

Children and Families Committee

Date of Meeting:	19 September 2022
Report Title:	Dedicated Schools Grant Management Plan 2022/23 to 2026/27
Report of:	Deborah Woodcock, Director of Children's Services
Report Reference No:	CF/17/22- 23
Ward(s) Affected:	All wards

1. Purpose of Report

- 1.1. To request approval of the updated Dedicated Schools Grant (DSG) Management Plan for the period 2022/23 to 2026/27 by Children and Families Committee.

2. Executive Summary

- 2.1. This report provides Children and Families Committee with an updated DSG Management Plan covering the five year period 2022/23 to 2026/27 and requests approval of the plan.
- 2.2. The plan will continue to be updated on an annual basis for a rolling period of 5 years, therefore Children & Families Committee will be updated annually.
- 2.3. There are four key messages in this report:
- As a result of a national high needs funding shortfall, where funding has not matched demand, the council's DSG reserve deficit will be 90% of the annual allocation at the end of 2022/23. This deficit is forecast to significantly increase in value over the medium term and it is not recoverable under current forecasts.

- The council is implementing a series of mitigations that are within current capacity levels to reduce the impact on the deficit as much as possible.
- The position is not sustainable and the deficit is being managed through a temporary accounting override (see para 6.23). The arrangements beyond March 2023 are not yet confirmed by the Department for Levelling Up, Housing and Communities (DLUHC).
- There are no current national arrangements for this deficit to be addressed, and use of local funding is not viable. The Council's General Reserves, to cover financial risks across all service areas, stood at only £12.5m at 31 March 2022.

2.4. The management plan concept was introduced by the DfE in 2020 as a mechanism to help councils present their DSG pressures. The first version of the plan was approved by Cheshire East Cabinet on 9 March 2021.

2.5. The overall strategy remains the same; to continue to increase local provision and enhance special educational needs and disabilities (SEND) support services to ensure needs are met in the most effective way.

2.6. The management plan is based on a series of assumptions relating to growth in demand, expected costs and the impact of mitigations. This allows medium term forecast expenditure and income level to be compared to establish the overall funding deficit. The plan assumes the deficit is carried forward each year into the next financial year and adds to the pressure.

2.7. For Cheshire East the DSG reserve deficit as of 31 March 2022 is £25.7m. The forecasts in this report demonstrate that, even with a significant amount of achievable mitigation factored in, the expected increase in demand and resulting costs is forecast to exceed the funding provided by the DfE. This is illustrated in the table below:

While mitigations make a significant difference, the DSG Deficit Reserve increases over the medium term and is not recoverable					
	2022/23	2023/24	2024/25	2025/26	2026/27
	£m	£m	£m	£m	£m
Un-mitigated DSG Deficit	53.0	90.3	138.9	199.6	272.8
Mitigated DSG Deficit	43.9	63.6	87.3	114.6	145.7
Difference	(9.1)	(26.6)	(51.6)	(85.0)	(127.0)

2.8. As shown the Cheshire East DSG reserve deficit will be at £145.7m by 31 March 2027 even with a realistic level of mitigations being achieved.

- 2.9.** The latest plan is set in the context of the SEND and AP Green Paper (2022) which outlines future changes to key processes and also the council joining the DfE's Delivering Better Value (DBV) programme in 2022. This is an assistance programme being rolled out to 55 local authorities with significant DSG reserve deficits. It aims to undertake a diagnostic phase leading to an agreed action plan. An approved management plan will provide a baseline for the outcomes of the DBV programme.
- 2.10.** The report considers some of the issues concerning sensitivity around the key assumptions and what else could be done to achieve a balanced budget.

3. Recommendations

- 3.1.** That Children and Families Committee:
- 3.1.1.** Approve the DSG Management Plan for 2022/23 to 2026/27.
- 3.1.2.** Note the need to pursue external capital funding and review the capital programme to identify additional projects within the DSG management plan as determined by the sufficiency statement.
- (The council will be updating its SEN sufficiency statement in autumn 2022. This will set out the additional provision needed over the next five years to further mitigate the overspend and require significant capital investment to deliver).
- 3.1.3.** To note that engagement has begun with the DfE's Delivering Better Value (DBV) programme.

