



**SCRUTINY COMMITTEE - CHILDREN AND FAMILIES**

**Monday, 10 February 2025**

**10.00 am**

**Luttrell Room - County Hall, Taunton TA1 4DY**

**SUPPLEMENT TO THE AGENDA**

To: The members of the Scrutiny Committee - Children and Families

We are now able to enclose the following information which was unavailable when the agenda was published:

Agenda Item 7      DSG Deficit Management Plan (Pages 3 - 26)

To consider a presentation on the DSG Deficit Management Plan.

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Somerset Council  
Scrutiny Committee  
Children’s & Families Scrutiny Committee – 10<sup>th</sup> February  
2025



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Dedicated Schools Grant (DSG) & Deficit Management Plan (DMP)

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Executive Lead Member: Cllr Heather Shearer

Division / Local Member:

## **1. Summary**

- 1.1.** The Dedicated Schools Grant (DSG) Deficit Management Plan (DMP) is a plan required by the Department of Education due to the ongoing scale of the High Needs deficit in Somerset. The original plan was submitted to auditors and the DfE, and reported to Children and Families Scrutiny, in March 2024.
- 1.2.** While progress against the actions in the plan has been good, the mitigations in the plan, which were agreed with the DfE, have not changed the trajectory of cost escalation. This is a pattern consistent with other local authorities. In order to protect Somerset’s financial position, a new DMP is being drafted with the support of PeopleToo, a specialist consultancy in this field, who are providing expertise to cost and model the new, more stretching objectives of the forward plan.

## **2. Issues for consideration / Recommendations**

**2.1.** Children and Families Scrutiny is recommended to:

- Take note of the financial pressures and the scale of the cost escalation
- Scrutinise the progress made to completing the actions in the current DMP
- Commit to reviewing the revised DMP once completed

## **3. Background**

- 3.** The DSG is a ring-fenced grant and must be deployed in accordance with the conditions of grant and the latest school and Early Years Finance (England) Regulations. Detailed guidance for each block is contained within various operational

documents issued by the Education Funding & Skills Agency (EFSA). The allocation provided to Somerset for the High Needs element of expenditure has been insufficient to meet statutory obligations for successive years with a resultant forecast deficit for the DSG as a whole for 2024/25 of £66.678m.

**Table 1: DSG Allocations Comparison**

Block	24/25	25/26	Increase/ Decrease)	
	£m	£m	£m	%
Schools Block	391.127	416.882	25.755	6.6%
Central Schools Services Block	4.604	4.472	- 0.132	-2.9%
High Needs Block	87.400	94.860	7.460	8.5%
Early Years Block	50.211	73.698	23.487	46.8%
Total	533.342	589.912	56.570	10.6%

Note: allocations above are before deductions and recoupment

#### **4. Consultations undertaken**

- 4.1.** The programme of work that supports the DMP has been extensively consulted on with schools and parent carers. An informal programme of consultation with schools, settings and parent/carers on priorities for change took place in April 2024. A formal consultation on funding option and a new model of provision was launched in September 2024 for six weeks.

#### **5. Background papers**

- 5.1.** Slide pack included with more detail in relation to this item.

# **Dedicated Schools Grant (DSG) & DMP Deficit Management Plan (DMP)**

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**Children & Families Scrutiny Committee**

**10/02/25**



**Somerset  
Council**

# Latest reports on the SEND crisis

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**National Audit Office** – The auditors for central government have flagged an urgent need for DfE to review escalating costs and lack of plans to improve the SEND system.

**Public Accounts Committee** – This influential committee has set expectations that the Department for Education will take rapid action to better understand why demand for EHCPs has soared and what they are going to do to differently to manage spiralling costs that are going to bankrupt almost half of all local authorities next year.

**Local Government Association** – ISOS Partnership have produced a very long research report for the LGA outlining the factors that have created the crisis and describing some possible solutions. The rise in either awareness or prevalence of Autism, ADHD and mental ill-health is a key trend which is reflected globally, not just nationally.

**Institute of Fiscal Studies** – This expert finance organisation has looked at the spending crisis and concluded that change is essential but likely only achievable by groups of schools in local areas working together to find different models that work better for children.

