

## **Appendix 1**

### **Cheshire East Council – Summary of DSG Management Plan 2021/22 to 2025/25**

#### **Introduction**

This Appendix provides a summary of the Council's Dedicated Schools Grant (DSG) Management Plan for the period 2021/22 to 2024/25.

The DSG Management Plan itself is based on a detailed spreadsheet template issued by the DfE which is not practical to share. This document outlines the basis for the calculations and provides a summary of the results. An extract of the DfE guidance is provided at **Annex 1**.

#### **Scope**

The Management Plan considers expenditure and income in relation to the DSG high needs block. This includes placements of pupils with an education, health and care plans (EHCPs) and funding for services such as autism and speech and language therapy. It does not cover Early Years or Central Block DSG funded services.

It does not cover services funded from the Council's base budget. However, the growth identified will impact on base budgets in terms of SEND transport and finding appropriate sites for expansions with the associated costs.

Where changes to provision are identified they remain subject to consultation and sufficient Capital funding where applicable.

#### **Approach**

The plan reflects a limited number of mitigations to reduce spend. This reflects the number of options open to the Council and helps to keep the explanation of the plan simple given that one change can have several saving impacts.

Average unit costs have been used to assist transparency of the plan – these will change over time.

The plan does not introduce further complications relation to matching financial years and academic years or profiling the import / export adjustments as they are things that will correct over time.

A prudent approach has been adopted where any percentage estimates have been used. These are open for discussion and feedback. A key assumption is the use of 3% per annum growth in high needs funding. It is accepted that 8% and 10% have been applied for 2020/21 and 2021/22 but there is no certainty beyond 2021/22.

#### **Summary of the Plan**

The plan reflects the following key issues:

- High needs funding for 2020/21 is £40m with EHCPs of 2,738 resulting in a forecast deficit reserve balance of -£8m at 31/3/21.
- The gap for high needs is around £9m (being reduced by underspending on other DSG blocks). Therefore, the plan begins with the Council being 23% overspent on high needs.

- If nothing else changed and the £9m deficit carried forward each year to 2024/25 then the deficit would be £45m.

However:

- EHCPs are forecast to nearly double by 2024/25 to almost 5,000 and spend will rise as services are delivered if the current trajectory continues.
- Without mitigations the funding gap will be £123m.
- This reduces to £81m after the mitigations are applied.
- Those figures would form the deficit balance on the Council’s DSG reserve that would be carried into 2025/26.

Therefore, without further changes (reduced demand / reduced spend / more funding) the position will not be balanced in the medium term. In order to close the gap completely the following actions would be needed:

- Funding from high needs would have to increase by 20% per annum from 2021/22 to 2024/25, or
- EHCP volumes would have reduce by over 600 down to 2,700 in 2022/23 to match funding,
- Significant reductions of £3,600 per EHCP would be needed to reach an average cost level of £12,900 per EHCP in order to match funding levels in 2022/23.

These are not realistic and would need to be discussed with the DfE. As further context, the table below sets out the 2024/25 DSG Reserve deficit using greater annual increases in high needs funding:

<b>Impact of High Needs Funding Increases</b>		
	<b>Mitigated Reserve Deficit</b>	<b>Un-mitigated Reserve Deficit</b>
10% increase pa	£61,218,779	£103,411,674
15% increase pa	£45,856,837	£88,049,732
20% increase pa	£29,524,896	£71,717,791

### **CIPFA Guidance**

The public sector accountancy body CIPFA has provided confirmation of the approach to DSG Deficit Reserves.

At the end of 2020/21 a negative DSG balance it can’t be funded from the General Fund. Instead the Council has to create an unusable reserve to hold the balance.

### **KEY ASSUMPTIONS IN THE MANAGEMENT PLAN**

#### **1. Education Health and Care Plans**

The position for the period 2016/17 to 2019/20 is a 25% increase.