4. Reasons for Recommendations

- 4.1.** In line with the issues being seen nationally, expenditure on pupils with SEND is increasing significantly as a result of higher demand and complexity.
- 4.2.** This increase exceeds the DfE's funding allocations and has led to the council's DSG reserve being in a deficit position of £25.7m as of 31 March 2022. The expectation is that the deficit will continue to increase and cannot be recovered in the medium term under current expenditure and income forecasts.
- 4.3.** The DfE management plan guidance advises that:
- "The DSG: conditions of grant 2022 to 2023 paragraph 5.2, requires that any local authority with an overall deficit on its DSG account at the end of the 2021 to 2022 financial year, or whose DSG surplus has substantially reduced during the year, must be able to present a plan to DfE for

managing their future DSG spend. There will be a requirement for local authorities to share this information with their stakeholders, such as schools forums, parent and carer forum, local headteacher boards or groups. We already share information through various forums and associations so we have good practice on which we can build.

To help local authorities meet this requirement we have provided a DSG management plan template. This template will help local authorities:

- comply with paragraph 5.2 of the DSG: conditions of grant 2022 to 2023,
- monitor how DSG funding is being spent,
- highlight areas where local authorities may wish to review spending,
- form evidence-based and strategic future plans for the provision of children and young people with SEND,
- present complex funding information simply to schools forums and other external stakeholders,
- provide a consistent reporting format to help local authorities share best practice and initiatives.”

4.4. Therefore, the council has to produce a DSG Management Plan that has been formally approved and can be used for discussions with the DfE and engagement with stakeholders to ensure they are aware of the issues and the actions required.

4.5. As per the Children and Families 23 May 2022 committee the council has opted to join the DfE’s DBV programme from mid-2022 and having an approved plan will form a point to measure any benefit resulting from that review.

4.6. The pressures on the DSG addressed through this management plan will also reduce the risk of future overspend on base budget of the SEND team, the Education Psychologists team and on school transport.

5. Other Options Considered

5.1. A local version of the DfE management plan template based on the DfE model. This has been done to reflect local methods of collating financial data and to allow a range of summary information to be held and presented in a single document.

5.2. While the DfE template has been updated in 2021 it continues to limit the options for customisation and therefore a local model has been retained for this version.

5.3. The table below sets out the issues:

Option	Impact	Risk
Do nothing (not produce a DSG Management Plan)	This is not acceptable as the DfE has made completion of a DSG	The council would not be demonstrating commitment to

Option	Impact	Risk
	management plan compulsory under certain criteria which the council has met.	managing the issues, pro-actively introducing mitigations and joining the DBV programme.
Use the DfE template	The DfE template remains optional and to date has not proved flexible enough to manage all the high needs funding issues.	The council may be required to use the standard template at some point and would work with the DfE to address the issues.
Subsidise DSG from other local funding sources	This may help to reduce the DSG deficit but increase pressure on other areas which were not intended to fund high needs. This is unlikely to address the extent of the budget pressure.	The true high needs funding gap is not recognised and there are pressures on other budgets or the council's general reserves.
Not develop mitigations	The council would be leaving itself in an unacceptable position in terms of overall reserves and not demonstrating a commitment to manage the DSG reserve deficit.	The council would be reliant on the DfE meeting the full costs of the DSG Deficit which is unlikely to happen.
Update the plan to include mitigations to balance to the funding available.	This is considered later in the report. The council is not able to achieve this without reducing costs per EHCP or reducing the number of EHCPs.	Neither of these options are realistic at present.

6. Background

Introduction

- 6.1. The increase in numbers and complexity of need for children with EHCPs that have their needs met through the council's DSG high needs grant has significantly exceeded the funding received for that purpose.

- 6.2.** This situation has occurred over the last six years with several factors contributing to it locally including a lack of provision, high rates of needs assessments, parental expectations and more generally the high needs funding allocation which is not linked to EHCP numbers.
- 6.3.** This is a national issue and as a result the majority of councils are now facing significant deficits on their DSG reserve as recurring overspends are transferred to it each year.
- 6.4.** This has prompted the DFE to take a number of actions:
- 6.4.1.** They released a DSG Management Plan template in 2020 to help councils set out their forecast spending pressures, income levels and DSG reserve deficit. In 2022 any council with a deficit DSG reserve (or a significant decrease in their reserve) has to produce a management plan.
- 6.4.2.** They have also introduced two support schemes for councils:
- Delivering Better Value – for councils with significant DSG deficits. This is starting from July 2022.
 - The Safety Value - for councils with very high DSG deficits. This started in 2021 but no conclusions are available yet.