# DSG Management Plan – February 2024

	Mitigation	Activities focused on
1	More trusting relationships	Tackling risk in the backlog of EHCP requests
2	Improved readiness for school	Increasing capacity on the ground to work with settings prior to transition into Reception
3	More effective mainstream capacity	Working more effectively across organisations on support for schools
4	Better transition out of KS4	Shift to focus on outcomes (for annual reviews and contracts), Supported Internship Agency
5	More maintained specialist capacity	Mainstream plus and sufficiency strategy
6	Stronger accountability for outcomes and efficiency	Reorganisation, governance and joint commissioning
7	Consistency of practice	Statutory process (EHCP and Schools causing concern)
8	Local decision-making	Localities

# Deficit Management Costings

Description of existing mitigations	What it involves	Potential in-year financial impact				Key risks to implementation and potential mitigations.
		2023-24	2024-25	2025-26	2026-27	
Mitigation 1 Achieving opportunity 3 (fewer independent placements)	Tackling complex cases in backlog to reduce INMS placements directed by tribunal			£0.39m	£1.28m	Timescales for workforce change mean that releasing capacity for active management of 2025 cohort involves delivery risk.
Mitigation 2 Achieving Opportunity 1 and 2 (fewer EHCPs, fewer specialist placements)	Improved support in early years to reduce growth in plans and increase mainstream confidence			£1.27m	£2.75m	Introduction of extended hours for free childcare is underfunded and impact on sufficiency of providers locally could yet prove negative,
Mitigation 3 (additional activities beyond stage 1) Achieving opportunity 1, 2, 3 (fewer EHCPs, more mainstream capacity, fewer INMS)	Focused cohort intervention to reduce requests for statutory assessment and ability to retain more children in mainstream schools.			£2.01m	£4.69m	Significant level of trust closure, mergers and school rebrokering in county mean that capacity for further change in mainstream schools is limited during transformation window.
Mitigation 4 Achieving opportunity 4 (reducing duration of post 16)	Focused SEND CEIAG for successful Preparation for Adulthood. Increased post 16 bespoke provision.			£1.01m	£2.20m	Opportunity linked to supported internship growth and devolution of skills funding.
Mitigation 5 (additional activities beyond stage 1) Achieving opportunity 3 – more MSS places	Increasing satellite and mainstream plus provisions by locality need, implementation of Wells Free school			£0.51m	£1.1m	Risk of planning delay in relation to Wells Free school. Mainstream plus models are untested and therefore at risk of implementation delay.
Mitigation 6 (additional activities beyond stage 1) Governance to ensure achievement of all opportunities	Implementation of measures to increase accountability and strengthen governance					Health and council services are facing unprecedented financial challenges which could impact negatively on capacity to facilitate change.
Mitigation 7 – Opportunity 1, 2, 3, 4	Measures to improve consistency of service delivery and decision making					LA-MAT relationships are at an early stage and therefore untested.
Mitigation 8 – Opportunity 1, 2 and 3	Localisation of decision-making in relation to funding					Funding model will require co-production and while appetite exists it depends on building trust.
	Stretch benefits		£0.38m	£2.70m	£7.70m	
	Revised benefits		(£0.06m)	£7.89m	£19.7m	



Mitigation	Objective	Activities	RAG	Status
1	More trusting relationships	Activity 1.1: Address backlog of longstanding requests for EHCPs		Significant progress with 'Hard Cases'. Hundreds of cases resolved but process has identified hundreds more.
1	More trusting relationships	Activity 1.2: Redesign initial process for responding to identified need to keep children in their existing placement		Business process mapping has produced proposals for new ways of working that have been positively received by school leaders.
2	Improved readiness for school	Activity 2.1: Provide more capacity on the ground to support change and skill development in EY settings		Additional funding and education restructuring should significantly increase capacity for work in Early years.
2	Improved readiness for school	Activity 2.2: Increase capacity to work directly with families on speech, language and communication in the early years		Contract signed with NHS for speech and language therapy.
2	Improved readiness for school	Activity 2.3: Alignment of assessment practice with maternity and health visiting universal offer		Best Start in Life group working on assessment alignment and making good progress.
3	More effective mainstream capacity	Activity 3.1: Provide more capacity on the ground to support change and skill development in schools		Education restructuring will increase capacity to develop inclusive teaching and curriculum.
3	More effective mainstream capacity	Activity 3.2: Develop a more joined up and systematic approach to support schools that is status neutral		Good progress has been made on MAT-LA programme of school to school support. (3.2 and 3.4 both)
3	More effective mainstream capacity	Activity 3.4: Develop a sharper and simpler support offer which is delivered through investment in quality conversations about improvement		See above