The forecasts going forward are set out below:

Type	2020	2020-21	2021-22	2022-23	2023-24	2024-25
Mainstream	1,174	1,381	1,634	1,923	2,252	2,635
Special Schools	647	681	681	681	681	681
NMSS & Independent	147	196	261	347	461	613
Post 16 & FE	287	388	485	606	758	947
RP / SEN Units	100	82	116	116	116	116
Alternative Provision	9	10	10	10	10	10
Unspecified	103	0	0	0	0	0
Total EHCPs	2,467	2,738	3,187	3,683	4,278	5,003

The basis for these assumptions is set out in the next table:

Type	Basis
Mainstream	January 2020 to Oct 2020 SEND System data trends: Under 5 – increase of 17% Primary – increase of 16% Secondary – increase of 18% Sixth Form – increase of 17% Applied each year.
Special Schools	Assume full capacity – including other LA special schools. In borough capacity is being increased in the plan.
NMSS and independent	Predicting a 33% increase per annum based on rise from 2020 to 2021.
Post 16 and FE	Assume 25% increase per annum based on advice from colleges in October 2020.
RP / SEN units	Assume full capacity for RPs (excluding HI – where current occupancy levels have been retained – 20 of 38 places filled) - in borough capacity is being increased in the plan. Low numbers in other LA RPs.
Alternative Provision	Assume average of 10 high needs pupils in the PRU – currently have 9. Also assuming that PRU is set at 60 pupils for the period of the plan.
Other	103 not specified plans in SEND system that mainly relate to Educated at home, NEET, apprenticeships, awaiting provision. These have not been included in the forecasts going forward as they either have no cost or they will be picked up in other growth forecasts.

The rise in pupils and the location of their placement and the impact on the high needs national funding formula have been factored into the relevant mitigation line rather than a separate item.

### Average Cost Calculations

The Management Plan is based on average costs for the placement of additional pupils. This is the only basis available as the destination of each child and their needs cannot be determined at this stage. The average costs used in the plan are summarised below. This does not cover all high needs spend.

Area	Average Cost	Basis
Mainstream top up	£6,850 per pupil	Average placement is 25 hours for age 5-16 based on review of activity in 2020/21 to date.
Other Local Authorities Mainstream	£8,751	Based on SEND system data as at November 2020.
Independent Mainstream	£17,593	Based on SEND system data as at November 2020.
Enhanced Mainstream	£50,732 per EMP	Established cost based on UPS1 qualified teacher . Rate applied from September 2020.
Resource Provision	£10,000 Place £10,500 Pupil (£10,000 per Hearing Impaired)	Established rates in CE
Special Schools including other local authorities (maintained, academies and free special schools)	£10,000 Place Pupil funding varies by type of school: £13,800 (for new provision)	Established rates in CE  A single figure has been used to keep the modelling simple. It is acknowledged that rates vary across Special Schools based on the needs being met. This has been set at £13,800 as the average cost plus £25,000 for Church Lawton places.
Non Maintained and independents – Specialist Provision	£49,500 Pre 16 £56,664 Post 16	Based on SEND system data as at November 2020.
Post 16 – sixth form	£6,850	Based on 25 hours average
Post 16 - further education colleges	£6,000 per pupil place funding Top up : £6,377 per pupil	An element of the place funding is adjusted for through the “import/export” adjustment.
Supported Internships	£10,000 Place funding £3,750 Pupil Funding	

### Summary of the Management Plan

Based on that rise in EHCPs and using the existing levels of SEND provision the Council has access to the expected financial impact is summarised below:

## Unmitigated Position

Provision Type	Unmitigated Forecast				
	2020-21	2021-22	2022-23	2023-24	2024-25
	£	£	£	£	£
Mainstream Total Expenditure	11,816,951	13,466,866	15,318,580	17,420,447	19,868,367
RP Total Expenditure	1,885,167	2,151,000	2,151,000	2,151,000	2,151,000
Special Total Expenditure	16,022,600	16,122,600	16,122,600	16,122,600	16,122,600
NMSS & Independent Special Schools Total Expenditure	10,563,312	14,450,035	19,767,644	27,043,175	36,997,874
FE Colleges Total Expenditure	5,076,776	6,347,845	7,932,931	9,918,664	12,397,213
Alternative Provision Total Expenditure	2,885,496	2,885,496	2,885,496	2,885,496	2,885,496
Sensory & SALT Total Expenditure	1,353,323	1,380,389	1,407,997	1,436,157	1,464,880
Social Care Total Expenditure	383,000	383,000	383,000	383,000	383,000
<b>Total Expenditure</b>	<b>49,986,625</b>	<b>57,187,231</b>	<b>65,969,249</b>	<b>77,360,539</b>	<b>92,270,430</b>
<b>Total DSG Income</b>	<b>(39,635,978)</b>	<b>(43,595,437)</b>	<b>(44,903,300)</b>	<b>(46,250,399)</b>	<b>(47,637,911)</b>
<b>In Year Surplus -/ Deficit +</b>	<b>10,350,647</b>	<b>13,591,794</b>	<b>21,065,949</b>	<b>31,110,140</b>	<b>44,632,519</b>
<b>Surplus / Deficit Brought Forward</b>	<b>2,600,000</b>	<b>12,950,647</b>	<b>26,542,441</b>	<b>47,608,390</b>	<b>78,718,531</b>
<b>Total Deficit Reserve Balance</b>	<b>12,950,647</b>	<b>26,542,441</b>	<b>47,608,390</b>	<b>78,718,531</b>	<b>123,351,050</b>