DSG Management Plan Update

- 6.5.** The council produced its first DSG Management Plan for 2021/22 to 2024/25 and that was agreed by Cabinet on 9 March 2021. This allowed the plan to be taken forward. Cabinet requested that members were kept up to date on the plan and the DfE also require regular updates.
- 6.6.** The forecasts of demand, costs and mitigating actions have been refined through ongoing review and the council has produced an updated DSG Management Plan covering the period 2022/23 to 2026/27 for approval by Children and Families Committee.
- 6.7.** The council has opted to retain a local model for the flexibility it provides. While the DFE template has been updated in 2021 it continues to limit the options for customisation.
- 6.8.** While the plan has been subject to refinement the key messages over significant funding deficits remains the same. Unless funding levels, demand and capacity to deliver mitigations (such as new special schools) significantly change it will not be possible to recover the deficit position. The council is continuing to discuss this issue with the DFE and discuss ideas with other local authorities on what else can be done.
- 6.9.** The new plan forecasts an unmitigated DSG Reserve deficit of £273m by 31 March 2027 and a mitigated deficit of £146m by 31 March 2027.
- 6.10.** The plan will form the basis for ongoing engagement with interested parties including the Schools Forum over the coming months.

Key Updates to the Plan

- 6.11. Several key updates have been made since the Cabinet version and these are outlined below.

Issue	Cabinet – March 2021	Children and Families Committee – Sept 2022
Education, Health and Care Plan (EHCP) data	The original plan was based on in year data in late 2020.	The plans are now based on the latest statutory January SEN2 return.
EHCP forecasts	This used percentage increases for each age group.	Changed to a fixed increase each year to reflect trends. A figure of 600 net new plans per annum has been used.
Outturn information	Latest information was 2019/20.	Latest information is 2021/22.
Budget information	Latest information was 2021/22.	Latest information is 2022/23.
Average cost information	Based on information during 2020/21.	Based on information for 2021/22.
Annual increases in high needs funding	Local estimates based on indications in DfE documents – and different assumptions for mitigated / unmitigated.	This has been set by the DfE as 5% in 2023/24 followed by 3% per annum after that.
High Needs income adjustments	High needs funding has been adjusted for the increased number of special school places, as they form part of the high needs national funding formula, in addition to a percentage increase.	Same approach taken. This approach will be confirmed with the DfE.

- 6.12. Further details on the management plan are shown in **Appendix 1** to this report.

The Cheshire East Strategy

- 6.13.** The overall strategy adopted by the council remains the same as per the initial plan. The two main aims are to increase local provision and enhance SEND support services to reduce the rate of growth of EHCPs to ensure needs are met in the most effective way.
- 6.14.** These form the basis for the mitigating actions in the plan. Increasing local provision is an invest to save measure with additional costs from local provision being offset by reductions on expenditure with independent providers.

The Mitigations

- 6.15.** The plan contains a series of mitigations which are designed to achieve the strategy through managing needs at the necessary level and where necessary ensuring cost effective provision is available. There is a particular emphasis on reducing the rate of growth of EHCPs or escalation of support levels where they are not required and ceasing plans where needs can be met without an EHCP.
- 6.16.** The mitigations can be broken down into a number of categories as set out below:

Mitigation	Description
Improvements to SEND support in schools specifically around autism and education psychology.	This provides a focus on SEND Support in schools to be further developed with training for staff in schools to deliver better services. This will lead to enhanced delivery in schools with needs of children being met without the need for an EHCP, therefore reduce the rate of increase for requests for EHCPs.
Redesign of the Needs Assessments Triage process	Refine our current process in order to appropriately reduce the number of needs assessments. EP and SEND team to develop process and criteria.
Transition Funding	The introduction of targeted funding to support phase transfer so that children with more complex SEND, but without EHCPs, are able to experience a successful and sustained transition between provisions.