Mitigation	Objective	Activities	RAG	Status
4	Better transition out of KS4	Activity 4.1: Improve contract management for INMS and move to block booking of contracts	Green	Commissioning has expanded their focus on INMS contracts and managing cost.
4	Better transition out of KS4	Activity 4.2: Redesign format of EHCP to focus on outcomes over need	Yellow	Good progress with digital EHCP project but issues relating to the management information system do not yet have corporate support.
4	Better transition out of KS4	Activity 4.3: Redesign system of annual reviews to maximise challenge and support at transition	Red	Annual reviews remain of high concern and without digital change will not progress.
4	Better transition out of KS4	Activity 4.4: Introduce Supported Internship Agency	Blue	Education restructure includes new Supported Internship team
4	More maintained specialist capacity	Activity 5.1: Successfully introduce new special free schools with good performance	Red	New special school has opened but not currently on track to reach capacity
5	More maintained specialist capacity	Activity 5.2: Develop and maintain a sufficiency strategy that informs placement and transition decision-making	Blue	Sufficiency strategy has been completed
5	More maintained specialist capacity	Activity 5.3: Pilot options for specialist spaces in mainstream schools	Yellow	Specialist spaces are at proposal stage and seeking decision but timescales are extremely challenging
6	Stronger accountability for outcomes and efficiency	Activity 6.1: Redesign governance and decision-making controls in relation to High Needs funding	Yellow	Without restructuring progress remains limited but new roles and responsibilities should support improved decision making in localities
6	Stronger accountability for outcomes and efficiency	Activity 6.2: Reorganise LA management structure to clarify responsibilities and accountability	Blue	New structures will go live in April 25
6	Stronger accountability for outcomes and efficiency	Activity 6.3: Clarify focus of joint commissioning and commit to five year investment plans	Green	Good commitment from NHS to joint working on new model of provision

Mitigation	Objective	Activities	RAG	Status
7	Consistency of practice	Activity 7.1: Establish joint working arrangements between LA and MAT central teams	Yellow	MAT CEO group now well established but still maturing
7	Consistency of practice	Activity 7.2: Establish shared LA-MAT-DfE Schools causing concern process	Green	Progress being made to greater collaboration on shared priorities
7	Consistency of practice	Activity 7.3: Redesign statutory processes with a focus on consistency of practice and evidence-based methodology	Yellow	Business process mapping completed but limited further progress possible until restructuring completed
8	Local decision-making	Activity 8.1: Introduce localised model of delivery	Green	New education structure based on locality model
8	Local decision-making	Activity 8.2: Introduce localised model for financial prioritisation	Green	Successful pilot in Yeovil looking at financial and sufficiency pressures in the area
8	Local decision-making	Activity 8.3: Design and implementation of rationalised data and intelligence systems to support localised working and sufficiency strategy	Blue	Data model for identifying risk shared in autumn, further iterations in progress

# Budgetary Overview

- Somerset's 2024/25 High Needs allocation is £77.496m.
- The High Needs Budget for 2024/25 was set at £96.349m, with an **£18.853m** deficit.
- At Month 7, the in-year deficit is forecast to be **£32.669m**

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**Somerset's High Needs overspend is being driven by growth in INMS places and Costed Plans for mainstream schools**

Independent - 2024/25 Budget £32.842m, Forecast £37.060m = **£4.218m pressure**

Mainstream - 2024/25 Budget £12.510m, Forecast £20.642m = **£8.132m pressure**

# INMS

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## Independent Non-Maintained Special Schools (INMS)

- Average new INMS placement is £70,000 pa plus transport
- Children are placed in INMS because:
  - They are a good fit with our Special Schools but there are no spaces
  - There is a need for 1:1 or very small group teaching – sometimes this could be done in mainstream or special with the right space and funding.
  - Parental Preference

# EOTAS

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## Education Otherwise than at School

- Average EOTAS package as at November 2024 was £23,700
- Provision is often not full-time which can create issues for parental employment and potential safeguarding risk
- Children are placed in EOTAS because:
  - There is no provision available, or none within a reasonable travel distance, or they are awaiting a space to come available at a future date
  - They are post-16 and there is no available suitable provision in colleges locally
  - They have been excluded and there is no provision available that is safe for them / others that they could attend