## Mitigated Position

Provision Type	Mitigated Forecast				
	2020-21	2021-22	2022-23	2023-24	2024-25
	£	£	£	£	£
Mainstream Total Expenditure	11,816,951	13,155,480	15,171,245	17,252,562	19,664,177
RP Total Expenditure	1,845,167	3,442,500	3,190,500	3,190,500	3,190,500
Special Total Expenditure	16,062,600	18,167,800	18,847,200	19,270,200	20,305,200
NMSS & Independent Special Schools Total Expenditure	10,563,312	7,850,838	8,475,148	10,912,950	16,438,219
FE Colleges Total Expenditure	5,006,236	6,123,765	7,397,926	8,926,003	10,928,974
Alternative Provision Total Expenditure	2,885,496	2,885,496	2,885,496	2,885,496	2,885,496
Sensory & SALT Total Expenditure	1,353,323	1,380,389	1,407,997	1,436,157	1,464,880
Social Care Total Expenditure	383,000	383,000	383,000	383,000	383,000
<b>Total Expenditure</b>	<b>49,916,085</b>	<b>53,389,268</b>	<b>57,758,513</b>	<b>64,256,868</b>	<b>75,260,446</b>
<b>Total DSG Income</b>	<b>(39,635,978)</b>	<b>(43,595,437)</b>	<b>(44,903,300)</b>	<b>(46,250,399)</b>	<b>(47,637,911)</b>
<b>In Year Surplus -/ Deficit +</b>	<b>10,280,107</b>	<b>9,793,831</b>	<b>12,855,213</b>	<b>18,006,469</b>	<b>27,622,535</b>
<b>Surplus / Deficit Brought Forward</b>	<b>2,600,000</b>	<b>12,880,107</b>	<b>22,673,937</b>	<b>35,529,151</b>	<b>53,535,620</b>
<b>Total Forecast Reserve Balance</b>	<b>12,880,107</b>	<b>22,673,937</b>	<b>35,529,151</b>	<b>53,535,620</b>	<b>81,158,155</b>

## Mitigations

Provision Type	Variance/Saving				
	2020-21	2021-22	2022-23	2023-24	2024-25
	£	£	£	£	£
Mainstream Saving	-	(311,386)	(147,335)	(167,885)	(204,190)
RP Saving	(40,000)	1,291,500	1,039,500	1,039,500	1,039,500
Special Schools Saving	40,000	2,045,200	2,724,600	3,147,600	4,182,600
NMSS & Independent Special Schools Saving	-	(6,599,198)	(11,292,496)	(16,130,225)	(20,559,655)
FE Colleges Saving	(70,540)	(224,080)	(535,005)	(992,661)	(1,468,239)
<b>Total Saving due to mitigations</b>	<b>(70,540)</b>	<b>(3,797,964)</b>	<b>(8,210,736)</b>	<b>(13,103,672)</b>	<b>(17,009,984)</b>
<b>Total Forecast Reserve Balance Variance</b>	<b>(70,540)</b>	<b>(3,868,504)</b>	<b>(12,079,239)</b>	<b>(25,182,911)</b>	<b>(42,192,895)</b>

The cumulative impact of the mitigations results in the change to the DSG Reserve Balance.

To manage that level of expenditure the Council is working to introduce a number of mitigations. Further details are set out below.

## MITIGATIONS

### 1. Mainstream Provision

The Council successfully supports over 1,400 children with an EHCP in mainstream settings. It is recognised that it is a cost effective method of managing need but is challenging in terms of schools budget levels and funding for top ups allocations from the high needs block.

The use of mainstream is considered to be the best outcome for the children with EHCPs and also those who require SEND Support in the majority of cases.

