

Cabinet

10 July 2019

**High Needs Block Funding for SEND
and Inclusion Support**

Ordinary Decision



Report of Corporate Management Team

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People's Services**

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**Councillor Olwyn Gunn, Cabinet Portfolio Holder for Children &
Young People's Services**

Councillor Alan Napier, Cabinet Portfolio Holder for Finance

Electoral division(s) affected:

Countywide

Purpose of the Report

- 1 This report provides Cabinet with an overview of spend and pressures on the High Needs Block (HNB) of the Designated Schools Grant (DSG), which provides funding for Special Educational Needs and Disability (SEND) and Inclusion Support services for children, young people and young adults.
- 2 The report outlines initial areas of focus in work being done to seek to make the HNB more sustainable and refers to a number of proposals which require further consultation.

Executive summary

- 3 There are growing spend pressures in relation to the High Needs Block (HNB) of the Designated Schools Grant (DSG) which provides funding for special education needs and disability (SEND) and inclusion services for children, young people and young adults.

- 4 A combination of austerity across the public sector, implementation of the SEND reforms (which has increased support to cover young people and young adults up to 25 years old) and changing needs means that there are insufficient resources including from HNB funding. This is also the case in many other local authorities.
- 5 In simple terms the council is currently spending 15% more than the funding available to us which is not sustainable. Addressing this spending pressure is complex and involves collaboration across a number of services and schools and with a number of partners. This means trying to address areas of pressure from the HNB without significantly impacting support for individual children and young people and minimising impact on schools and other budgets. The work on reviewing services must also be done involving consultation with children, young people and their families.
- 6 A SEND and Inclusion Resources Board has been established. It brings together colleagues from the council's Education Services, SEND and Inclusion, Commissioning and Finance and gives cross council oversight on resources for SEND and Inclusion, including HNB spending and related council budgets. This board now has oversight of a number of areas of work as we seek to make the HNB funding more sustainable.
- 7 Work underway currently involves reviewing all areas of spending, making reductions in HNB spending where feasible whilst also recognising the specific needs of individual children and young people, the overall volume of young people with SEND needs and the volatile and changing pattern of demand on different service areas.
- 8 Key initial areas of focus are covered in the report and include reviewing:
 - (a) all areas of spend from centrally managed services;
 - (b) funding and places in Special Schools;
 - (c) how the transport budget for pupils attending the Pupil Referral Unit is funded;
 - (d) the commissioning of service areas which support children and young people with SEND, including integrated therapies and equipment, auxiliary aids and adaptations;
 - (e) the model for top up and targeted funding;
 - (f) financial support provided through local partnerships of schools;

- (g) pupil referral unit and alternative provision.
- 9 Section 19 of the Children and Families Act 2014 makes clear that local authorities must ensure that children, young people, parents and carers are involved in decisions about local provision. A number of strands of activity related to these areas are thus proposed to be covered in a consultation period over three months from 17th July to 17th October 2019. This consultation builds on previous consultation and engagement activities including discussions with schools, representatives from families and young people.
- 10 Based on further work, the findings from consultation and equality impact assessments, it is then planned to bring a further report to cabinet in the autumn regarding the updated financial forecast position, summary of consultation findings, recommendations regarding the areas of focus in this report and the associated strategy regarding funding for 2020/21.

Recommendation

- 11 Cabinet is recommended to:
- (a) note the HNB outturn for 2018/19, the current forecast position for 2019/20 and the initial areas identified for targeted funding reductions;
 - (b) agree to a programme of consultation taking place between 17th July and 17th October 2019 with a range of stakeholders in line with statutory requirements regarding the various strands of work outlined in the report;
 - (c) approve the proposal for Home to School Transport costs which are currently charged to the HNB to be charged to the CYPS Home to School Transport budget in 2019/20 and met from corporate contingencies in year; *and*
 - (d) receive a further report in the autumn regarding the updated financial forecast position, summary of consultation findings, recommendations regarding the areas of focus in this report and the associated strategy regarding funding for 2020/21.

Background

- 12 At its meeting in May 2019 Cabinet approved the refreshed SEND strategy, which sets out our joint strategic approach across the 0-25 age range involving health, social care, education and other partners. In addition to setting out our vision and aims for children, young people and young adults with SEND, the report also highlighted increasing resource pressures which have also featured in recent financial reports to Cabinet.
- 13 The council and our local partners, including schools and the health sector, are continuing to face significant pressures in resourcing support for children, young people and young adults with SEND and support for inclusion.
- 14 A combination of austerity across the public sector, implementation of the SEND reforms (which has increased support to cover young people and young adults up to 25 years old) and changing needs means that there are insufficient resources including from the High Needs Block (HNB) of the Dedicated Schools Grant (DSG). This is also the case in many other local authorities.
- 15 The government has recognised in part the significant budget pressures local authorities are facing in the HNB budget, however, this is insufficient to meet our current and forecasted pressures.
- 16 In 2019/20 our HNB funding allocation (prior to deductions for Education and Skills Funding Agency (ESFA) funded places) is £52.7 million which is an increase of £1.577 million on the 2018/19 allocation. Both 2018/19 and 2019/20 allocations include temporary additional funding of £1.057 million for each year as announced by the Department for Education (DfE) in December 2018.
- 17 The council sought permission from the Secretary of State (DfE) to top-slice the schools DSG budgets to transfer additional funding to the High Needs budget in 2019/20, but this was not supported by the Schools Forum. The maximum top slice that could have been applied for is circa 1.8%, however following feedback and discussion with schools, the council submitted an application for a smaller 0.5% top slice totalling circa £1.5 million on the 30 November 2018.
- 18 The Secretary of State (DfE) did not support the application for the 0.5% top slice, citing the lack of support from the Schools Forum as a major determining factor in this decision, plus the lack of a fully costed recovery plan to return High Needs spending to within the DSG funding provided.

- 19 Local Authorities are permitted to carry forward a cumulative DSG Deficit Balance, however, where this exceeds 1% of the total DSG allocation the authority is required to submit a recovery plan to the DfE outlining how they will bring their deficit back into balance in a three-year period.
- 20 For Durham, this would equate to a deficit figure of circa £3.9 million at 31 March 2020. The cumulative deficit figure in 2018/19 was £0.349 million and in 2019/20 the council has agreed to augment HNB DSG funding with the use of Budget Support Reserve to fund up to £5.6 million of any HNB overspend. Any overspend above this level would then increase the DSG deficit position carried forward at 31 March 2020.
- 21 The inclusion of this significant education cost pressure in the general fund budget was seen as a one-off measure to provide time to develop a sustainable longer-term position to seek to meet the needs of young people with SEND within the resources available. Work has taken place to develop a more detailed understanding of recent trends on HNB spending, particularly since the implementation of the SEND reforms introduced from 2014.
- 22 It is hoped that the DfE will increase funding in 2020/21 as an outcome of the Comprehensive Spending Review and the lobbying and evidence of need provided to them.
- 23 In May 2019 the DfE announced a call for evidence and have invited individuals and organisations to consider how the SEND and alternative provision financial arrangements in England could be improved to help local authorities, schools, colleges and other providers in supporting children and young people. The consultation is open until 31 July 2019 and the DfE has said it welcomes views on changes to the funding system that could help in getting the best value from the resources available.
- 24 Also in May, the DfE published the Timpson Review, which explored how head teachers use exclusion, and why pupils with particular characteristics are more likely to be excluded from school. In its response, the government has committed to support head teachers, schools and partners and provide greater clarity for school leaders on the appropriateness of exclusion.

SEND and Inclusion Resources Board

- 25 To address these cumulative issues in Durham with HNB resources and pressures, a SEND and Inclusion Resources Board has been established. It brings together colleagues from the Council's Education Services, SEND and Inclusion, Commissioning and Finance and gives

cross council oversight on resources for SEND and Inclusion, including HNB spending and related council budgets.

- 26 This Board now has oversight of a programme of work to seek to make the HNB more sustainable and respond to changing needs across the County. This is based on an initial draft High Needs Block sustainability plan which was compiled earlier in the year and discussed with Schools Forum as part of a special meeting which focused on SEND at the end of January 2019. This enabled Schools Forum to understand in more detail how each area of the HNB is used and to discuss initial plans for reviewing spending in 2019/20.
- 27 To support further dialogue and engagement with early years, schools and college providers regarding HNB spending, options for change and system transformation a SEND and Inclusion Reference Group has also been established, which links with the main Schools Forum and allows more detailed discussion and involvement in this agenda. This includes representatives from across all the sectors represented at the forum.
- 28 The scale of the work required, the range of stakeholders and escalating pressure on the HNB has meant that this complex piece of work has necessitated a programme management approach to be put in place, with dedicated programme management time and additional financial support.
- 29 Addressing these issues requires significant change and transformation activity, alongside significant engagement with existing services and schools across County Durham, children, young people and their families.
- 30 Section 19 of the Children and Families Act 2014 makes clear that local authorities must ensure that children, young people, parents and carers are involved in decisions about local provision. The SEND code of practice (January 2015) states local authorities, CCGs and NHS England needs to have effective ways of harnessing the views of their local communities so that decisions on services for those with SEN and disabilities are shaped by users' experiences, ambitions and expectations. The work we have done to date and the proposals for consultation over a three month period seek to ensure that we do this with a range of stakeholders involved.
- 31 The work we are doing also requires careful consideration of risks and possible unintended consequences, which will be aided by learning from other areas. For example, a significant change in one element of the system such as top up funding provided to mainstream schools could then lead to increased exclusions, more referrals for special school places, additional requests for Education Health and Care Plans

(EHCPs) or increased legal challenges from families. The work being done and the initial proposals in this report are therefore seeking to mitigate against these potential consequences and trying to ensure the 'right support at the right time in the right place' for children, young people and young adults with SEND and inclusion support needs within the resources available to us.

- 32 Whilst recognising the budget pressures associated specifically with the HNB it is also important to remember the significant size of the budget forecast to be available and related funding which comes from school budgets, other council services and health partners to support young people with SEND.

Recent and Current forecast spend on HNB

- 33 The table below shows overall spending over the last four financial years against the HNB DSG funding, together with a current forecast position for this financial year:

Financial Year	HNB for Durham [£'000]	ESFA deduction* [£'000]	Net sum received by DCC [£'000]	Actual or Forecast Spend by DCC [£'000]	(Under) / over spend [£'000]
Actual					
2015/16	46,578	-3,093	43,485	40,685	(2,800)
2016/17	47,325	-2,924	44,391	45,491	1,100
2017/18	48,936	-4,379	44,557	49,209	4,652
2018/19	51,130	-4,400	46,730	54,141	7,411
Initial Forecast					
2019/20	52,707	-3,906	48,801	55,500	6,699

* ESFA deduction relates to payments made directly to some institutions, such as academies and FE colleges, directly by ESFA.

- 34 As can be seen above, HNB spending has risen significantly in recent years. In 2017/18 there was an over spend against the HNB of £4.652 million. This was the net outturn position and took into account the over spend of £5.851 million against budgets for top-up funding for mainstream schools and for special schools provision and an under spend of £1.199 million against centrally provided services and functions.

2018/19 Final Outturn

- 35 Appendix 3 provides a more detailed analysis of the 2018/19 final outturn position. The net overspend position was £7.411 million last year. This was after taking into account the additional funding

announced by DfE in December 2018, which amounted to £1.057 million for Durham.