# What is EOTAS?

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Example online EOTAS package 26 hours without transport

- Art 2 sessions per week £65 per session
- Literacy 2 sessions a week £48 per session
- Stop Animation 12 sessions a week £65 per hour
- Stop Animation prep 4hrs a week £32.50 per hour
- Tech tuition 6hrs per week £60 per hour

£1496 per week - £58,300 pa

Example face to face EOTAS package 21 hours with parental transport

- Gecko Community 5.5 hours a day x 3 sessions a week £630
- Move the Mind Outdoor Learning 2-3 hours a day x 2 sessions a week £255
- Mileage £225 a week

£1110 per week - £43,290 pa

# Mainstream

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## Growth of Costed Plans (and Mainstream Top-ups)

- Costed plans are statutory funding to meet provision outlined in Section F where that exceeds the banding allocation.
- Costed Plan current average cost (LA + school contribution) for Band 4 is £17,395 pa
- Virtually all costed plans are allocated to pupils in mainstream schools and demand is driven by the cost of two main factors:
  - 1:1 support from Teaching Assistants, often to help with dysregulation
  - Alternative Provision, often because the child's needs cannot be met with other children on a busy school site



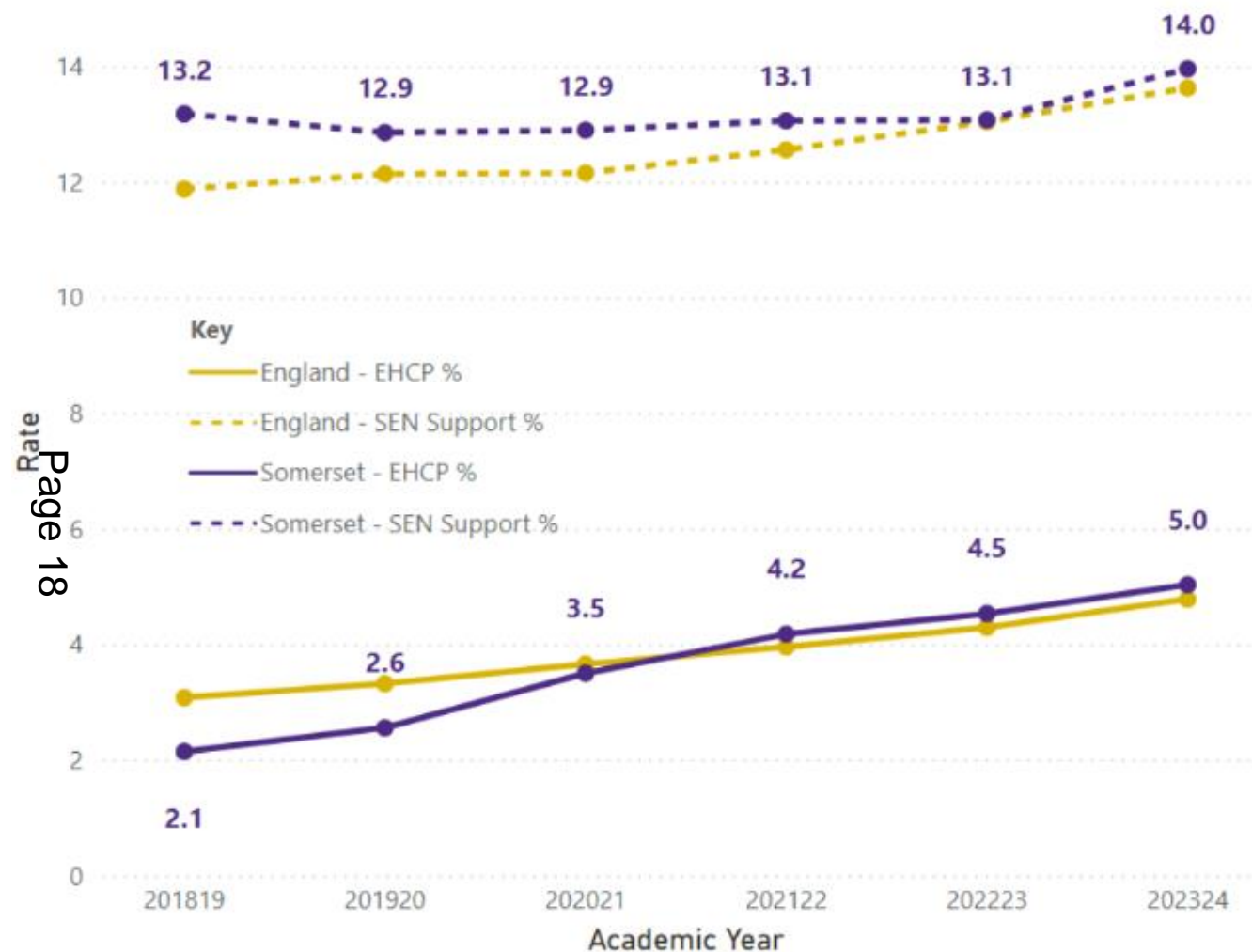
# Projected DSG Deficit

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Projected unmitigated DSG deficit as  