The Council is able to introduce measures to ensure that needs of children and young people are met at SEND support and therefore reduce the rate of increase for requests for EHCPs. These include:

- Improvements to SEND support specifically around autism and education psychology.

This is using high needs funding to support inclusion which in turn reduces escalation to higher cost provision. The service is rolling out training to schools through the accredited Autism training hub for school staff to improve their skills in this area.

- Introducing additional Enhanced Mainstream provisions.

#### 1.1. 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. Further details are provided below:

Cost of implementing	No additional costs have been factored in on the basis the autism team are able to support more children by operating differently and the EP service is looking to adopt a traded service model to recover costs for additional support provided.
The impact	The target is to reduce the growth in EHCPs by 10% per annum.
Outcomes	The expectation is that this could lead to a reduction of <b>125 plans over a 5 year period</b> (between 25-38 plans per year) This figure could increase if the support provided proves more successful than is forecast. However, a prudent approach has been adopted

## 1.2. Enhanced Mainstream Provision

The aim is to increase Enhanced Mainstream Provision (EMP) at mainstream schools in the Borough.

EMP currently features two types of provision where a cohort of pupils are provided with additional support and, depending on the type, can either:

- **Type 1:** help manage any escalation to an EHCP, or
- **Type 2:** 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.

The actions in the plan include the expansion of EMP from the existing set up of support for 42 pupils across 5 providers to support for 192 pupils across 15 providers in 2021/22 rising to support for 308 pupils across 24 providers from 2022/23. These are not necessarily high needs places; it is additional support for pupils.

Cost of implementing	The annual cost of an enhanced mainstream provision is £50,732, which is intended to provide the school with funding to implement and run the provision. An additional 10 provisions would cost £0.5m per annum and an additional 19 provisions would cost £1m per annum from 2022/23.
The impact	<b>Type 1:</b> 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.  <b>Type 2:</b> 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. The cost avoided by implementing this type of enhanced mainstream provision results in savings achieved in specialist provisions – independent/NMMS settings. This saving covers the cost of running of an enhanced mainstream provision.

Outcomes	<p><b>Type 1:</b> pupils have additional support to meet their needs. This type of EMP is an intervention model to reduce the escalation of requiring an EHCP. The cost incurred will be recovered if at least 8 pupils do not escalate to requiring an EHCP. If more than 8 pupils, further savings would be achieved. This is a non-cumulative total as the enhanced mainstream provision will be supporting the pupils during their time at school.</p> <p><b>Type 2:</b> pupils are able to stay in a mainstream setting, with their peers and within their local community, by avoiding a change of placement to a specialist setting. This model does not impact on the savings of EHCP funding in mainstream settings, however it does increase costs of funding an EMP but significantly impacts on the reduction of costs incurred in Independent / NMSS (see section below).</p>
----------	--

### Section 1 Mainstream Provision ~ Financial Summary

The difference between the two tables show a reduction of EHCPs of 151 by year 2024-25 which represents 3 mitigations (detailed in the report) SEND Support 38 plans, EMP's 80 plans and RP's 33 plans, equating to a saving / cost avoidance of approx. £204,000 in year 2024-25.

Description	Unmitigated Forecast				
	2020-21	2021-22	2022-23	2023-24	2024-25
	£	£	£	£	£
Place funding, Top Up Funding based on average of 25 hours and Targeted SEN funding	9,934,781	11,604,101	13,449,491	15,544,906	17,986,246
CEAT, SENCO, EY SEN Practitioners and Virtual Schools	1,052,172	1,058,373	1,064,697	1,071,149	1,077,729
Enhanced Mainstream Provision	429,998	404,392	404,392	404,392	404,392
EY SEN Inclusion Fund (statutory requirement)	400,000	400,000	400,000	400,000	400,000
<b>Mainstream Total Expenditure</b>	<b>11,816,951</b>	<b>13,466,866</b>	<b>15,318,580</b>	<b>17,420,447</b>	<b>19,868,367</b>
<b>Mainstream pupils with EHCPs</b>	<b>1,381</b>	<b>1,634</b>	<b>1,923</b>	<b>2,252</b>	<b>2,635</b>
<b>Mainstream Pupils in receipt of top-up without EHCPs</b>	<b>202</b>	<b>202</b>	<b>202</b>	<b>202</b>	<b>202</b>