- 36 Over the course of the year, the largest area of overspending resulted from placements in independent and non-maintained schools, and maintained schools outside of County Durham. In total this area of the budget overspent by £3.505 million.
- 37 Additional funding provided to maintained special schools in Durham accounted for £1.083 million of the overall overspend position, and top-up and targeted funding in mainstream schools (including Enhanced Mainstream Provision) in Durham accounted for £1.578 million of the overspend position.
- 38 In setting the 2018/19 budget there was an initial identified shortfall of £2.040 million between the grant allocation and the original budget requirement, which rose to £7.411 million overspend / shortfall across the year.

2019/20 Forecast Outturn

- 39 Appendix 4 provides a more detailed analysis of the budget and shows the original and current revised forecast budget position for 2019/20.
- 40 The original budget included a non-recurrent allocation of £5.6 million of council reserves to cover anticipated pressures over and above the HNB grant allocation for 2019/20.
- 41 An initial budget setting exercise took place early in the calendar year. Further analysis of actual final expenditure incurred in 2018/19 combined with analysis of newly available data held within the HNB module of the Synergy system (the education case management systems that came fully online in March 2019) has enable refined forecasting of potential expenditure.
- 42 The overall net increase in projected expenditure is a combination of several factors, primarily an increase in the forecast cost of out of county provision and nursery support/outreach. In addition the revised forecast reflects the PRU home to school transport budget which was previously omitted. This increase in forecast expenditure is mitigated by reduced anticipated costs to be charged from DCC for HNB related services, inclusion of the actual budget delegated to special schools and recognition of potential income from schools related to permanently excluded pupils. These changes are summarised in the table below and in fuller detail in appendix 4.

	2019/20 Original Budget [£'000]	2019/20 Revised Budget [£'000]	2019/20 Change [£'000]
Delegated to Special Schools and Alternative Provision	29,500	29,377	(123)
Income from schools (permanent exclusions)	-	(400)	(400)
Equalities and Intervention Team	1,882	1,728	(154)
SEND Sensory Team	1,436	1,299	(138)
Learning Difficulties Team	823	531	(292)
Management and support	698	594	(104)
LA recharges to DSG	825	711	(114)
Other	10,963	10,960	(3)
Pupil Referral Unit – transport	-	600	600
Independent/Out of county (pre-16)	3,000	4,300	1,300
Independent/Out of county (post-16)	4,000	4,200	200
Nursery outreach and support	1,274	1,600	326
	54,401	55,500	1,099

- 43 The revised budget position reflects an updated forecast and shows a projected overspend against the HNB DSG of £6.699 million, of which £5.600 million can be funded from the Budget Support Reserve in year and the remainder (£1.099 million) will require a draw on the centrally retained DSG reserves.
- 44 Overall, the current 2019/20 forecast represents a forecast overspend of £0.7 million less than the 2018/19 outturn position of a £7.4 million overspend. This forecast assumes circa £0.6 million of Home to School Transport costs in relation to the Pupil Referral Unit, which have historically been charged to the HNB continue to be charged to the HNB.
- 45 It is now deemed inconsistent to charge the Home to School Transport for PRU pupils to the HNB however the CYPS Home to School Transport budget was overspent in 2018/19 and there is insufficient headroom in this budget to accommodate these additional costs. In developing the council's medium term financial plan (MTFP10) initial forecasts growth has been built into the 2020/21 budgets to accommodate these PRU transport costs going forward pending formal approval to do so. Approval is being sought through Cabinet to transfer the costs of the PRU transport budget to Home to School transport's responsibility in 2019/20 although it is acknowledged there is no

additional funding transferring with this increased pressure in 2019/20. CYPS are currently reviewing the Home to School Transport budget to better understand the current overspend and to inform options going forward. This may require further growth being built into the MTFP and/or considering a change to home to school transport policy and its implementation.

DSG Reserves Position

- 46 The table below shows the DSG reserves position from April 2017 to the projected balance as at 31 March 2020:

DSG Reserves	High Needs Block [£'000]	Early Years Block [£'000]	Schools Block [£'000]	Total DSG [£'000]
Balance as at 1 April 2017	6,070	2,361	2,728	11,159
Use [-] / Contribution [+] in 2017/18	-4,652	-286	-1,488	-6,426
Balance as at 31 March 2018	1,418	2,075	1,240	4,734
Use [-] / Contribution [+] in 2018/19	-7,411	-705	-231	-8,347
Transfer from COLs	384	0	0	384
Transfer from PFI re-financing	2,881	0	0	2,881
Balance as at 31 March 2019	-2,728	1,370	1,009	-348
Projected Use [-] / Contribution [+] in 2019/20	-1,099	0	0	-1,099
Projected balance as at 31 March 2020	-3,827	1,370	1,009	-1,447

- 47 If the total level of DSG reserve deficit reaches a figure that is in excess of 1% of the council's overall DSG allocation (prior to recoupage for academisation) the council is required to submit a formal deficit recovery plan to DfE explaining how the council plans to recover the deficit position over a period of time.
- 48 The estimated trigger point for Durham is a deficit of £3.900 million, which means there is headroom of around £2.5 million when compared to the forecast at 31 March 2020 from the position highlighted above.

High Needs Block Sustainability Work Programme

- 49 Based on discussions at the SEND and Inclusion Resources Board, Schools Forum and Schools Forum Reference Group a work programme for the SEND and Inclusion Resources Board is now in place. This is seeking to review key areas of spend and make the resources as sustainable as possible within the funding known and estimated to be available. The initial programme of work covers activity between January 2019, when the Board was established, and September 2020.

- 50 In simple terms, the Council is currently spending circa 15% more than the DSG funding provided to it through the HNB allocation. Collaborative working with schools aims to reduce a number of areas of expenditure. This and an anticipation of accessing additional external funding is aimed at closing the gap while maintaining and enhancing the provision to pupils with high needs.
- 51 The development of a realistic sustainability plan with a detailed delivery time line will put the Council in a stronger position to negotiate with schools and the DfE to agree a top slice of Schools DSG budget to supplement the existing budget. Agreement needs to be reached with either the schools forum or the Secretary of State for a top slice of 0.5% which would provide c£1.5 million additional funding. It is possible for the top slice to be a greater percentage but that would require the agreement of both the Schools forum and the Secretary of State.
- 52 Currently the budgeted funding includes temporary growth of £1.057 million. Pressure on the HNB is a national issue and many authorities are experiencing problems of greater magnitude than is manifesting itself in Durham. Local authority associations are actively lobbying central government and it is anticipated that there will be some additional growth made available to help address some of the funding issues. The level of anticipated growth is conjecture at present, however, based on the growth awarded last year this may be in the region of a further £1 million for Durham and so has been used for estimating purposes.
- 53 Based on assumed additional funding of c£2.5 million being made available in 2020/21, the reduction in expenditure to achieve a balanced position in year based on current forecast of activity is c£4.1 million.
- 54 The work underway to support this involves reviewing all areas of spending, making reductions in HNB spending where feasible whilst also recognising the specific needs of individual children and young people, the overall volume of young people with SEND needs and the volatile and changing pattern of demand on different service areas. The pattern of spend therefore changes monthly and needs to be kept under regular review.
- 55 Elements from the broader work programme for areas of investigation which impact significantly on HNB spending are summarised below. A number of these are then covered in more detail in the initial areas for focused review work covered in this report.
- (a) **Further analysis on categories of spend and benchmarking costs with other areas.** This includes looking at options to support children or schools differently from within the resources

available to us and looking at benchmarking with costs for similar services / support elsewhere. This work also includes reviewing business support processes and a programme of audit work which is underway.

- (b) **Special Schools.** Spending on special schools is the highest area of spend and accounts for £23.9 million out of this year's forecast total expenditure of £54.4 million. This represents 44% of the total current spending or 49% of total HNB DSG funding available. Work with special schools, education colleagues and finance colleagues is taking place. This involves further analysis of special school costs and investigating any options for schools to use resources differently including use of any accumulated balances to help reduce pressure on the HNB.
- (c) **Specific HNB transport budget for pupils attending Pupil Referral Unit.** The vast majority of home to school transport costs are allocated to a separate budget area outside the HNB (which forms part of the CYPS cash limit budgets) and this includes transport for pupils with SEND including those with the most complex SEND issues. However, there is a budget line for transport for pupils going to the Pupil Referral Unit and options for the future funding of this have been considered.
- (d) **Autism.** This involves support to primary and secondary mainstream and special schools to better meet the needs of young people with autism.
- (e) **Enhanced Mainstream Provision (EMP).** EMP provides dedicated places with extra support linked to a mainstream school. Work involves reviewing the use of existing EMP and options for the development of new EMP places.
- (f) **Review of high cost care cases and multi-agency panel arrangements.** A review of the arrangements for placement packages that are split between education, health and care is taking place. This includes exploration of other options to support the package of support needed and links with work taking place on integrated commissioning approaches.
- (g) **Joint commissioning.** Work is underway on joint commissioning approaches for a number of service areas which support children and young people with SEND. This includes integrated therapies and equipment, auxiliary aids and adaptations.
- (h) **Review of Top Up and Targeted Funding Model.** This includes reviewing arrangements and systems for top up funding requests

in the statutory school and further education phases and the way that targeted funding to schools works.

- (i) **Review of support provided through local partnerships of schools.** This includes reviewing arrangements for funding and support provided through the Communities of Learning and Behaviour Partnerships across the county which seek to reduce exclusions and support continued inclusion.
- (j) **Alternative provision.** Work is underway with Head Teachers across the county to promote inclusive practice, making sure that young people have access to a curriculum that is appropriate to their aspirations and needs. Joint planning is taking place with a group of secondary schools on plans to develop alternative provision as part of a revised approach to inclusive education in the County.

56 The table below summarises the forecast level of overspend on the HNB in 2020/21 based on a number of assumptions:

Initial forecast of overspend in 2020/21 based on current pattern of spend and HNB allocation (this includes assumption that temporary £1 million extra funding provided by government in 2018/19 and 2019/20 is then recurrent)	£6.6 million overspend
Initial assumption of additional funding from government to support HNB pressures	£1 million additional income
Initial assumption of reduction in pressure agreed with Schools Forum from agreement to a top slice from DSG (estimate 0.5%) and / or agreement to other targeted reductions not listed below	£1.5 million reduced pressure
Current forecast of overspend on HNB in 2020/21 based on assumptions summarised above	£4.1 million overspend

57 While it is difficult to pre-empt the outcome of the investigatory work and the level of savings revised approaches will achieve prior to consultation and further developmental work, initial indicative savings potentially achievable have been estimated and are summarised in the table below. This is illustrative of the overall direction of travel we are seeking to achieve to reduce spend by the estimated £4.1 million required to make the HNB resource sustainable.

58 It is acknowledged that many of the targeted reductions in expenditure will be achieved by a focus on efficiencies, assessing value for money, clarity and consistency about support and emphasising early intervention and partnership work. It is also recognised some areas of expenditure may increase to provide better value more appropriate services. These increases in expenditure will need to be countered by larger financial reductions in areas of higher cost provision to ensure sustainability.