Mitigation	Description
Enhanced Mainstream Provision (EMP)	<p>This mitigation provides two different targeted models of support.</p> <p>Type 1: aimed to help manage any escalation to an EHCP – to provide additional support to pupils who may be classed as SEN support pupils or on the cusp of requiring an EHCP.</p> <p>Type 2: to help manage any need for a change of placement to a higher level of provision for a pupil with an EHCP and for them to continue in mainstream.</p>
Resource Provision	<p>This is through a mix of ensuring all existing places are occupied, expanding existing provision and new provision.</p>
Special Schools	<p>Increase number of places within existing and potentially 2 x new special schools by 252 places in total over the 5 year period.</p>
Special School - Capital	<p>The report sets out the plans for capital schemes to grow local provision.</p>
Special School Mitigation – Supported Internships	<p>A supported internship is one type of study programme specifically aimed at young people aged 16 to 24 who have an EHCP, who want to move into employment and need extra support to do so.</p>
Non-Maintained & Independent Special Schools	<p>The intention remains to grow local provision and make less use of external placements. To reduce the number of EHCPs in Independent / NMSS by increasing our own provision in special schools, RPs, EMPS and SIs – forecast reflects reduction of 500 placements by 2026/27.</p> <p>In addition to reducing overall numbers, a further mitigation focuses on fee challenge.</p>

Mitigation	Description
Non-Maintained and Independent Special Schools – Supported Internships	As above.
Further Education - Supported Internships	<p>This is a programme to provide a pathway to employment and therefore reduce the pressure on Further Education.</p> <p>This has a better outcome for the individual and positively impacts on Adults Social Care. The costs are picked up as part of the Special School or Further Education costs.</p>

Progress Update

- 6.17.** The ongoing review of the plan has highlighted the progress and improvements achieved since the first version was produced. These include:
- 6.17.1. The creation of six additional enhanced mainstream provisions.
 - 6.17.2. The creation of 24 additional resource provision places.
 - 6.17.3. An additional 225 special school places are either in use or in progress.
 - 6.17.4. The creation of 80 supported internships across the 2021/22 and 2022/23 academic years.
- 6.18.** In terms of forecasting, inevitably the roll out of new provision and new mitigations does take time and the EHCP growth was much higher than expected in 2021/22. As a result the 2021/22 outturn deficit position was £0.9m below the unmitigated forecast. That was still an improvement but also a reason that the forecasting basis has been reviewed.
- 6.19.** The other key areas that have progressed include:
- 6.19.1. The development of a single data document – based on SEN2 and data gathered from schools re their prediction of needs assessments.
 - 6.19.2. Enhanced support from the autism team etc:
 - Autism schools project pilot.
 - AET training delivered to schools and RPs and special – Making Sense of Autism, Good Autism Practice.
 - EP training offer for schools. Emotional Literacy support assistants.
 - IQT support - in-depth school SEND reviews in 10 schools.

- Fee Challenge - letter re fee increases sent to all independents + on-going fee challenge.
- 6.19.3. The service has developed further mitigation measures on an invest to save basis including:
- The implementation of revised criteria when triaging requests for a needs assessment to ensure needs cannot be met at SEN support.
 - Use of transition grants to reduce needs assessment requests at points of transition until the new setting has been able to assess needs and determine if needs can be met at SEN support.
 - Increased challenge around request for change of placement.

Comparative Data on DSG Reserve Deficits

- 6.20.** In April 2022 the Society of County Treasurers (SCT) completed a survey of council DSG deficits. At this stage it is only possible to quote headline information.
- 6.21.** They published an analysis of the response on 4 July 2022. The initial headlines are set out below.
- 6.21.1. The response rate was 54%
- 6.21.2. The high needs deficits as of 31 March 2022 for responders was £1.35bn and forecast to reach £2.6bn by 31 March 2025. with the potential for this to be a £3.6bn shortfall nationally.
- 6.21.3. Over half of the £1.35bn relates to nine councils which are all SCT members.
- 6.21.4. The trend for this to grow each year is the situation for most responders.
- 6.21.5. It is too soon to comment on the helpfulness of the arrangements of the Safety Valve programme. The key points drawn from LAs in the Safety Valve programme are shown below
- Too many EHCPs are issued by some LAs. This can become a cultural issue as overwhelmed assessment teams focus on throughput and schools (and other stakeholders) can see the EHCP as a way to obtain additional resources.
 - Too many children are placed in out of authority provision, often due to full special schools and insufficient inclusion in mainstream schools (sometimes due to loss of parental faith in mainstream provision).
 - Some LAs have set budgets expecting significant additional government funding.
 - Working with schools and Schools Forums to build capacity in mainstream schools can significantly improve High Needs financial positions.