	Mitigated Forecast				
Description	2020-21	2021-22	2022-23	2023-24	2024-25
	£	£	£	£	£
Place funding, Top Up Funding based on average of 25 hours and Targeted SEN funding	9,934,781	10,887,591	12,491,176	14,566,041	16,971,076
CEAT, SENCO, EY SEN Practitioners and Virtual Schools	1,052,172	1,058,373	1,064,697	1,071,149	1,077,729
Enhanced Mainstream Provision	429,998	809,516	1,215,372	1,215,372	1,215,372
EY SEN Inclusion Fund (statutory requirement)	400,000	400,000	400,000	400,000	400,000
<b>Mainstream Total Expenditure</b>	<b>11,816,951</b>	<b>13,155,480</b>	<b>15,171,245</b>	<b>17,252,562</b>	<b>19,664,177</b>
<b>Mainstream pupils with EHCPs</b>	<b>1,381</b>	<b>1,528</b>	<b>1,781</b>	<b>2,107</b>	<b>2,484</b>
<b>Mainstream Pupils in receipt of top-up without EHCPs</b>	<b>202</b>	<b>202</b>	<b>202</b>	<b>202</b>	<b>202</b>

## 2. Additional Resource Provision Places

By March 2025 the Management Plan assumes that an additional 63 RP places are created and operational from September 2021 at a cost of £1m per annum ..This avoids 33 pupils staying in mainstream, and 30 pupils going into non-maintained and independent special schools.

	Unmitigated Forecast				
Description	2020-21	2021-22	2022-23	2023-24	2024-25
	£	£	£	£	£
High Needs Place Funding	983,167	892,000	892,000	892,000	892,000
Top Up Funding	902,000	1,259,000	1,259,000	1,259,000	1,259,000
<b>RP Total Expenditure</b>	<b>1,885,167</b>	<b>2,151,000</b>	<b>2,151,000</b>	<b>2,151,000</b>	<b>2,151,000</b>
<b>RP pupils with EHCPs</b>	<b>82</b>	<b>116</b>	<b>116</b>	<b>116</b>	<b>116</b>

	Mitigated Forecast				
Description	2020-21	2021-22	2022-23	2023-24	2024-25
	£	£	£	£	£
High Needs Place Funding	943,167	1,522,000	1,270,000	1,270,000	1,270,000
Top Up Funding	902,000	1,920,500	1,920,500	1,920,500	1,920,500
<b>RP Total Expenditure</b>	<b>1,845,167</b>	<b>3,442,500</b>	<b>3,190,500</b>	<b>3,190,500</b>	<b>3,190,500</b>
<b>RP pupils with EHCPs</b>	<b>82</b>	<b>179</b>	<b>179</b>	<b>179</b>	<b>179</b>

The Council currently has 130 Resource Provision (RP) places in mainstream schools (90 primary and 40 secondary). These cost £10,000 per place and £10,500 for each full time pupil (except hearing impaired RPs where pupil funding is £10,000). The provision is also split by need and further work is underway to refine the forecasts by type of need.

Cost of implementing	63 additional RP places would cost £1.3m in a full year.
The impact	This will then provide placements for: <ul style="list-style-type: none"> <li>- Pupils currently being managed in mainstream – so their top up funding would cease – replaced by RP funding.</li> <li>- Pupils who would otherwise be placed in independent special provision (as CEC special schools are full) – so the cost of independent provision would reduce.</li> </ul>
Outcomes	Pupils will be placed in the correct type of provision to meet their needs. The assumption is a 50:50 split saving between mainstream and Independent / NMSS resulting in a net saving of £0.7m per annum. In RP terms the costs of provision will increase in line with more places as shown below.

### 3. New Special School Places

There are several strands to this mitigation:

- The assumption of additional places at the existing provisions of Park Lane and Axis to provide an extra 73 places over the period.
- The assumption that three new special schools can be created to give 150 places by 2025. The profile of the new schools is to start with 10 places in 2023 increasing to 20 places in 2024 and 2025.
- This represents additional places of 223 by 2025.
- Offering additional Supported Internship places of 10 initially rising to 15 extra per year.

Therefore, there is a significant cost impact of the additional places – but this is offset by the savings from a reduction in Independent/NMSS provision equivalent to 223 places.