	Current Forecast Expenditure [£'000]	Target Reduction in Expenditure [£'000]	Revised Funding Required [£'000]
Core Centrally Managed Services	4,863	(729)	4,134
Special Schools	24,362	(1,624)	22,738
Independent/Out of County (pre 16)	4,300	(430)	3,870
Top Up Funding and Targeted Funding Support	8,050	(400)	7,650
Post 16 Funding Support	4,200	-	4,200
Communities of Learning and Behaviour Panels	1,745	(262)	1,483
Pupil Referral Unit / Alternative Provision	5,605	(561)	5,045
Income from schools	(800)	100	(700)
Transport Budget for Pupils to Pupil Referral Unit	600	(600)	-
Enhanced Mainstream Provision	683	-	683
Nursery outreach and support	1,600	(240)	1,360
Other services	292	-	292
Projects, transformation & contingency	-	646	646
	55,500	(4,100)	51,400

Initial Areas for Focused Review Work

59 The following areas are the ones selected by the SEND and Inclusion Resources Board for initial focus, due in large part to their impact on spend from the HNB:

- (a) Centrally Managed Services;
- (b) Special Schools;
- (c) Joint Commissioning of Services – integrated therapies;

- (d) Joint Commissioning of Services - equipment, auxiliary aids and adaptations;
- (e) Top Up and Targeted Funding Support;
- (f) Post 16 Funding Support;
- (g) Review of financial support provided through local partnerships of schools;
- (h) Pupil Referral Unit and Alternative Provision;
- (i) Transport Budget for pupils attending the Pupil Referral Unit.

60 Some key points about each of these is summarised below:

- a. **Centrally managed services.** This includes a range of functions such as support to nursery pupils, equalities and intervention team, sensory and learning difficulties, SEND management and support posts. The total estimated spend in 2019/20 is £7.955 million which is a reduction of £0.218 million from 2018/19 following initial work on reviewing management and support services. A more extensive review of all areas of spend is underway along with a programme of audit work. It is planned to reduce the core areas of spend from HNB further from April 2020 to seek to attain the targeted reduction in expenditure indicated above.
- b. **Special Schools.** We have 10 special schools in Durham which provide specialist teaching and support for children and young people with the most complex special education needs. A series of discussions have taken place recently with special school leaders regarding funding reserves and vacancies, particularly in schools for pupils with social emotional and mental health needs. Further work is now planned and it is proposed to build on work done previously through the high needs review with further consultation on the type and amount of places available in special schools. It is anticipated that this would lead to changes with funding arrangements from April 2020 and with any changes to admission arrangements from September 2020.
- c. **Joint commissioning of services – integrated therapies.** This covers physiotherapy, occupational therapy and speech and language therapy services. A review of these has taken place over the last 18 months. Whilst there isn't direct spend from the HNB on these specific services it does impact on the type of placements young people receive and other support services. It is now being proposed to jointly commission all of these children's

therapy services, this will involve co-production work with families and close working with schools.

- d. **Joint Commissioning of Services – equipment, auxiliary aids and adaptations.** Current arrangements for providing these is complex and regularly requires input from colleagues in education, health and education settings. A strategic review has taken place and it is now planned to work on a clearer and more consistent approach with updated guidance and streamlined processes. This is expected to lead to better, swifter support and increased value for money which collectively will support better use of HNB funding.
- e. **Top up funding and targeted funding support.** Top up Funding (TuF) is the provision of HNB funding to schools when provision to meet an individual child or young person's SEND needs would cost more than the school's Core Funding budget. In mainstream schools this is the first £6,000, in Enhanced Mainstream Provision this is the first £10,000 and in specialist provision this is the banding that the pupil is placed under. It is provided as part of the graduated approach in place across Durham resourcing young people who have needs met through SEN support and those young people with an Education Health and Care Plan (EHCP). This graduated approach ensures that demand for statutory assessment is not driven by a need for resources and prevents unnecessary delay in making provision. Earlier in the year we wrote to all schools about top up funding and advised that a revised quality and value assurance process was being introduced and indicated that a wider review was planned. It is now proposed to consult regarding a change to the system for top up funding which would be based on a banding system. After consultation and reviewing how systems are working in other areas which have adopted this approach it would be proposed to make the changes from April 2020 for all new cases assessed from then. A review of arrangements for targeted funding would be linked with this. Targeted funding gives additional funding to some schools which have higher proportions of SEN placements and in Durham currently works through a formula based allocation.
- f. **Post 16 funding support.** This provides an element of funding to the post 16 sector to support the education costs of young people over 16 with an EHCP. This has created a new and growing demand on the HNB in recent years since the SEND reforms were introduced. A review of all applications in 2018/19 took place and from this a fair pricing model for support was developed and discussed with providers. Further consultation

with young people and the post 16 sector is now planned in order to implement the far pricing model fully in 2019/20 and further work on developing improved pathways into adulthood.

- g. **Financial support provided through local partnerships of schools.** In Durham there are currently 15 Communities of Learning partnerships along with 4 Secondary Behaviour Partnerships and a Primary Behaviour Partnership. All the partnerships were advised on proposals to reduce the budget for these by 15% in 2019/20 to support reductions in pressures on the HNB and were asked to put in detailed business plans regarding their planned spend. A more detailed review is then planned involving each of the partnerships in order to agree revised arrangements and funding from January 2020.
- h. **Pupil referral unit and alternative provision.** The Woodlands Pupil Referral Unit is the County Council's provision for permanently excluded pupils and those identified as close to permanent exclusion. The numbers of young people requiring this provision has risen locally and nationally in recent years and currently around 100 young people also currently access alternative provision as there is insufficient capacity at the Woodlands sites. In addition, schools arrange alternative provision for young people who benefit from a different setting and a more vocational or therapeutic pathway. HNB funding currently funds places via the Pupil Referral Unit as well as some commissioned alternative provision places. Other funding for alternative provision comes from schools directly from their budgets or via behaviour panel funding. ISOS partnership, who have done work nationally and in other areas, are currently doing a focused piece of work in the County with the aim of strengthening inclusion and the use of alternative provision. Initial feedback and workshops with head teachers is planned in July 2019. Further proposals will then be developed and progressed through the behaviour panel partnerships. The expected impact is fewer permanent exclusions and increased integration back into mainstream schools after a period of exclusion which will both reduce the pressure on the HNB spend on pupil referral unit places.
- i. **Transport budget for pupils to pupil referral unit.** The HNB has been funding home to school transport for pupils attending the pupil referral unit for a number of years but no other transport costs are funded through the HNB. This is therefore the only element of home to school transport that is not funded by the home to school transport budget. There are no other authorities in the region who use the HNB for this purpose. It is being

proposed that the budget for this area of spend is transferred to the home to school transport budget.

- 61 Further information about each of these strands of work is contained in Appendix two to the report. Recognising the complexity or specialist nature of some of these areas of spend, a common format is used in the appendix which seeks to cover:
- (a) What is it?
(explaining the area of spend)
 - (b) How much do we spend, what is the recent trend and forecast?
(summarising expenditure from the HNB, recent trends and current forecast for 2019/20)
 - (c) What does this mean and how do we compare with other areas?
(commentary about the area of spend and any information gathered so far from benchmarking with other local areas)
 - (d) What is being proposed and when?
(detail of proposed changes, timeline for consultation and implementation)
 - (e) What is the expected impact of this?
(detail of impact to children and families, impact on HNB, council or other resources)

Proposed Next Steps

- 62 The areas for focused review work covered above and detailed in Appendix 2 are now proposed to be covered in a range of consultation with stakeholders. This will include focused consultation with schools such as on top up funding options for change as well as wider consultation opportunities for young people and families.
- 63 After this it is planned to bring a further report to cabinet, to update on the funding situation for the HNB after Q2, responses from consultation and proposals to implement changes to different strands of HNB funded activity. Work will also include engagement with the Schools Forum over plans for 2020/21, including options regarding the use of DSG funding or reduction in areas of spend in HNB funding for 2020/21 as part of the plans to move to a more balanced situation with the HNB resource forecast to be available for 2020/21.

Risks

64 Risks associated with the programme of work are being identified, managed and reviewed throughout the duration of the programme and overseen by the SEND and Inclusion Resources Board. Key risks of the programme are outlined below.

- (a) **Assumptions regarding levels of funding and the extent of targeted reductions possible do not manifest themselves.**
The work is based on a number of assumptions regarding funding, pattern of demand and areas identified for savings. If these assumptions become inaccurate and funding pressures increase, the level of de-delegation requested from DSG would need to increase and/or further savings would be required in other areas of HNB spend in order to make the HNB more sustainable.
- (b) **Increasing demand on the HNB may result in adverse impacts on finance and service delivery.** The programme of work outlined in this report is being developed and implemented with the aim of mitigating this strategic risk. Without a programme of work to make the HNB more sustainable, based on current HNB funding and expenditure patterns and current demographic demand, it is likely that further overspending will continue into future financial years. This would potentially result in an ongoing need to seek a top slice of Schools Block DSG funding on an annual basis. In turn, increased pressure would be placed upon the council's general fund at a time of overall rising demand and significant budget pressures across schools, children's services and the council more widely. Dedicated programme management resources and an agreed governance structure are in place to ensure that the programme is sufficiently resourced and planned, overseen and delivered to time, cost and quality requirements.
- (c) **Unintended detrimental impacts to services for children and young people and the customer's journey coupled with increased service costs.** A programme of consultation is planned on the proposals covered in the report and equality impact assessment work is also taking place. The work we are doing also requires careful consideration of how changes in one service area may impact on another area of service provision. For example, a significant change in one element of the system such as Top up Funding provided to mainstream schools, could then lead to increased exclusions, more referrals for special school places or the Pupil Referral Unit (PRU), commissioning external providers, additional requests for Educational Health Care Plans or increased legal challenges from families. This could result in increased costs and potentially a detrimental impact to the young

person on their journey through the system and the services offered. The work being done and the initial proposals in this report are seeking to mitigate against these potential consequences through identifying, documenting and communicating project interdependencies at programme initiation stage, and throughout the life of the programme. Close attention will be given to the end-to-end processes both within the SEND and inclusion services and links to services in the wider council and with external providers, while focussing on the journey of the young person.

- (d) **Allocation of financial support to SEND and inclusion services is disproportionate to need.** The work being conducted and the initial proposals in this report are seeking to ensure the 'right support at the right time in the right place' for children, young people and young adults with SEND and inclusion support needs, within the resources available to us. The programme provides the opportunity to have oversight of current SEND and inclusion services provision, spending and impact, and to research, identify and propose changes and preferred alternative options. The findings of reviews of current provision will be considered with feedback from the consultation to inform future funding priorities and proposed changes required to improve customer service provision, increase value for money and to try and ensure HNB funding is sustainable.

Engagement Activity and Consultation

- 65 A consultation period is now planned over three months from 17 July to 17 October 2019.
- 66 This consultation seeks to build on previous consultation and engagement activities including discussions with schools including special schools and representatives from families and young people who we have asked to shape the consultation. This includes the High Needs Review (Dec 2017), the Social Communication and Interaction (including ASC) review (2018) and discussions with County Durham schools throughout 2018/2019 including Schools Forum, SEND and Inclusion Schools Forum Reference Group, Communities of Learning and Behaviour Partnership Panels, and Leadership Teams of Special Schools (March – April 2019).
- 67 Appendix 5 to the report sets out consultation proposals and key stakeholders we are seeking to engage with. This covers: Schools Forum Reference Group (SFRG); County Durham Schools Forum; Durham Association of Primary Head Teachers (DAPH); Durham Association of Secondary Head Teachers (DASH); Education and

SEND / inclusion staff; schools, including special schools; elected members; parents; children and young people; and partner organisations.

