progress in 2023/24 and be presented to committee in November 2024.

Governance arrangements

- 33 A SEND executive 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, the SEND executive oversight panel has been reconfigured and strengthened with new members of the board which will include the Chief Executive, 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.

- 34 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.
- 35 The SEND Partnership will ensure partners are aware of the issues and part of the design of any solutions.
- 36 A detailed data performance suite is being developed to track and monitor progress against the strategy workstreams and implementation of the 9 PIDs.
- 37 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 proposed 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. The draft terms of reference are attached in Appendix 2.
- 38 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 it is proposed we will work with members 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

- 39 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.
- 40 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.

- 41 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.
- 42 This report provides an update as agreed at the last committee meeting to receive regular updates regarding the progress of this plan at least monthly via Microsoft Teams or in committee meetings. It is intended to provide members with ongoing oversight and assurance regarding the plan and actions associated with the DSG deficit.

Section 151 Officer/Finance

- 43 The proposed plan forecasts an unmitigated cumulative DSG deficit of £1.2 billion by the end of 2023/31, reducing to £285 million if the plan is approved and implemented successfully.
- 44 As detailed in the Accounting Override section of this report 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.
- 45 As detailed in the Cheshire East MTFs the council is experiencing financial challenges at a scale that it has not faced before. This makes the approval and delivery of the DSG Management Plan imperative as the council is not in a position to be able to fund DSG pressures.
- 46 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.
- 47 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

- 48 Local authorities are under a duty to ensure sufficiency of school places in their area (section 14 of the Education Act 1996).
- 49 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.
- 50 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.
- 51 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>

- 52 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

- 53 An Equality Inclusion Assessment has been completed previously for the DSG Management Plan, this is available on the website.
- 54 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

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

Risk Management

- 56 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.
- 57 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.
- 58 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.
- 59 The council continues to make payments to settings but it is not able to fund them from the overall resources it has available.
- 60 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

- 61 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)

- 62 The council has approved its Children's Vision which contains a priority around children with additional needs.
- 63 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

- 64 There are no direct implications for public health.

Climate Change

- 65 Many pupils are educated out of borough at high costs and with long travel journeys.
- 66 Where possible systems that save on energy consumption will be considered, particularly for electricity.
- 67 Any internal works required to update buildings to make them fit for purpose will include a comprehensive review of the impact on climate factors.
- 68 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:	Claire Williamson Director of Strong Start, Family Help and Integration and SEND Claire.williamson@cheshireeast.gov.uk
Appendices:	There are one appendices in this report.
Background Papers:	Revised Dedicated Schools grant Management Plan 2024/25 to 2030/31 following the Department of Education Safety Valve Intervention Programme 29 April 2024 (Public Pack) Agenda Document for Children and Families Committee, 29/04/2024 14:00 (cheshireeast.gov.uk) DSG Management Plan 2022-23 – C&F Committee September 2022 - Decision report template (cheshireeast.gov.uk)

DSG Management Pan 2023-2024 – C&F Committee
September 2023 - [CEC Report Template
\(cheshireeast.gov.uk\)](https://www.cheshireeast.gov.uk)

Delivering Better Value Update C&F Committee March
2023 - [Decision report template \(cheshireeast.gov.uk\)](https://www.cheshireeast.gov.uk)

SEND & AP Green Paper - [SEND and alternative
provision improvement plan - GOV.UK \(www.gov.uk\)](https://www.gov.uk)

Children and Families Committee 18 September 2023:

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

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