	Unmitigated Forecast				
Description	2020-21	2021-22	2022-23	2023-24	2024-25
	£	£	£	£	£
High Needs Place Funding (CEC Maintained, Free & Academy as well as cost of placing CE Pupils in other LA schools)	5,908,000	6,008,000	6,008,000	6,008,000	6,008,000
Top Up Funding Average cost £13,800	10,114,600	10,114,600	10,114,600	10,114,600	10,114,600
<b>Special Schools Total Expenditure</b>	<b>16,022,600</b>	<b>16,122,600</b>	<b>16,122,600</b>	<b>16,122,600</b>	<b>16,122,600</b>
<b>Special School Pupils with EHCPs</b>	<b>681</b>	<b>681</b>	<b>681</b>	<b>681</b>	<b>681</b>

	Mitigated Forecast				
Description	2020-21	2021-22	2022-23	2023-24	2024-25
	£	£	£	£	£
High Needs Place Funding (CEC Maintained, Free & Academy as well as cost of placing CE Pupils in other LA schools)	5,948,000	7,158,000	6,968,000	6,218,000	6,218,000
Top Up Funding Average cost £13,800	10,114,600	11,009,800	11,879,200	13,052,200	14,087,200
<b>Special Schools Total Expenditure</b>	<b>16,062,600</b>	<b>18,167,800</b>	<b>18,847,200</b>	<b>19,270,200</b>	<b>20,305,200</b>
<b>Special School Pupils with EHCPs</b>	<b>681</b>	<b>741</b>	<b>804</b>	<b>889</b>	<b>964</b>

Cost of implementing	<p>The cost of the additional capacity is £3.3m in terms of pupil funding.</p> <p>This assumes no change to the number of CE pupils in other LA special schools.</p> <p>Additional Supported Internships will cost £1m over the 5 years in terms of Place funding at £10k per place and £3,750 per pupil. This is only paid if the place is occupied.</p>
The impact	<p>This will allow more complex pupils with an EHCP to access a place in Cheshire East provision.</p> <p>The mitigation to grow the Supported Internship offer will aid the ceasing of EHCPs and therefore reduce overall numbers.</p>
Outcomes	<p>This should reduce expenditure in independent and non-maintained special schools.</p>

	<p>This should also reduce travel costs which impacts both on base budget and pupil welfare.</p> <p>This will positively impact not only on high needs funding but also on the Adult Social Care budgets as young people will be in full time employment.</p>
--	---

#### 4. Non-Maintained and Independent Special Schools

There are a few points to note under this section:

- The increase in the Council's own provision is intended to reduce the use of independent settings.
- The Council is facing annual price increases from providers that need to be challenged. A regional purchasing framework is also being looked into to assist that process.

The aim is to reduce spend from £37m to £16m through use of own provision.

	Unmitigated Forecast				
Description	2020-21	2021-22	2022-23	2023-24	2024-25
	£	£	£	£	£
High Needs Place Funding (Cost of placing pupils in NMSS via import/export adjustment)	517,440	688,195	915,300	1,217,348	1,619,073
Average cost of fees (Pre-16 £49,500, Post-16 £56,664)	10,045,872	13,761,840	18,852,345	25,825,827	35,378,800
<b>NMSS &amp; Independent Special Schools Total Expenditure</b>	<b>10,563,312</b>	<b>14,450,035</b>	<b>19,767,644</b>	<b>27,043,175</b>	<b>36,997,874</b>
<b>NMSS &amp; Independent Special Pupils with EHCPS</b>	<b>196</b>	<b>261</b>	<b>347</b>	<b>461</b>	<b>613</b>

	Mitigated Forecast				
Description	2020-21	2021-22	2022-23	2023-24	2024-25
	£	£	£	£	£
High Needs Place Funding (Cost of placing pupils in NMSS via import/export adjustment)	517,440	368,755	389,940	493,988	737,313
Average cost of fees (Pre-16 £49,500, Post-16 £56,664)	10,045,872	7,482,082	8,085,209	10,418,962	15,700,906
<b>NMSS &amp; Independent Special Schools Total Expenditure</b>	<b>10,563,312</b>	<b>7,850,838</b>	<b>8,475,148</b>	<b>10,912,950</b>	<b>16,438,219</b>
<b>NMSS &amp; Independent Special Pupils with EHCPS</b>	<b>196</b>	<b>140</b>	<b>148</b>	<b>187</b>	<b>279</b>

Cost of implementing	The costs involved in the actions are included in earlier sections of the plan and relate to growing local provision.  No costs have been included for the challenge element.
The impact	The aim is to reduce the number of pupils with an EHCP attending independent provision by 334.  More pupils attending colleges from other LA's increases our High Needs Funding.
Outcomes	This will generate a cost saving of £20.6m.  The plan assumes that the annual price increase can be halved from a typical 3% to 1.5%. This would provide savings of up to £1m by 2024/25 depending on other changes to that type of provision.