- 68 The work being done seeks to reflect our statutory requirement through the Children and Families Act 2014 which makes clear that local authorities must ensure that children, young people, parents and carers are involved in decisions about local provision. It also reflects the Council's recently updated Consultation Protocol.

Public Sector Equality Duty

- 69 The Public Sector Equality Duty requires us to have due regard to a range of equality issues. An initial equality screening exercise has been carried out and this is attached as Appendix 6 to the report. As part of the next stage of work and, taking account of the responses from the planned consultation work, individual equality impact assessments will be considered for each key strand of work to ensure decision makers are fully informed of any potential equality impact.
- 70 At this stage, current areas of work should not necessarily negatively impact children and young people with SEND and their families/carers but will ease funding pressures and contribute towards longer term sustainability of high needs funding. The programme of work aims to create more inclusive and targeted support to address SEND and this supports our public sector equality duty. The proposed change in funding stream for transport to the pupil referral unit would not lead to any change for children or their families.

Conclusion

- 71 Durham wants to do the best it can for children, young people and young adults with SEND and those at risk of exclusion from education. Whilst we are lobbying the Government for additional resources to meet growing needs within the County we do need to work within the funding forecast to be available to us in the HNB as far as possible. This means trying to address areas of pressure from the HNB without significantly impacting on support to individual children and young people, and minimising the impact on schools budgets and council resources which are already under pressure.
- 72 Key areas of initial focus are outlined in this report and we are now proposing wider stakeholder engagement over a three month period between July 17 and October 17 2019. Alongside this further work will take place on forecasting future spend from the HNB and discussions with Schools Forum are planned for the autumn regarding the position of schools and the need to consider options including a transfer of

resources from the DSG to enable the continuation of a number of areas of support for young people with SEND.

Background papers

- SEND Strategy Refresh, May 2019
- Reports to Schools Forum, January 2019

Other useful documents

- Cabinet Budget Reports

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Appendix 1: Implications

Legal Implications

Sections 45-53 of the School Standards and Framework Act 1998 sets out the funding framework governing schools finance.

The Children and Families Act 2014 covers the SEND reforms and is accompanied by statutory guidance for organisations to follow through the SEND code of practice: 0 to 25 years (2015).

The overarching legal implication within the report is the Equality Act 2010 with respect to the Public Sector Equality Duty (PSED). Section 149 of the Act details the requirement when taking decisions to have due regard to the need to advance equality of opportunity for people with protected characteristics, foster good relations between such groups and eliminate unlawful discrimination. It is necessary the impact on those groups is fully analysed as part of the review of the consultation responses.

Finance

The report highlights the significant overspend position in the HNB in recent years and the current forecast overspend. The outturn position for 2018/19 was a £7.4 million overspend in the HNB and the current estimate is an overspend of £6.7 million for 2019/20, with £5.6 million of this supported by the Council's general fund.

The council sought permission from the Secretary of State (DfE) to top-slice the schools DSG budgets to transfer additional funding to the High Needs budget in 2019/20, but this was not supported by the Schools Forum. The maximum top slice that could have been applied for is circa 1.8%, however following feedback and discussion with schools, the council submitted an application for a smaller 0.5% top slice totalling circa £1.5 million on the 30 November 2018.

The Secretary of State (DfE) did not support the application for the 0.5% top slice, citing the lack of support from the Schools Forum as a major determining factor in this decision, plus the lack of a fully costed recovery plan to return High Needs spending to within the DSG funding provided.

The report sets out a number of proposed actions as part of a programme of work through a HNB sustainability plan which seek to support young people with SEND within the resources available. Alongside this, the Council and other local authorities are continuing to lobby the Government for additional resources.

Consultation

Section 19 of the Children and Families Act 2014 makes clear that local authorities must ensure that children, young people, parents and carers are involved in decisions about local provision. The report sets out proposals to consult with early year settings, schools, special schools and colleges along with other stakeholders including children and families over a three month period from July 17th to October 17th 2019.

Equality and Diversity / Public Sector Equality Duty

An equality impact assessment (screening stage) has been undertaken as attached at Appendix 6.

At this stage, current areas of work should not necessarily negatively impact children and young people with SEND and their families/carers but will ease funding pressures and contribute towards longer term sustainability of high needs funding. The HNB sustainability plan aims to create more inclusive and targeted support to address SEND and this supports our public sector equality duty. The proposed change in funding stream for transport to the pupil referral unit would not lead to any change for children or their families. Further equality analysis will be undertaken as the programme progresses to ensure decision makers are fully informed of any potential equality impact.

Human Rights

None

Crime and Disorder

None

Staffing

There may be changes required in staffing based on the proposals outlined in the report.

Accommodation

None

Risk

The programme of work being overseen by the SEND and Inclusion Resources Board is being progressed as part of a programme management approach and includes developing a risk register which is frequently updated. Key risks are summarised in the report. Careful consideration of risks and possible unintended consequences is taking place regarding each of the areas of work and this will be further informed from the planned consultation.

Procurement

Commissioning and procurement implications are being considered for each of the proposals in the HNB sustainability plan.

Appendix 2: Proposals for Key Areas of HNB Activity

Centrally Managed Services
What is it?
<p>ESFA makes an allocation to local authorities for high needs as part of the dedicated schools grant (DSG). The high needs block isn't separately ring-fenced within a local authority's DSG. This means that local authorities can decide to spend more or less of the total funding than they have been allocated for high needs, although there are restrictions on how much funding can be moved from the schools and early years funding blocks that may limit how much local authorities can add to their high needs budget.</p> <p>Local authorities decide how much to set aside in their high needs budget for the place and top-up funding given to institutions. For some institutions, such as academies and FE institutions, place funding is included in local authorities' initial DSG allocation and then deducted by ESFA so that it can pay the funding direct.</p> <p>Local authorities also use their high needs budget to pay for central services relating to SEND and alternative provision, as permitted by the regulations.</p> <p>In Durham, centrally managed services includes a range of functions including support to nursery pupils with SEND, equalities and intervention team, sensory and learning difficulties, support provided through behaviour panels, educational support to looked after children, pupil referral unit transport costs and a number of SEND management and support posts.</p>
How much do we spend, what is the recent trend and forecast?
<p>In 2018/19 spending on centrally managed services accounted for £8.2 million, or 15%, of the total £54.4 million spend on high needs in Durham. In recent years total spending on this area has been below budget and this has assisted in restricting the over spend position on high needs.</p>
What does this mean and how do we compare with other areas?
<p>This is a difficult area to provide comparisons for as local authorities use different models for delivering services and, for example, some deliver more services centrally whereas some authorities deliver less or none.</p>

What is being proposed and when?

The estimated spend in 2019/20 is £7.955 million, a reduction of £0.257 million on 2018/19. This is largely as a result of a reduction in recharges for management and support services of £0.218 million following an initial review (representing a reduction in these areas of 15%). A more extensive review of all internal recharges is also under way, this complements service review work and audit work which is taking place.

What is the expected impact of this?

The initial work which has taken place has sought to make reductions in spend which can be accommodated without impacting on direct spend on services for children and young people with SEND being funded from the HNB.

A number of areas of spend from centrally managed services are subject to more focused pieces of work, this includes support to behaviour panels and transport costs for pupils to Woodlands PRU covered below. The increase in costs for support for early year pupils with SEND is also under review.

Special Schools

What is it?

Special Schools provide specialist teaching and support for children and young people with the most complex special educational needs. County Durham has a range of Special Schools providing a range of specialist provision.

Name	Type	Age Phase	2018/19 Place numbers
Croft	Generic	4 to 16	130
Villa Real	Generic	2 to 19	81
Hope Wood Academy	Generic	2 to 16*	190
Durham Trinity	Generic	2 to 16*	198
The Oaks Secondary	Generic	11 to 16*	219
Evergreen	Generic	2 to 11	180
The Meadows	SEMH	11 to 16	72
Elemore Hall	SEMH	11 to 16	86
Walworth	SEMH	4 to 11	90
Windlestone	SEMH	11 to 16	110
Description of Type			

Generic	Moderate Learning Difficulties (MLD), Severe Learning Difficulties (SLD), Autistic Spectrum Condition (ASC), Profound and Multiple Learning Difficulties (PMLD) and Conductive Education (teaching of Children with physical and multiple disabilities such as Cerebral Palsy and Spina Bifida)
SEMH	Social Emotional and Mental Health

* also offers 6th Form Provision

Special School Funding accounts for £24 million of the High Needs Funding Block. The investment provides County Durham with a broad offer of specialist provision. Special Schools are primarily funded within Durham via a banded payment per place available. Each school is funded on a predetermined range of placements over a range of bands - each band attracting differing levels of funding:

Annual banding funding available to special schools (pre-16)

Funding Band	Unit Rate
Conductive Education	£47,000
Special School Band ASC	£16,000
Special School Band ASC Disc	£19,900
Special School Band ASC W/cb	£19,900
Special School Band MLD	£10,000
Special School Band MLD W/cb	£13,900
Special School Band PACC	£24,497
Special School Band PMLD	£22,500
Special School Band SEMH	£19,900
Special School Band SLD	£12,000
Special School Band SLD W/cb	£15,900

The amounts assigned to banding for each SEND primary need has remained unchanged over the last 3 years other than the amount assigned to SEMH which has increased from £17,350 to £19,900 in 2017/18.

In addition, further top-up and targeted funding may be granted to help the school accommodate young people whose needs are not met within the usual

banding structure – these top-up / targeted elements are covered in the separate report on TuF.

In addition to Specialist School Placement in maintained Special School Provision there are a number of young people who are unable to have their needs met in County Durham Specialist Schools due to the offer or capacity and are consequently educated in private independent provision, some of which is out of County Durham Boundaries. These are covered through a separate HNB budget strand.

How much do we spend, what is the recent trend and forecast?

Spend in 2018/19 and forecast spend in 2019/20 on core funding for special school placements from the HNB is around £24 million per annum.

For generic special school places year to year data is not comparable due to the changes in other factors such as pupil banding changes. As these young people have been determined to require specialist placement the alternative for many would be private independent provision with an average cost of £42,000 which is more than double the cost of the highest band of maintained provision (other than Conductive Education which is more specialist and low in pupil number).

The impact on the HNB of the SEMH Special School placement is less complex. There are 2 bands SEMH £19,900 and Personalised Alternative Curriculum Centre (PACC) £24,497. At the end of February 2019 there were:

- 308 SEMH places and 286 students leaving 22 vacant places
- 40 PACC places and 25.5 students leaving 15.5 vacant places
- Based on the figures provided the sector had capacity for 37 places

What does this mean and how do we compare with other areas?

In December 2017 Durham County Council and the National Development Team for Inclusion (NDTi) reported on high needs provision made for children and young people with special educational needs or disabilities. The High Needs Review reported that Durham has an above average number of children and young people placed in special schools, including approximately 100 placed outside of the county. The national average number of children placed in special schools was 1.07% (range 0.22%-2.06%) and for Durham it was 1.50% making it the 12th highest in England out of 152 authorities.

There are significant regional differences in the figures. The North East region as a whole has a higher than average number of children placed in special

schools, whereas Yorkshire and Humber, London, East of England and the South West have lower than average.