- 6.21.6. EHCP numbers have increased nationally by 33.7% from January 2019 to January 2022. However, funding has not responded.
- 6.21.7. Data from the responders saw a population increase of between 0.6% and 0.7% per annum, although EHCP numbers have increased by an average of 12% per annum between 2018-19 to 2021-22.
- 6.21.8. Although there is some work being done to help limit the increase in EHCPs (where they are not the best course of action for the child), it is important to note that (anecdotally) many LAs simply lack capacity to address this. Some LAs have also expressed that EHCPs are often more common in areas with families who have the money to legally challenge decisions.
- 6.21.9. There is no correlation between proportional growth in number of EHCPs and deprivation.
- 6.22.** Further analysis of this survey will be undertaken to see how Cheshire East compares to other councils in terms of the DSG deficit.

Accounting Override ~ Dedicated Schools Grant adjustment account (England)

- 6.23.** From the 2020/21 financial year the accounting arrangements for the deficit on the DSG grant were changed.
- 6.24.** The council holds usable and unusable reserves on the balance sheet. Usable reserves are cash backed whereas unusable reserves are not. Examples of unusable reserves are pensions and the revaluation of land and buildings.
- 6.25.** In April 2020 Ministry of Housing, Communities and Local Government (MHCLG) introduced new legislation to switch the DSG deficit reserve from a usable to an unusable reserve and allowed the creation of an adjustment account on the balance sheet.
- 6.26.** When MHCLG set up the accounting override it prevented local authorities from funding a DSG deficit from General Funds without the permission of the Secretary of State. It was made clear to council treasurers that this override was in place to allow time to find suitable arrangements to address the issue.
- 6.27.** The current override will end on 31 March 2023 and an update is awaited. Without the override the size of the negative reserve for council expected as of 31 March 2023 (£44m per the plan) would present a financial stability issue for the 2023/24 financial year. Further legislation will be required for 2023 onwards if the override is to continue.

- 6.28.** Depending on national progress on this issue and the impact of the support programmes the council may have to fund some high needs costs from other sources. However, this would not be acceptable given the scale of the issue.
- 6.29.** The size of the deficit is making it both challenging or potentially impossible to recover and represents a significant cashflow issue, and an unmitigated funding risk for the council.

Options to Reduce Expenditure and Improve the Deficit Position

- 6.30.** As with the initial version, the latest plan has not achieved a balanced position based on the forecasts. Demand levels remain too high and funding is insufficient. However, the involvement from the DBV programme and collaboration with various stakeholders will enable us to explore other mitigations to address this.
- 6.31.** The 2022/23 data reflects confirmed high needs funding of £50.7m. This will be used to provide services to a forecast of 3,828 Cheshire East children with an EHCP (estimated January 2023 SEN2 return).
- 6.32.** This would give an average expected cost of £13,200 per child with an EHCP in 2022/23. This amount is significantly lower than the current expenditure levels. For example, special schools in Cheshire East receive a minimum of £22,000 per child. Schools would not be able to deliver provision which meets the needs of children if we funded at £13,200.
- 6.33.** Typical expenditure for a pupil whose needs cannot be met in mainstream starts with resource provision costing £20,500 in place and pupil funding. After resource provision the costs per child increase with more complex provision exceeding £55,000 per child. There are also costs of support functions such as the autism service to consider.
- 6.34.** The local data shows that while 9% of EHCPs (330) are in independent special schools and non-maintained special schools they account for 28% (£19m) of the mitigated expenditure forecast in 2022/2023.
- 6.35.** One option to reduce expenditure is if all pupils attending independent special schools or non-maintained special schools, moved to local provision, costs would reduce by £19m but would incur an additional cost of approx. £4m relating to local special school costs, resulting in a net reduction of costs of £15m. This would still not be sufficient to balance the budget in 2022/23.
- 6.36.** The second option is to reduce the numbers of EHCPs however, the number would have to fall by more than half to make the funding work. The council would not be legally compliant in accordance with the SEND code and would result in parents challenging these decisions through tribunal.