## 5. Further Education

The key changes relate to a reduction in pupils due to supported internships and the import / export adjustment.

Description	Unmitigated Forecast				
	2020-21	2021-22	2022-23	2023-24	2024-25
	£	£	£	£	£
High needs place funding	2,602,500	3,255,000	4,066,875	5,086,094	6,356,500
Top up funding average cost £6,377	2,474,276	3,092,845	3,866,056	4,832,570	6,040,713
<b>FE Colleges Total Expenditure</b>	<b>5,076,776</b>	<b>6,347,845</b>	<b>7,932,931</b>	<b>9,918,664</b>	<b>12,397,213</b>
<b>FE Pupils with EHCPS</b>	<b>388</b>	<b>485</b>	<b>606</b>	<b>758</b>	<b>947</b>

Description	Mitigated Forecast				
	2020-21	2021-22	2022-23	2023-24	2024-25
	£	£	£	£	£
High needs place funding	2,584,500	3,211,000	3,871,375	4,632,219	5,676,148
Top up funding average cost £6,377	2,421,736	2,912,765	3,526,551	4,293,784	5,252,825
<b>FE Colleges Total Expenditure</b>	<b>5,006,236</b>	<b>6,123,765</b>	<b>7,397,926</b>	<b>8,926,003</b>	<b>10,928,974</b>
<b>FE Pupils with EHCPS</b>	<b>388</b>	<b>465</b>	<b>561</b>	<b>682</b>	<b>832</b>

There has been significant growth in high needs provision within FE settings.

There are several mitigations being applied:

- The introduction of Supported Internships to reduce numbers accessing colleges. (see section 6).
- The impact of the import / export adjustment.

CEC is paying for the places which are registered as CE but we expect half of the places will be occupied by Cheshire West and Chester pupils. This makes CE a net importer of place funding. As the number of places increase CE will receive funding back through the adjustment. This reduces the Council's spend.

## 6. Supported Internships

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.

Internships normally last for a year and include unpaid work placements of at least six months. Wherever possible, they support the young person to move into paid employment at the end of the programme. Students complete a personalised study programme which includes the chance to study for relevant substantial qualifications, if suitable, and English and maths to an appropriate level.

These would be based at a mix of settings:

- **Special schools** – where the intention is to create SI places with a lower top up value. This will then reduce the number of EHCPs in specialist independent provision when the young person is 19+ years (normally leaves special school and goes to independent provision).
- **Further Education providers** – where this forms an alternative to a course and is a lower cost option. As a result the number of EHCP pupils requiring a second year of study programme in FE should reduce.

The intention is to fund SIs at a lower top up value as support is claimed from DWP and SI programme by the setting for 1 year, therefore assisting the process of ceasing a plan which in turn reduces the overall number of EHCPs in the age group of 19+.

Cost of implementing	Intention to run own CEC 10 place SI programme at the national agreed amount of £10,000 per place funding, equating to £100,000 per annum.
The impact	<p>The Supported Internship means the individual has reached the end of their education and have the skills to seek employment.</p> <p>The plans cease after 1 year, therefore education in FE college does not continue.</p> <p>Supported Internships have lower than average top up funding.</p>
Outcomes	<p>Support the young person to move into paid employment.</p> <p>Reduction of 20 EHCPs per year for FE and 15 for special schools.</p>

The costs and savings from Supported Internships are reflected in the figures in above sections.

## 7. High Needs Budget Challenge

The Council will review all high needs budgets on an annual basis and ensure that the necessary amounts are provided for place and pupil funding. In addition, any service contributions are reviewed to ensure that only essential posts are funded.

Cost of implementing	Nil – undertaken as part of existing budget setting work.
The impact	Scope to make reductions to DSG service contributions that can be applied to placement budgets.
Outcomes	Ensure effective use of funding and maximise the amount available for placements.