In attempting to benchmark spending, regional and national comparisons on data are not considered to be reliable. Regional benchmarking information on Special School banding showed different methods of resourcing schools in each local authority for e.g. a low banding supplemented by a high level of top up funding compared to higher banding rates and low levels of top up funding. We are working with regional colleagues to seek to establish meaningful comparison data.

A series of discussions with Special School head teachers has taken place in April 2019. During these discussions accumulated reserve balances in the sector were explored. Reserves across the sector have remained consistently higher than other schools and at 31 March 2019 were 8% of gross expenditure for the 2018-19 financial year.

Generic Special Schools report to using their high levels of reserves to set their budget whilst the Local Authority determines what their final settlement will be. SEMH schools' reserves have increased annually over the last 3 year period. This is linked with surplus places in the sector.

What is being proposed and when?

The High Needs Review showed that compared with many other local authorities, Durham has a relatively extensive range of specialist provision. The review went on to acknowledge the popularity of specialist provision and the gaps in provision that lead to higher cost private independent provision.

It is proposed to build on the High Needs Review through consultation between July and the end of September 2019 on the type and amount of places available in our Special Schools, taking all opportunities to ensure that all places are appropriately filled and that the offer is in line with the needs of County Durham Children. The consultation will include the leadership teams of Special Schools, SEND and Inclusion Casework Teams, children and families of young people in specialist placement including the private independent sector. A specific focus will be provided to SEMH and Generic provisions.

What is the expected impact of this?

The consultation will seek to ensure that the resourcing of Special Schools particularly for SEMH placement is aligned to needs providing an improved offer for placements within County Durham.

The expected impact of the consultation is:

An enhanced offer from within the SEMH sector reducing out of area placement generating savings through the reduction of high cost independent placement

And / or

A reduction in SEMH places in line with the average uptake taken over the last 3 years. There will be no impact on the children and young people in the provision as the places under review are vacant. This would release funding to support other pressures in the HNB.

Joint Commissioning of Services – integrated therapies

What is it?

Historically, there have been a broad range of organisations involved in commissioning speech and language therapy (SaLT), occupational therapy (OT) and physiotherapy such as Clinical Commissioning Groups (CCGs), local authorities, NHS England, schools and colleges.

In County Durham the three Children's Therapy Services; physiotherapy, occupational therapy and speech and language therapy (SaLT) were procured in 2012/13 and commissioned by the former Primary Care Trust (PCT) in County Durham and Darlington. Two providers were commissioned, County Durham and Darlington NHS FT to provide Physiotherapy and OT and North Tees and Hartlepool NHS Foundation Trust to provide SaLT.

Over the past 18 months, work has been ongoing with the Children's Therapy Services to understand what the current provision is, address and explore contractual concerns/issues which have arisen and also engage with children, young people and their families regarding their experiences of accessing and using the services. In this time, there have been a number of key pieces of work which have taken place to inform the review of all three children's therapy services.

How much do we spend, what is the recent trend and forecast?

There isn't any direct spending on these commissioned services from the High Needs Block, however, it does inform the type of placement young people receive and some young people go out of mainstream or special schools in Durham to have their needs met with integrated therapies which adds costs to the HNB as well as additional transport costs.

What does this mean and how do we compare with other areas?

There has been some benchmarking undertaken in order to understand how much neighbouring Clinical Commissioning Groups were paying. This will assist in informing the service specification and resources available for the future new commissioning arrangements.

What is being proposed and when?

It is now being proposed to jointly commission all of these children's therapies.

This will require the CCGs and the local authority to jointly commission children's therapies across County Durham and Darlington. This will extend the scope to focus on prevention, early intervention and a multi-disciplinary team approach. Some families are currently seeking education out of the area to access integrated therapies which not only meets their health needs but also their educational needs. If the services were jointly commissioned this would clearly define the health and education offer and the assessment and ongoing treatment of children in local schools.

The transformation work will commence in June 2020 to develop the new service. Families have been engaged to date in relation to their views on existing services. The work will build on this by working in co-production to produce new services as part of the re-commission. The design will also ensure close working with schools to understand needs and aspirations of the new service for integration and joint commissioning with schools.

What is the expected impact of this?

Currently some tribunals are lost and some children are going out of the area to meet their needs as we are not always able to provide an integrated health and education offer for children.

This model will improve a health and education offer for all children with a need for therapy whether statutory or otherwise. This may need a phased approach dependant on resource and capacity within the organisations involved.

Joint Commissioning of Services – equipment, auxiliary aids and adaptations

What is it?

Schools and education authorities have had a duty to provide reasonable adjustments for disabled pupils since 2002: originally, under the Disability Discrimination Act 1995 (the DDA 1995); and, from October 2010, under the Equality Act 2010. From 1 September 2012, the reasonable adjustments duty for schools and education authorities also includes a duty to provide auxiliary aids and services for disabled pupils.

What does this mean and how do we compare with other areas?

The current arrangements for the provision of equipment, auxiliary aids and adaptations to support educational outcomes in Durham is complex and regularly requires input from colleagues in educational settings, health provider trusts and DCC Education officers.

A Strategic Review across all equipment, auxiliary aids and adaptations has been conducted which considered:

- Views of parent/ carers and children/young people in relation to the current arrangements. How children and young people are identified and assessed. Who approves and funds items, how these are procured, monitored and reviewed and transition arrangements.

What is being proposed and when?

One of the recommendations from this review has been to implement a consistent approach by schools in the inclusion of auxiliary aids, equipment and adaptations as part of costed provision maps and the holistic needs of the child/young person prior to the application of any additional funding from the high needs block. A revision of the existing guidance is required to ensure consistent approach and implementation.

There is further work underway to streamline processes for the identification, assessment and purchasing of auxiliary aids, equipment and adaptations for children and young people which will make best use of resources and achieve value for money.

What is the expected impact of this?

- Children and young people are correctly identified and families are clear on the process.
- There is appropriate identification of needs across all agencies in line with Education, Health and Care Planning processes.
- There is a streamlined assessment process that considers the needs for EAAA for children and young people across their education, health and care needs.
- A multi-agency approach is used for the approval of assessments, EAAA and funding splits by each partner.
- A procurement solution is in place which will achieve high quality EAAA and demonstrate value for money.
- Appropriate safe insurance arrangements in place across all EAAA
- Consistent multi-agency monitoring and reviewing processes.
- Effective and efficient storage and re-use of EAAA.
- Effective transition process agreed by all partners.

Top Up Funding and Targeted Funding Support

What is it?

Top up Funding (TuF) is the provision of HNB funding to schools when provision to meet an individual child or young person's SEND needs would cost more than the school's Core Funding budget. In mainstream schools this is the first £6,000, in Enhanced Mainstream Provision this is the first £10,000 and in specialist provision this is the banding that the pupil is placed under.

TuF is provided as part of the Graduated Approach in place across Durham resourcing young people who have needs met through SEN support and those young people with an Education Health and Care Plan (EHCP). This graduated approach ensures that demand for statutory assessment is not driven by a need for resources and prevents unnecessary delay in making provision.

To request TuF, schools provide evidence of additional need through an application process with criteria as follows:

- The level of additional needs budget allocated to the school (LA may request further information on how a school is using this money, before a decision is made).

- How the £6,000 has been used to provide additional and appropriate interventions.
- Whether there are at least 3 good quality support plans demonstrating the graduated approach and the 'Assess, Plan, Do, Review' cycles.
- How outcomes have been robustly evaluated, reviewed and adapted where needed.
- How well the provision is reflected in the support timetable and costed provision map.
- Whether the costed provision map demonstrates 'eligible spend'.

It is acknowledged that the Notional SEN budget awarded to a school is a finite resource and where a school has been able to accommodate more high cost SEN placements than would normally be anticipated of a school of its size / educational phase, then additional Targeted Support can be provided to support the school.

The calculation of Targeted Support funding is a formula-based allocation that accounts for the schools SEN Budget, School Role, Educational Phase and the number of higher costs SEN pupils on roll at any time.

Targeted Support is a non-mandatory provision and its calculation is at the discretion of the LA. If targeted support is adopted by an LA then its application must be transparent, objective, consistent and fair.

How much do we spend, what is the recent trend and forecast?

Top-up Funding	2017/18 Final Outturn £ million	2018/19 Final Outturn £ million	2019/20 Forecast £ million
Primary	4.264	5.376	5.500
Secondary	0.805	1.086	1.200
Special	2.209	1.050	1.000
Total	7.278	7.512	7.700

What does this mean and how do we compare with other areas?

The Core Funding element of TuF is a nationally set criteria. The access to TuF beyond this is variable across the country. The variations include:

- TuF determined only by a Statutory Assessment – The impact of this is a high level of demand on statutory assessment and increased numbers of young people in specialist provision.
- Banded TuF, as with Special School bands TuF amounts are guided by bands set against age, type of SEND and type of school. This has provided schools and decision makers clear guidance.
- Capped TuF, this is where a Local Authority has determined to pay only a certain amount of money in TuF – This has driven a risk in tribunal cases due to not being in line with Equalities Legislation.

Local comparison of TuF requests show that some schools are requesting highly variable sums to meeting similar needs. Some schools put a number of TuF requests in while others submit very few. Whilst quality and value assurance does provide an improved level of consistency it does not address the level of expectation in those requesting TuF.

Within Durham, targeted support funding is driven by a formula which applies each time there is a request for additional top up funding or when there is a change of a school roll placement for a young person with SEND. The amount of targeted support a school receive can therefore change over the course of the year and feedback from a number of schools shows they do not understand the formula or how it works in detail. There are significant variations on how targeted funding works in other local authorities, including some using a formula and others making it a requirement to apply for 'exceptional funding' if the characteristics of a particular cohort are causing additional burdens on school finances which cannot be sustained from core funding and top up funding requests.

What is being proposed and when?

Earlier in the year we wrote to all schools about TuF and advised that a revised quality and value assurance process was being introduced to TuF requests and indicated that a wider review of TuF would take place.

It is now proposed to commence a consultation with schools on a new system for TuF and targeted funding support using Durham County Council's Inspire Business Process Review method.

The preferred option that we would like to consult with schools on is the application of a banding system to guide Top up Funding requests.

Through feedback from schools it is recognised that the current method of accessing TuF is variable and on occasions problematic, in addition it is acknowledged that it is also unsustainable within the resources available. Schools report a disparity in the allocations, specifically some schools accessing significant resource for provision that other schools consider as core to their offer. A banding system would assist in guiding schools to plan through a refreshed set of SEND planning tools (the existing tools can be found on the Local Offer under SEND Planning Tools).

Consultation on this alongside gathering further information about systems in other areas would take place between July and Dec 2019. It would then be proposed to make changes effective from April 2020 to give schools time to understand these and adjust their budgets accordingly.

What is the expected impact of this?

Schools are supported to meet children and young people's Special Educational Needs within a sustainable TuF model through the consistent and proportionate resourcing of needs. The new TuF model would be clearly communicated with additional clarity about the application process and timescales for requests and determinations.

This will raise the confidence of schools to meet needs and the confidence of families that schools will be able to support their community with their peers. This would sit alongside other changes in commissioning arrangements for equipment, aids and adaptations and integrated therapies.

Post 16 Funding Support

What is it?

Unlike schools, colleges are resourced for a number of high needs places as agreed by the Local Authority. A Core budget is made up of 2 elements: element 1 based on 16 to 19 national funding formula and element 2 £6,000 per agreed place. Colleges are also entitled to a third element as determined by the Local Authority which is post 16 Top up Funding (TuF).