at 31 March each financial year to the  
year 2029/30:

Year	Actual/Forecast	Closing Deficit £m
2018/19	Actual	(6.702)
2019/20	Actual	(11.280)
2020/21	Actual	(14.935)
2021/22	Actual	(20.109)
2022/23	Actual	(20.730)
2023/24	Actual	(33.911)
2024/25	Latest Forecast	(66.678)
2025/26	Projected	(100.592)
2026/27	Projected	(133.836)
2027/28	Projected	(172.271)
2028/29	Projected	(216.509)
2029/30	Projected	(267.312)

## School Census SEND Rates



Area	201819	201920	202021	202122	202223	202324
England - EHCP %	3.07	3.32	3.65	3.95	4.29	4.78
England - SEN Support %	11.87	12.14	12.15	12.55	13.04	13.63
Somerset - EHCP %	2.14	2.55	3.50	4.17	4.53	5.03
Somerset - SEN Support %	13.18	12.85	12.89	13.06	13.07	13.96

# Demand Volume

Significant growth in expenditure is not due to a significant increase in pupils with SEND

# Demand Volume

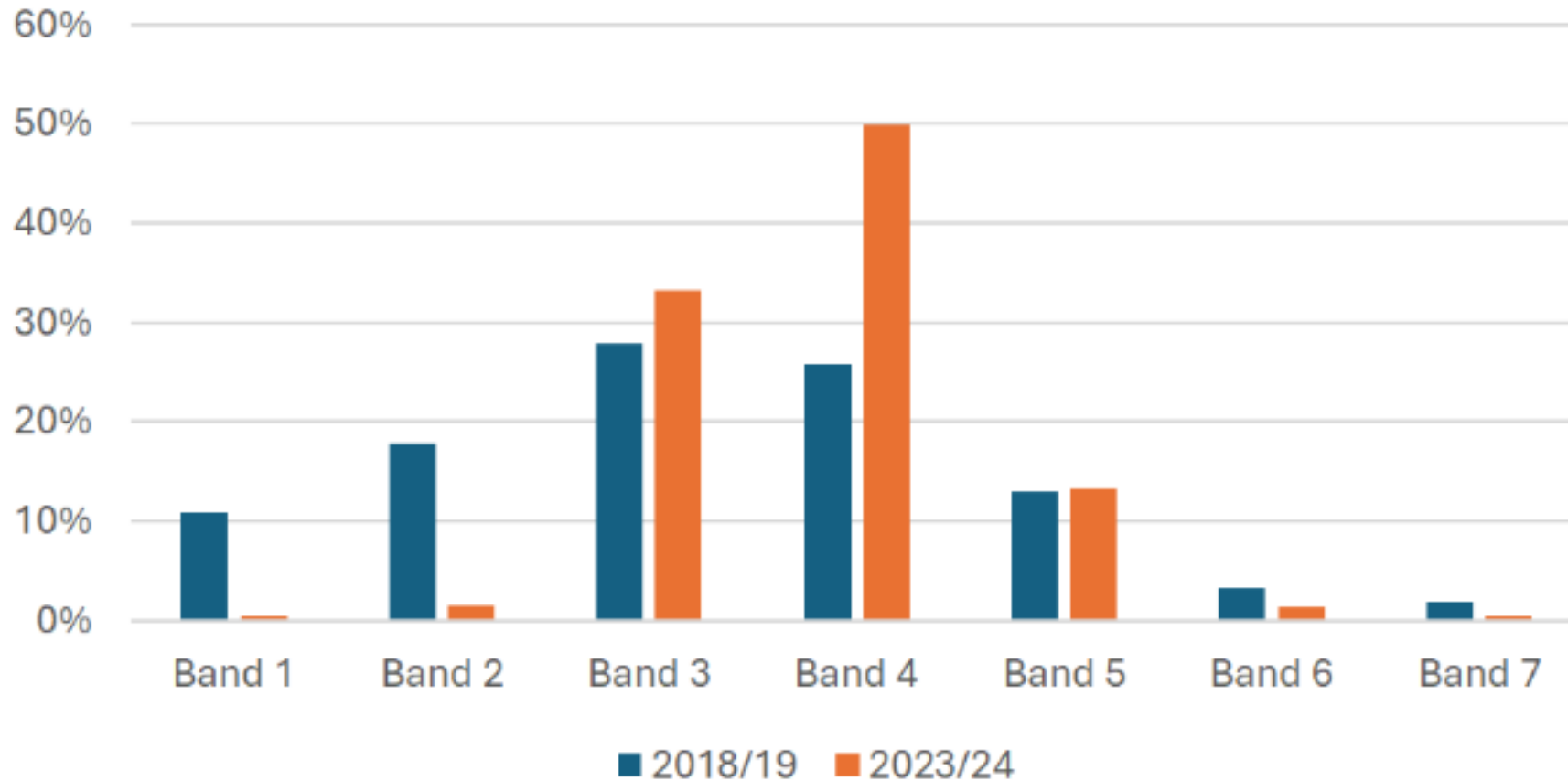
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- Increase in the identification of SEN Support in 2023/24 brought Somerset in line with national rate
- Proportion of children with EHCPs has more than doubled in five years
- Increase in EHCPs is steady, but rate they are being added exceeds the rate they are being closed
- Suggests that the rise in cost is not driven by rise in SEND pupils, but in the movement of SEND pupils out of the SEN Support category and into the EHCP category