## **Annex 1 ~ Extract from [DSG Management Plan](#) site**

### **Details**

The Dedicated Schools Grant (DSG): conditions of grant 2020 to 2021 paragraph 5.2, requires that any local authority (LA) with an overall deficit on its DSG account at the end of 2019 to 2020 financial year, or whose DSG surplus has substantially reduced during the year, must be able to present a plan to the Department for Education (DfE) for managing their future DSG spend.

In response to feedback from LAs and other stakeholders, we have designed a template to help LAs manage their DSG deficit management plan.

### **Management plan template**

The template has been designed to help LAs to develop evidence-based and strategic plans covering the provision available for children and young people (CYP) with special education needs and disabilities (SEND).

We encourage all LAs to use the template as a planning tool: we believe this will be particularly useful when discussing and sharing complex funding information with internal and external bodies, parent and carer forums and elected members. It should be kept updated throughout the year to reflect the most recent forecast position and be viewed as an on-going live document including being presented at schools forum meetings and any high needs sub-groups at least on a termly basis.

## **Extract from [Schools Operational Guidance](#)**

### **DSG management plans (page 49)**

An increasing number of local authorities have been incurring a deficit on their overall DSG account, largely because of overspends on the high needs block.

In 2019 to 2020, local authorities with a cumulative deficit of 1% or more at the end of the financial year (31 March 2019), were required to submit a recovery plan to the department to outline their plan to manage their DSG spend.

In 2020 to 2021, DfE extended the rules under the DSG conditions of grant so any local authority with an overall deficit on its DSG account at the end of the 2019 to 2020 financial year, or whose DSG surplus has substantially reduced during the year, must cooperate with the department in handling that situation by:

- providing information as and when requested by the department about its plans for managing its DSG account in the 2020 to 2021 financial year and subsequently
- providing information as and when requested by the department about pressures and potential savings on its high needs budget
- meet with officials of the department as and when they request to discuss the local authority's plans and financial situation
- keep the schools forum regularly updated about the local authority's DSG account and plans for handling it, including high needs pressures and potential savings



DSG management plans will need to be discussed with the schools forum and should set out the local authority's plans for bringing the DSG spend back into balance.

The department expects the chief financial officer and appropriate special education needs (SEN) colleagues to review and sign off the report periodically.

Where a local authority has a substantial in-year overspend or cumulative DSG deficit balance at the end of the financial year, its management plan should look to bring the overall DSG account into balance within a timely period.

The department recognises that this may prove difficult for some local authorities, particularly where they are accelerating moving their schools to mirror the NFF allocations in full. Where this is the case, the department would be open to receipt of evidence explaining the pressures and will consider management plans that leave some or all of the deficit accumulated to date outstanding.

In all cases, the department expects local authorities' management plans to focus on how they will bring in-year spending in line with in-year resources. DfE expects a range of evidence to support local authority management plans.

The department will continue to review the management plan process and has provided a template DSG deficit management plan for local authorities to use. DfE expects all evidence to have been presented to schools forums.

The department is aware that DSG deficits are usually caused by high needs pressures, and in these cases the evidence required in the management plans will typically include what the department already looks for in block movement disapplication requests.

Local authorities will, however, need to address whatever the main causes of overspending on the DSG have been.

The evidence should include:

- A full breakdown of specific budget pressures locally that have led to the local authority's current DSG position. Where this has resulted from high needs pressures, information should include the changes in demand for special provision over the last 3 years, how the local authority has met that demand by commissioning places in different sectors (mainstream and special schools, further education and sixth form colleges, independent specialist provision and alternative provision), and if there have been any reductions in the provision for mainstream school pupils with high needs.
- An assessment and understanding of the specific local factors that have caused an increase in high needs costs to a level that has exceeded the local authority's high needs funding allocations; and a plan to change the pattern of provision where this is necessary, as well as to achieve greater efficiency and better value for money in other ways; together with evidence of the extent to which the plan is supported by schools and other stakeholders.
- Evidence of how the local authority intends to bring its DSG account back into balance within a timely period, clearly showing clearly how expenditure will be contained within future funding levels. This should also show how the additional funding provided in 2020 to 2021 is intended to be spent to support the local authority to balance its in year spend.

- Details of any previous movements between blocks and any proposed block movements. A detailed explanation of why these have not been sufficient in the past and why they will be needed going forward to meet the local authority's high needs pressures is required. Further information is included in the movements between blocks section of this guidance.