Post 16 TuF is slightly different to TuF as described for schools. Colleges will only access TuF for young people with an EHCP and will base their costs on the year 11 review of a young person's EHCP.

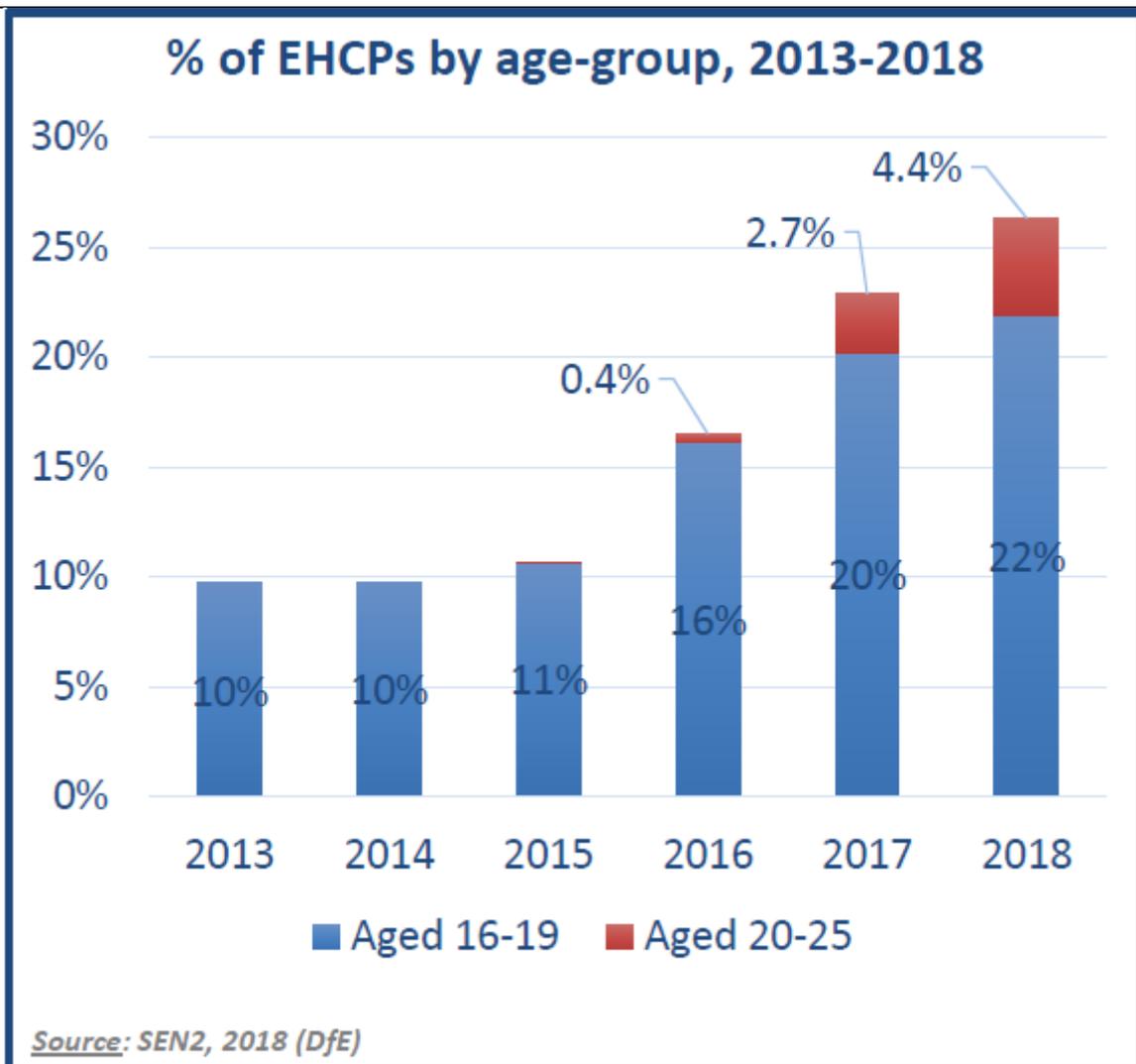
How much do we spend, what is the recent trend and forecast?

Post 16 provision is a rising burden on the HNB. This is in part the result of demand for places (a positive aspect of Durham provision) and an increased level of Top up Funding (TuF) requested by the sector since the SEND reforms were introduced.

Post-16	2017/18 Final Outturn £ million	2018/19 Final Outturn £ million	2019/20 Forecast £ million
Post-16	3.935	4.195	4.200
Total	3.935	4.195	4.200

What does this mean and how do we compare with other areas?

In previous reports about SEND a rise in young people accessing post 16 provision was outlined. The drivers behind this rise are improved accessibility and offer and a rise in age range from 19-25 years from the SEND reforms. This has created a new demand on the High Needs Block and is locally and now nationally described as an unintended consequence of the 2014 SEND reforms. The chart below illustrates this rise at a national level.



Following a detailed review of element 3 applications for 2019 it is evident that the increased costs are in part due to volume increases in the Post 16 sector but also the variability in pricing in the Post 16 sector. This is part driven by individual child need but also a variation in the amounts each provider attributes to the same costs e.g. learning support assistant rates ranging from £15 per hour to £25 per hour.

To address this the SEND and Inclusion Resource Board has proposed a fair pricing model to all post 16 providers with Durham young people in provision.

The proposed fair pricing model is outlined below:

Tutor	£46.50 p/h
LSA	£17.75 p/h
Personal Care	£12 p/h (only used by Special Schools Sixth Forms for Welfare Assistants)
Specialist Tutor	£55 p/h
Reviews	£55 p/h for up to 2 hours per year (based on discussions with FE providers)
Misc Costs	E.g. Tutor Planning, Job Carving, Travel Training; Access Arrangements.
Other staff costs	Job Coach Work Experience Support (This needs to be discussed with each provider to understand which members of staff undertake this work and ensure that the rate of pay is commensurate).

All 2018/19 applications have been quality assured and value assured using the following criteria:

- Fair pricing rates
- Number of hours that the learner is doing (540 guided learning hours, approx. 3 days a week)
- Details of the course/programme
- Are calculations accurate
- Rationale for the amount of support that the learner is receiving
- Is the EHCP up to date with supporting evidence

Where there is a variance in proposed costs to reviewed costs providers have been requested to either bring 2018/19 costs in line with quality and value assurance criteria or to evidence why this year's costs could not be altered. This has helped to reduce HNB costs from Post 16 support in 2018/19 and will have a full year impact in 2019/20.

All Post 16 providers have welcomed the clarity provided by the fair pricing model with the main providers of Post 16 provision in County Durham agreeing to be early adopters of the model, the remaining providers will follow the model for all 2019/20 placements.

What is being proposed and when?

The High Needs Review gave recommendations for County Durham to develop pathways into adulthood covering employment, independent living,

friends, relationships and community and good health. This provides detail of what needs to happen at each stage of a young person's journey from age 14 to 25. Considerable progress has been made since the High Needs Review with Durham reporting in the Written Statement of Action 1 Year on report:

- Supported Internship Forum established resulting in 27 new internships for young people with SEND
- Tri-Work Young Persons' Supported Work Experience for Schools Pilot introduced resulting in 125 young people gaining work experience
- Reduction in young people with SEND who are not in education, employment or training reduced from 20.2% to 16.1%

It is recognised that this approach needs to continue and increase in scale to match the rising demand in post 16 placement.

It is proposed that further consultation with the post 16 sector, young adults with SEND and their parents now takes place to:

- Implement the fair pricing model fully in 2019/20 and review HNB payments to all providers
- Develop improved pathways into adulthood

What is the expected impact of this?

More young people are prepared for adulthood earlier, helping to increase their independence.

- Increased supported internships
- Increased employment
- Increased independent living
- More consistent costs and reduced TuF spend from HNB in the post 16 sector.

Review of financial support provided through local partnerships of schools - Communities of Learning and Behaviour Panels

What is it?

Communities of Learning (COLs) have been established for some time in County Durham and bring together groups of schools at a locality level. There are 15 COLs within County Durham which represents the size of the county and number of schools and communities.

Each COL has been allocated a budget from the HNB to assist in developing provision to meet the needs of children and young people with SEND.

In 2015, 4 secondary Behaviour Partnership Panels and a Primary Panel were set up to support the management of behaviour issues and support inclusion in mainstream education.

The Panels have sought to develop a collaborative approach to supporting some of the most challenging and vulnerable students by working in partnership with one another, other services and alternative education providers. The work done seeks to enhance support to reduce the number of pupils moving between local schools on managed moves, reduce the number of pupils fixed term excluded, particularly repeat fixed term exclusion and prevent an increase in the number of pupils being permanently excluded adding further pressure on an already oversubscribed PRU.

How much do we spend, what is the recent trend and forecast?

The allocation to Communities of Learning from the HNB has been £1.145 million per annum and to Behaviour Panels £0.6 million.

Proposals to reduce this by 15% in 2019/20 to support pressures on the HNB have been shared with the chairs of each partnership and business cases have been requested which outline spending plans.

What does this mean and how do we compare with other areas?

There are various models in place for school-based partnerships in other areas, some operate as partnerships and networks without dedicated funding, some have a range of funding including allocations of HNB funding for SEND and Inclusion work.

What is being proposed and when?

As expected with local partnerships the use of funding has varied across localities, some partnerships have used their full allocations and some have historically carried forward under spends. Given the pressure on HNB resources, communications with COL and BP chairs has taken place and in line with the overall budget pressure of around 15% the partnerships were asked to put together more detailed business plans for how they would use funding with a 15% proposed reduction for the period up to December 2019 outlining:

(a) the proposals for funding and how they link to SEND and Inclusion priorities;

- (b) how the impact on children and young people with SEND and Inclusion needs will be measured and evaluated;
- (c) ongoing staffing commitments; *and*
- (d) initial consideration of longer-term implications if the funding is not available or available to the same level after December 2019.

Business plans are being received and assessed to seek to maximise the support available for children and young people with SEND within the resources available. Once we have clarified arrangements with each partnership for agreed business cases for April – December 2019, it is proposed to undertake a more detailed review, including consultation with each of the current partnerships regarding funding and support arrangements from January 2020.

What is the expected impact of this?

We are seeking to continue to support collaborative work across schools and ensure any HNB resource has maximum impact to support SEND and Inclusion needs which cannot be met through other means.

Pupil Referral Unit and Alternative Provision

What is it?

The Woodlands Pupil Referral Unit, is the Durham County Council provision for both permanently excluded pupils and those identified as close to permanent exclusion. The aim of The Woodlands is to deliver a personalised academic, social and therapeutic programme to allow every individual to move on successfully to their next steps in education, employment or training.

For pupils aged 11-16 the provision is located across 2 bases 'The Elms' and 'The Maples' in Ferryhill, Durham. The Elms and the Maples have a capacity of 70 pupils.

For pupils age 5-11 the provisions are co-located within a mainstream primary school in Langley Park (The Willows) and a second primary base (The Beeches) located at Broom Cottages Primary School. Each Primary base has capacity of 15 pupils.

A further site, The Bridge, is located in Lanchester. The Bridge supports students who have been identified by their mainstream provision as being at risk of permanent exclusion due to their presenting behaviours. The Bridge

currently provides 16 placements. The length of placements varies based on the needs of the student.