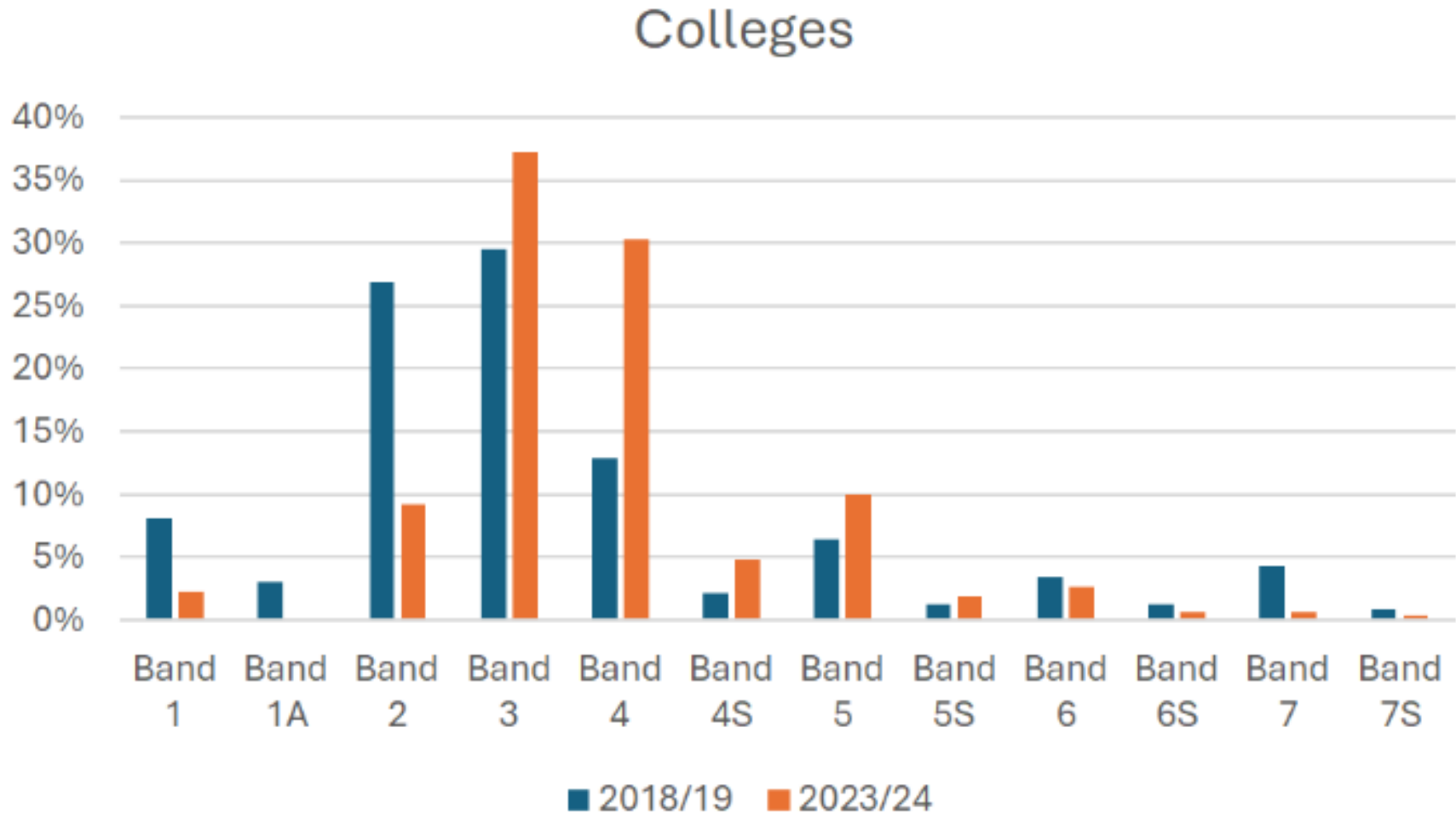
Academic Year	Sum of requests
2018/19	1063
2019/20	956
2020/21	1027
2021/22	1032
2022/23	1169
2023/24	1063
2024/25	448
<b>Total</b>	<b>6758</b>