- 6.37.** The third option would be to consider the necessary increases in high needs funding to balance. From 2023/24 to 2026/27 the annual increase would need to be over 15% to reach a point by March 2027 where in year expenditure commitments were funded. That would still leave a £77m carry forward deficit to cover.
- 6.38.** To cover in year commitments and the deficit high needs funding would need to increase by 25.4% per annum to achieve balance including the deficit by March 2027. Once the deficit is cleared the funding needs to match spend.
- 6.39.** This is a challenge we need to consider further. More work will be done to consider all options detailed above.

Sensitivity Analysis

- 6.40.** As stated the latest management plan is based on the forecast that EHCPs grow by 600 net new plans per annum.
- 6.41.** If that turns out to be more or less then it will change the financial outcomes. The impact of 575 plans per annum and 650 plans per annum have been modelled. The impact is different for mitigated and unmitigated and over the years as percentage assumptions around mitigations come in.
- 6.42.** The results can be summarised as:
- 6.42.1.** 575 pupils: the impact is a reduction in the 2022/23 mitigated deficit by £472,000 rising to a £7m reduction in the mitigated deficit by March 2027.
- 6.42.2.** 650 pupils: the impact is an increase in the 2022/23 mitigated deficit by £892,000 rising to a £13.1m increase in the mitigated deficit by March 2027.

Where Next

- 6.43.** The council has opted to join the DfE's DBV programme from 2022 and this is expected to bring external support and review from external SEND and Finance professionals leading to the production of an action plan. At this stage it is not certain of the outcome of that process.
- 6.44.** The DfE also has a Safety Valve programme for councils with very high deficits. That programme is compulsory, and the council may be asked to join it in due course.

- 6.45.** It is expected that key benefits will be learning from other councils on successful strategies to manage demand and expenditure, and from the support of independent experts with some external funding to drive change..

DSG Budget Requirement Issues

- 6.46.** One of the mitigations in the plan is to review the DSG Budget Requirement on an annual basis. This is to ensure the maximum amount is available for placements. As part of that review there is a recommendation that high needs funding currently provided to part fund direct payments totalling £383,000 per annum is removed.
- 6.47.** This funding is being spent so to remove it would place a pressure on base budget that needs to be funded. Therefore, this would need to form a growth bid in the MTFS for 2023/24.

Base Budget Pressures

- 6.48.** The impact of the significant growth in pupils with an EHCP will also be experienced in base budget funded services including the SEN Assessment and Monitoring Team, the Education Psychologists Team, specialist services (such as SALT) and the home to school and SEN transport team.
- 6.49.** Activity and staffing levels in those teams will be regularly reviewed and growth requirements would create pressure, and a potential need for alternative savings, within the MTFS which is otherwise balanced.

Feedback to the DfE etc

- 6.50.** The council has continued to discuss the high needs shortfall directly with the DfE at a series of follow up meetings on the first version of the plan, both through meetings held to take part in the DBV programme and indirectly through discussions over the costing override issue with the Department for Levelling Up, Housing and Communities (DLUHC).
- 6.51.** In addition, the council is also part of a number of special interest groups including: the Society of County Treasures; the Society of Unitary Treasurers, the north west schools accountants group, the north west SEND leads group and the F40 Group (the 40 lowest funded education authorities). All these groups are making regular representations and conducting surveys on the issues.

Impact on Adults Social Care

- 6.52.** Members are also asked to consider the medium to longer term impact of the significant rise in children with an EHCP on the Adults Social Care Service.
- 6.53.** The potential for additional services to these young adults with associated costs is likely to form a pressure on the council's base budget.
- 6.54.** This is also likely to be a national issue which may need to be raised in due course with central government but noting that resolving the current high needs funding shortfall is the initial priority.