Over 100 young people who have been permanently excluded from schools to the roll of The Woodlands (Pupil Referral Unit) also currently access alternative provision, because they are unable to access on-site provision which has a capacity of 75, with a current roll of 221

Alternative Provision (AP) refers to any education not in a mainstream or special school or academy. Alternative education supports over 500 young people across the county. Most have been referred directly from schools or through the Behaviour Partnership Panels. These young people have struggled in mainstream school and alternative provision provides a more vocational or therapeutic pathway. Sometimes it is used to re-engage young people with education, to reintegrate them and improve attendance. Alternative provision can be anything from half a day a week accessing re-engagement programme or college place to a full-time alternative package. Durham County Council maintains a directory of those providers with minimum standards. There are currently 14 unregistered providers on the list. Being an unregistered provider means that the provider can only offer up to three days per week. Young people who attend this sort of provision will attend school, college or another provider for the rest of the week. They remain on the role of their home school. There are also five registered alternative education providers offering full time education.

How much do we spend, what is the recent trend and forecast?

The HNB funds the costs of the PRU and some commissioned alternative provision places. Other funding for alternative provision comes from schools directly from their budgets or via behaviour panel funding.

Alternative Provision	2017/18 Final Outturn £ million	2018/19 Final Outturn £ million	2019/20 Forecast £ million
Alternative Provision	4.098	4.981	5.605
Total	4.098	4.981	5.605

What does this mean and how do we compare with other areas?

The PRU provision is significantly over its original capacity, it currently has 197 permanently excluded young people from KS3 and 4 on roll, with a capacity for 75. There is a similar picture across the region and nationally. This means that over 100 young people from year 7 -11 are accessing off-site alternative provision because there is no space for them at the main PRU site. This has caused increasing budget pressures, which is replicated nationally.

The Timpson review published in May 2019 covered a national review of permanent exclusion, AP and PRU provision. The report notes that whilst permanent exclusion is sometimes appropriate, it should be a last resort. It calls on LA, schools and other partners to establish effective partnership working to intervene earlier to avoid exclusion. In Durham we have been developing this since 2015 when we set up four locality based Secondary Behaviour Partnership Panels and one Primary Panel. The HNB funding for these panels buys early intervention and therapeutic support from the Emotional Wellbeing and Effective Learning (EWEL) Team. This intervention supports young people back into school instead of resulting in permanent exclusion with the consequent costs.

What is being proposed and when?

We have commissioned Ben Bryant, ISOS Partnership (who has undertaken work nationally and in other local areas) to support a review across County Durham with the aim of strengthening inclusion and the use of AP. The work includes:

- Survey of secondary head teachers in June 2019 to better understand what schools see as working well and what needs to be improved. ISOS will analyse the data;
- Analysis and benchmarking the current approach to inclusion and AP in Durham, compare this to other areas and provide validation of areas of strength and identify areas for improvement;
- Discussions with LA officers from a range of teams and representatives from behaviour panels;
- Initial feedback and workshops with head teachers July 2019.

We are implementing the secondment of a Secondary School Leader to take a strategic role across the Four Secondary Behaviour Partnership Panels to review AP. Two further posts will support the development of Quality Assurance and Curriculum Developments with AP providers and a focus on working with Bishop Auckland College on an AP pathway for schools in the South West of County Durham.

What is the expected impact of this?

This work is intended to ensure high quality support for inclusion and strong AP. It is also intended to reduce permanent exclusion and increase reintegration to mainstream schools. In turn, this is intended to reduce the pressure on the HNB. If there are fewer young people permanently excluded,

there will be less need for young people to be educated off-site which will also reduce the transport budget.

Transport Budget for Pupils to Pupil Referral Unit

What is it?

HNB has been funding home to school transport for pupils attending the Pupil Referral Unit (PRU) for a number of years. Transport from home direct to the various sites of the PRU (The Woodlands at Ferryhill, The Beeches at Ferryhill, The Willows at Langley Park and The Bridges, Lanchester) is funded from the High Needs Block. Transport for those pupils for whom The PRU makes alternative provision for is paid for from within The PRU's budget.

Transport for all other pupils with SEND comes from the home to school transport budget.

How much do we spend, what is the recent trend and forecast?

The table below demonstrates a pattern of increasing spend for home to school transport to the various sites of The PRU over the period 2015/16 to 2018/19.

Year	Spend
2015/16	£282,217
2016/17	£311,080
2017/18	£515,138
2018/19	£604,000

It is anticipated that spend in 2019/20 will be similar to that in 2018/19.

What does this mean and how do we compare with other areas?

From both a legal and a finance perspective there is no reason as to why transport arrangements to the PRU cannot be funded from the home to school transport budget. This is the only element of home to school transport that is not funded by the home to school transport budget. There are no other Local Authorities in the region who use the HNB as a means to fund transport from a pupil's home address to and from the PRU.

What is being proposed and when?

It is proposed that the budget for home to school transport arrangements to the PRU be transferred from the HNB to the home to school transport budget

to be effective from the start of the 2019/20 financial year. The estimated costs for 2019/20 are £600,000

What is the expected impact of this?

This proposed change in funding stream should not have an impact on children or their families. It will reduce pressures on the HNB but will add a pressure to the home to school transport budget in children and young people's services.

Appendix 3: High Needs Block Outturn 2018/19

DSG High Needs Block	2018/19 Revised Budget [£'000]	2018/19 Final Outturn [£'000]	2018/19 Variance [£'000]
Delegated to Alternative Provision	4,459	4,459	0
Delegated to Special Schools	23,160	23,160	0
Delegated to Enhanced Mainstream Provision (EMP)	776	776	0
Top-up funding-Primary	5,000	5,376	376
Top-up funding-Secondary	809	1,086	277
Targeted funding-Primary	0	578	578
Targeted funding-Secondary	0	208	208
Additional Special School funding in-year	0	1,083	1,083
Additional Alternative Provision	0	522	522
Income from schools (turnaround places)	-200	-552	-352
Income from schools (permanent exclusions)	0	-508	-508
Additional EMP	0	139	139
Communities of Learning	1,145	1,097	-48
Allocations to Schools	35,149	37,424	2,275
Nursery outreach and support	1,274	1,608	334
Equalities and Intervention Team	1,920	1,774	-146
SEND Sensory Team	1,443	1,269	-174
Learning Difficulties Team	817	385	-432
Management and support	698	629	-69
Behaviour Panels	600	707	107
Looked After Children Education Support (LACES)	461	286	-175
Pupil Referral Unit – transport	305	604	299
KS4 provision	203	37	-166
Equipment	75	88	13
LA recharges to DSG	825	825	0
Centrally managed	8,621	8,212	-409
Independent/Out of county (pre-16)	2,500	4,310	1,810
Independent/Out of county (post-16)	2,500	4,195	1,695
External provision	5,000	8,505	3,505
Total	48,770	54,141	5,371
Grant available	46,730	46,730	0
Budget shortfall	-2,040	-7,411	-5,371

Appendix 4: High Needs Budget 2019/20

DSG High Needs Block	2019/20 Original Budget [£'000]	2019/20 Revised Budget [£'000]	2019/20 Change [£'000]
Delegated to Alternative Provision	5,500	5,515	15
Delegated to Special Schools	24,000	23,862	-138
Delegated to Enhanced Mainstream Provision (EMP)	776	683	-93
Top-up funding-Primary	6,000	5,500	-500
Top-up funding-Secondary	1,500	1,200	-300
Targeted funding-Primary	800	600	-200
Targeted funding-Secondary	250	250	0
Additional Special School funding in-year	0	0	0
Top-up-Special (individual pupils above banding)	0	500	500
Top-up-Special (changes in numbers/banding mix)	0	500	500
Additional Alternative Provision	0	90	90
Income from schools (turnaround places)	-400	-400	0
Income from schools (permanent exclusions)	0	-400	-400
Additional EMP	0	0	0
Communities of Learning	1,145	1,145	0
Allocations to Schools	39,571	39,045	-526
Nursery outreach and support	1,274	1,600	326
Equalities and Intervention Team	1,882	1,728	-154
SEND Sensory Team	1,436	1,299	-138
Learning Difficulties Team	823	531	-292
Management and support	698	594	-104
Behaviour Panels	600	600	0
Looked After Children Education Support (LACES)	217	217	0
Pupil Referral Unit – transport	0	600	0
KS4 provision	0	0	0
Equipment	75	75	0
LA recharges to DSG	825	711	-114
Centrally managed	7,830	7,955	125
Independent/Out of county (pre-16)	3,000	4,300	1,300
Independent/Out of county (post-16)	4,000	4,200	200
External provision	7,000	8,500	1,500
Total	54,401	55,500	1,099
Grant available	48,801	48,801	0
Budget shortfall	-5,600	-6,699	-1,099
Shortfall met by council reserves	5,600	5,600	0
Shortfall charged to HNB retained DSG Reserve	0	1,099	1,099

Appendix 5: Consultation Proposals

Consultation Approach

It is proposed that the council consults with service users and families, schools including special schools, partners and other interested parties on the proposals for a three month period between **17 July 2019 and 17 October 2019**.

This will build on the pre-consultation information and engagement work we have undertaken with a range of stakeholders including:

- Schools Forum Reference Group (SFRG)
- Schools Forum (SF)
- Durham Association of Primary Headteachers (DAPH)
- Durham Association of Secondary Headteachers (DASH)
- Special schools
- Head Teachers briefings
- Communities of Learning¹ (CoLs 1-15)
- Behaviour Panels¹ in North Durham, South West Durham, East Durham, Central Durham and Primary Panel
- Work with parents through Making Changes Together and young people through the Xtreme group

The proposed changes that we are entering into consultation have been informed following recommendations out of previous participation exercises including: the High Needs Review (Dec 2017), the Social Communication and Interaction (including ASC) review (2018) and consultation with County Durham Schools throughout 2018/2019 including Schools Forum, SEND and Inclusion Schools Forum Reference Group, Communities of Learning and Behaviour Partnership Panels and leadership teams of special schools.

In consulting and listening to the voices of our customers and other stakeholders, we intend to obtain valuable information that will help us to make better-informed decisions and inform more effective solutions when refining the proposals.

¹ Communities of Learning (CoLs) and Behaviour Partnership Panels are partnerships between schools and Durham County Council to assist the inclusion of children who require support and interventions that are additional to, or different from, the majority of their peers. There are 15 CoLs in County Durham, comprising clusters of nursery, primary, secondary and special schools, 4 secondary behaviour panels and a primary panel.

The Consultation will be planned and implemented in accordance with the Council's Consultation Statement and Consultation Protocol (March 2019) and will be undertaken to comply with statutory and government guidance, as well as the general requirements of public law.

Consultation Planning

Up to the start of the consultation period work is being done to further develop the proposals that are outlined within this report. This work is overseen by the SEND and Inclusion Resources Board (SIRB) and is being carried out in collaboration with internal and external stakeholders to include:

- Schools Forum Reference Group (SFRG)
- County Durham Schools Forum
- Durham Association of Primary Head Teachers (DAPH)
- Durham Association of Secondary Head Teachers (DASH)
- Education and SEND / inclusion staff
- Parent and young people representatives

A Consultation Task Group has been established to enable the project team to work with the Corporate Communications Team and the Consultation Officer Group to develop these plans and ensure that the key messages are effectively conveyed to all stakeholders involved and in a timely manner. The key messages of the consultation, the list of stakeholders being consulted, and the resources, engagement methods and approaches being used are being developed.