# Demand Severity

School Age Mainstream

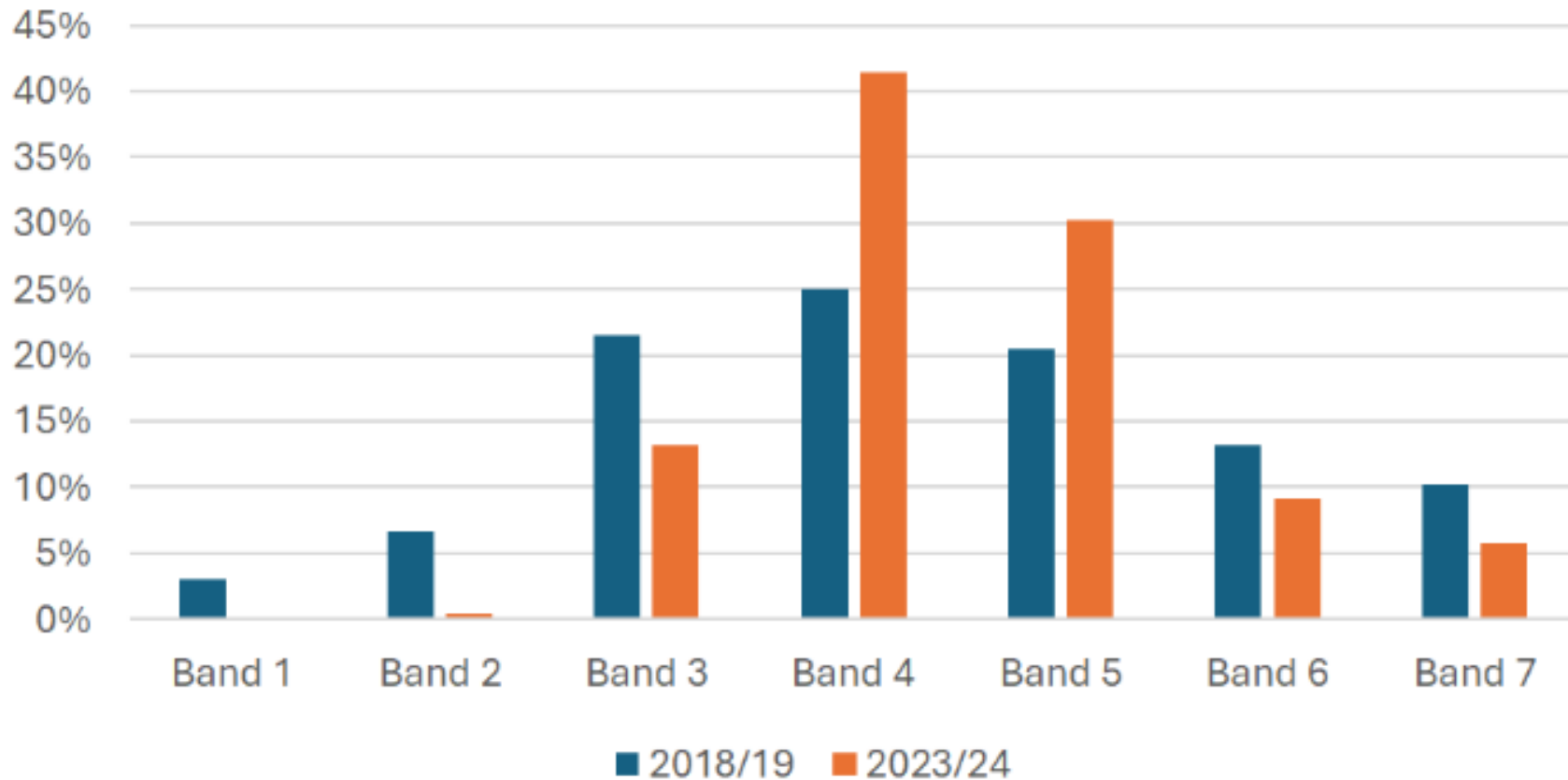


# Demand Severity



# Demand Severity

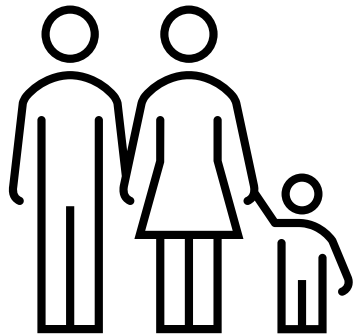
School Age Special



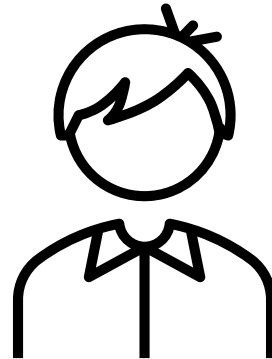
# Potential contributory factors

Page 23  
Attitudinal

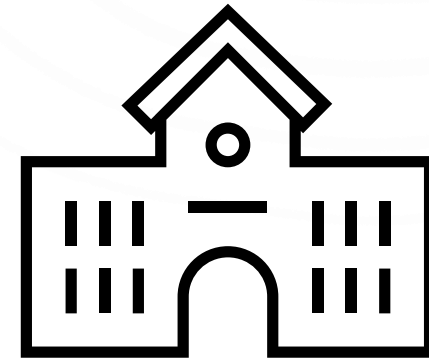
Autism and ADHD gain wider awareness and stigma reduced



Pandemic shows children that school attendance is not inevitable



Accountability system rewards attainment over inclusion



Contextual

Cost of living pressures on family environment

Development of routines and socialisation interrupted

Falling birthrate and tight funding puts stress on school budgets

# Summary of available places

Description	Total
Available places in state funded Special School	102
Children and young people in Somerset who have been identified as requiring a specialist place but do not currently have one	237
<i>Children and young people in Somerset who have been identified as borderline (Will be base appropriate, others will be EOTAS, others will be mainstream with enhanced support, and some will end up in special school where that is the right option.)</i>	178
<b>Additional places needed</b>	<b>Between 135 - 313</b>

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\*There are a further 97 children at an early stage of the EHCNA. It's too early to know how many children will need a specialist placement.

\*\*These figures don't include the children who are in a place and will still have that place in September, but where we have identified this is not an appropriate place.



# Proposed mitigation

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- Somerset has a potential opportunity to mitigate through identification of empty spaces and classrooms in the mainstream estate that are underutilised due to need for investment or falling pupil numbers
- If we can move sufficiently rapidly, we may be able to mitigate the needed spaces using the High Need Capital Allocation
- Peopletoo (external experts in children's services finance and operations) have been commissioned to develop a business case at pace and decisions will be sought rapidly if there is a strong case to proceed

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