7. Consultation and Engagement

- 7.1.** The previous version of the report was approved by Cabinet on 9 March 2021. That version was shared with the Schools Forum on 10 June 2021.
- 7.2.** A copy of that plan was shared with the DfE on 26 April 2021 and discussed with the DfE on 9 October 2020, 26 March 2021 and 21 May 2021.
- 7.3.** We have continued to update Schools Forum on progress and that will continue as part of ongoing refinement.
- 7.4.** The SEND Partnership will ensure partners are aware of the issues and part of the design of any solutions.
- 7.5.** SEND Management team will be part of our internal monitoring process.
- 7.6.** These meet the requirements of the DfE template.
- 7.7.** DfE consultation on the reform of SEND and Alternative Provision closed in July 2022. The SEND Partnership submitted an extensive response to the proposals.

8. Implications

8.1. Legal

- 8.1.1.** The Local Authority has a statutory duty under s.42 of the Children and Families Act 2014 to secure the special educational needs provision described in a young person's Education, Health and Care plan, including commissioning the required provision to meet those needs.
- 8.1.2.** The Secretary of State has power to provide 'financial assistance' for educational purposes under sections 14-18 of the Education Act 2002 and the standard means of funding is by the Designated Schools Grant.

The relevant regulations are The School and Early Finance (England) Regulations 2021.

8.2. Finance

- 8.2.1. This is a joint Education and Skills and Finance report. All the Financial implications are contained within the report itself.

8.3. Policy

- 8.3.1. 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.
- 8.3.2. The DfE have issue 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.

8.4. Equality

- 8.4.1. 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.
- 8.4.2. The Code of Practice is likely to be changed as a result of the SEND and AP Green paper consultation.

8.5. Human Resources

- 8.5.1. Due to the increased demand for needs assessments the workloads of staff in the SEND Assessment and Monitoring Team and associated support services remain high. This is making the ability to meet legal and statutory requirements remain a challenge. EHCP volumes increased by 18% in 2019 and are forecast to increase by more than 25% in 2020.
- 8.5.2. As a result the Director of Education will be identifying further base budget growth through the Medium Term Financial Strategy for 2023/24 onwards. Members are asked to note this issue.

8.6. Risk Management

- 8.6.1. The key risks are:
- 8.6.2. 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.

- 8.6.3. There is 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.
- 8.6.4. 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.
- 8.6.5. The council continues to make payments to settings but it is not able to fund them from the overall resources it has available. This is a key issue to discuss with the DfE.
- 8.6.6. 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.

8.7. Rural Communities

- 8.7.1. There are no direct implications for rural communities.

8.8. Children and Young People/Cared for Children

- 8.8.1. It is essential that the council makes best use of resources to ensure that children and young people receive the services they need and those services must be provided.
- 8.8.2. The council has approved its Children’s Vision which contains a priority around children with additional needs.
- 8.8.3. The SEND Partnership Strategy sets out the Partnership vision for meeting the needs of children and young people with SEND.

8.9. Public Health

- 8.9.1. There are no direct implications for public health.

8.10. Climate Change

- 8.10.1. Many pupils are educated out of borough at high costs and with long travel journeys. The SEND Provision plan is generating additional in borough school places, but this is unable to match the increased level of demand. We do however have a high proportion of SEND pupils in our mainstream schools compared to other authorities.
- 8.10.2. All expansions take account of environmental factors for new schools.
- 8.10.3. Where possible systems that save on energy consumption will be considered, particularly for electricity.

- 8.10.4. The internal works required to update the building to make it fit for purpose will include a comprehensive review of the impact on climate factors.
- 8.10.5. Significant changes will take place which 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	
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Appendices:	<p>There is one Appendix to this report:</p> <p>Appendix 1 – Summary of the DSG Management Plan.</p>
Background Papers:	<p>The draft DSG Management Plan for 2021/22 to 2024/25 was reported to Cheshire East Cabinet on the 9th March 2021. (Public Pack)Agenda Document for Cabinet, 09/03/2021 13:00 (cheshireeast.gov.uk)</p> <p>The document was shared with Schools Forum on June 2021. Cheshire East Forum</p> <p>The DfE have issued guidance and a template for the Management Plan on their website. https://www.gov.uk/government/publications/dedicated-schools-grant-dsg-deficit-management-plan/dsg-deficit-management-plan-template-guidance-for-local-authorities-2022-to-2023</p> <p>The DfE have issued the SEND and AP Green Paper on their website. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1063620/SEND_review_right_support_right_place_right_time_accessible.pdf</p>