A number of consultation activities and methods are being developed, these include:

- A video which conveys the key messages and proposals in a straightforward way
- A series of focus groups for young people, parents, providers
- A consultation information sheet in plain English detailing a summary of the key proposals, questions, closing date and how to be involved
- Attendance and discussion at key stakeholder meetings
- A paper/online survey form seeking feedback on the key proposals
- A web page outlining the consultation with links to the cabinet report, survey, video and other supporting materials
- Social media showing the video and signposting to the web page and online survey.

Consultation Plan

The consultation will be conducted with all parties that have an interest in or are affected by the SEND and inclusion agenda. Initial proposed methods are

outlined in the table below and this will be informed by further feedback as the consultation period commences.

Stakeholders	Activity and key messages	When
Elected members	<ul style="list-style-type: none"> • Member briefing • Website information 	July 2019
Senior Officers in key areas of HNB activities	<ul style="list-style-type: none"> • Discussions around each key proposal 	July 2019
General public	<ul style="list-style-type: none"> • Website information and online survey • Social media posts 	July/August/Sept/Oct 2019
Leadership teams of schools and colleges, special schools, Post 16 schools and the Pupil Referral Unit	<ul style="list-style-type: none"> • Website information • Presentation and discussions around each key proposal at planned meetings • Survey form/online form 	From July 2019
Durham Schools Forum	<ul style="list-style-type: none"> • Presentation and discussions around each key proposal at planned meetings • Survey form/online form 	Sept 2019 Nov 2019
Schools, Early Years Providers and Colleges	<ul style="list-style-type: none"> • Website information • Discussions at Durham Association of Primary Head Teachers (DAPH), Durham Association of Secondary Head Teachers (DASH), Head Teacher briefings • Presentation and discussions around each key proposal at planned meetings • Survey form/online form 	From July 2019
Schools Forum Reference Group (SFRG)	<ul style="list-style-type: none"> • Presentation and discussions around each key proposal at planned meetings • Survey form/online form 	From July 2019

SEND IASS	<ul style="list-style-type: none"> • Discussion and ask to engage parents and children in the consultation 	From July 2019
Children, young people and families of children with SEND and inclusion needs to include formal and informal groups such as: Making Changes Together, Extreme (liC), Little Treasures, Rollercoaster group, short breaks provision	<ul style="list-style-type: none"> • A simple video to convey the key proposals in the report • Discussions around each key proposal at planned meetings • Survey form/online form • Focus groups of young people and parents (during short breaks provision) 	July/August/Sept July/August/Sept July/August/Sept August 2019
Voluntary sector groups including; County Durham Carers Forum, Better Together Forum, interest and support groups	<ul style="list-style-type: none"> • Focus groups • Presentation and discussions around each key proposal at planned meetings • Survey form/online form 	August/September 2019
Providers of services across County Durham to include charitable organisations, NHS, Durham County Council, and the private and voluntary sector	<ul style="list-style-type: none"> • Website information • Presentation and discussions around each key proposal at planned meetings • Survey form/online form • Focus groups 	Sept/Oct 2019
Area Action Partnerships	Presentation and how to participate in the consultation	Sept/Oct 2019
Analysis and draft report	Key feedback	October 2019

Appendix 6: Equality Screening

Durham County Council Equality Impact Assessment

NB: The Public Sector Equality Duty (Equality Act 2010) requires Durham County Council to have 'due regard' to the need to eliminate unlawful discrimination, harassment and victimisation, advance equality of opportunity and foster good relations between people from different groups. Assessing impact on equality and recording this is one of the key ways in which we can show due regard.

Section One: Description and Screening

Service/Team or Section	CYPS and Resources
Lead Officer	Martyn Stenton, Early help, inclusion and vulnerable children
Title	High Needs Block Funding for SEND and Inclusion Support
MTFP Reference (if relevant)	
Cabinet Date (if relevant)	10 July 2019
Start Date	5 June 2019
Review Date	July 2019 (after Cabinet)

Subject of the Impact Assessment

Please give a brief description of the policy, proposal or practice as appropriate (a copy of the subject can be attached or insert a web-link):

There are growing spend pressures in relation to the High Needs Block (HNB) of the Designated Schools Grant (DSG) which provides funding for special education needs and disability (SEND) and inclusion services for children, young people and young adults.

A combination of austerity across the public sector, implementation of the SEND reforms (which has increased support to cover young people and young adults up to 25 years old) and changing needs means that there are insufficient resources including from the High Needs Block (HNB) of the Dedicated Schools Grant (DSG). This is also the case in many other local authorities.

In simple terms the council is currently spending 15% more than funded for which is not sustainable. Addressing this spending pressure is complex and involves collaboration across teams and partners. This means trying to address areas of pressure from the HNB without significantly impacting support for individual children and young people and minimising impact on schools budgets.

A SEND and Inclusion Resources Board has been established. It brings together colleagues from the council's Education Services, SEND and Inclusion, Commissioning and Finance and gives cross council oversight on resources for SEND and Inclusion, including HNB spending and related council budgets. This board now has oversight of a programme of work to seek to make the HNB more sustainable and respond to changing needs across the County.

Work underway currently involves reviewing all areas of spending, making reductions in HNB spending where feasible whilst also recognising the specific needs of individual children and young people, the overall volume of young people with SEND needs and the volatile and changing pattern of demand on different service areas.

Initial areas for focused review work are:

- a. **Centrally managed services.** This includes a range of functions such as support to nursery pupils, equalities and intervention team, sensory and learning difficulties, SEND management and support posts. The total estimated spend in 2019/20 is £7.955 million which is a reduction of £0.218 million from 2018/19 following initial work on reviewing management and support services. A more extensive review of all areas of spend is underway, it is planned to reduce the core areas of spend further from April 2020 to seek to attain the targeted reduction in expenditure indicated above.
- b. **Special Schools.** We have 10 special schools in Durham which provide specialist teaching and support for children and young people with the most complex special education needs. A series of discussions have taken place recently with special school leaders regarding funding reserves and vacancies, particularly in schools for pupils with social emotional and mental health needs. Further work is now planned and it is proposed to build on work done previously through the high needs review with further consultation on the type and amount of places available in special schools. It is anticipated that this would lead to changes with funding arrangements from April 2020 and with any changes to admission arrangements from September 2020.

- c. **Joint commissioning of services – integrated therapies.** This covers physiotherapy, occupational therapy and speech and language therapy services. A review of these has taken place over the last 18 months. Whilst there isn't direct spend from the HNB on these specific services it does impact on the type of placements young people receive and other support services. It is now being proposed to jointly commission all these children's therapy services, this will involve co-production work with families and close working with schools.
- d. **Joint Commissioning of Services – equipment, auxiliary aids and adaptations.** Current arrangements for providing these is complex and regularly requires input from colleagues in education, health and education settings. A strategic review has taken place and it is now planned to work on a clearer and more consistent approach with updated guidance and streamlined processes. This is expected to lead to better, swifter support and increased value for money which collectively will support better use of HNB funding.
- e. **Top up funding and targeted funding support.** Top up Funding (TuF) is the provision of HNB funding to schools when provision to meet an individual child or young person's SEND needs would cost more than the school's Core Funding budget. In mainstream schools this is the first £6,000, in Enhanced Mainstream Provision this is the first £10,000 and in specialist provision this is the banding that the pupil is placed under. It is provided as part of the graduated approach in place across Durham resourcing young people who have needs met through SEN support and those young people with an Education Health and Care Plan (EHCP). This graduated approach ensures that demand for statutory assessment is not driven by a need for resources and prevents unnecessary delay in making provision. Earlier in the year we wrote to all schools about top up funding and advised that a revised quality and value assurance process was being introduced and indicated that a wider review was planned. It is now proposed to consult regarding a change to the system for top up funding which would be based on a banding system. After consultation and reviewing how systems are working in other areas which have adopted this approach it would be proposed to make the changes from April 2020 for all new cases assessed from then. A review of arrangements for targeted funding would be linked with this. Targeted funding gives additional funding to some schools which have higher proportions of SEN placements and in Durham currently works through a formula based allocation.
- f. **Post 16 funding support.** This provides an element of funding to the post 16 sector to support the education costs of young people over 16 with an EHCP. This has created a new and growing demand on the HNB in recent years since the SEND reforms were introduced. A review of all applications in 2018/19 took place and from this a fair pricing model for support was developed and discussed with

providers. Further consultation with young people and the post 16 sector is now planned in order to implement the far pricing model fully in 2019/20 and further work on developing improved pathways into adulthood.

- g. **Financial support provided through local partnerships of schools.** In Durham there are currently 15 Communities of Learning partnerships along with 4 Secondary Behaviour Partnerships and a Primary Behaviour Partnership. All the partnerships were advised on proposals to reduce the budget for these by 15% in 2019/20 to support reductions in pressures on the HNB and were asked to put in detailed business plans regarding their planned spend. A more detailed review is then planned involving each of the partnerships in order to agree revised arrangements and funding from January 2020.
- h. **Pupil referral unit and alternative provision.** The Woodlands Pupil Referral Unit is the County Council's provision for permanently excluded pupils and those identified as close to permanent exclusion. The numbers of young people requiring this provision has risen locally and nationally in recent years and currently around 100 young people also currently access alternative provision as there is insufficient capacity at the Woodlands sites. In addition, schools arrange alternative provision for young people who benefit from a different setting and a more vocational or therapeutic pathway. HNB funding currently funds places via the Pupil Referral Unit as well as some commissioned alternative provision places. Other funding for alternative provision comes from schools directly from their budgets or via behaviour panel funding. ISOS partnership, who have done work nationally and in other areas, are currently doing a focused piece of work in the County with the aim of strengthening inclusion and the use of alternative provision. Initial feedback and workshops with head teachers is planned in July 2019. Further proposals will then be developed and progressed through the behaviour panel partnerships. The expected impact is fewer permanent exclusions and increased integration back into mainstream schools after a period of exclusion which will both reduce the pressure on the HNB spend on pupil referral unit places.
- i. **Transport budget for pupils to pupil referral unit.** The HNB has been funding home to school transport for pupils attending the pupil referral unit for a number of years but no other transport costs are funded through the HNB. This is therefore the only element of home to school transport that is not funded by the home to school transport budget. There are no other authorities in the region who use the HNB for this purpose. It is being proposed that the budget for this area of spend is transferred to the home to school transport budget.

Transport budget for pupils to pupil referral unit

One particular area of decision for Cabinet (July 2019) is the proposal for Home to Schools Transport costs for pupils attending Pupil Referral Units (PRU), currently charged to the HNB, to be charged to the CYPS Home to School Transport budget in 2019/20 and met from corporate contingencies in year. The estimated costs for 2019/20 are £600,000.

This proposed change in funding stream should not have an impact on children or their families. It will reduce pressures on the HNB but will add a pressure to the home to school transport budget in children and young people's services.

Consultation

A number of strands of activity, as listed above, are proposed to be covered in consultation (July 17 – October 17 2019) including focussed consultation with schools such as top up funding options and wider consultation opportunities for young people and families.

Equality analysis and update of equality impact assessment

This equality impact assessment will be updated for the next Cabinet report, later in 2019, once consultation feedback has been analysed. Individual equality impact assessments may need to be developed for specific action/proposals which emerge as the programme develops to ensure decision makers are fully aware of equality implications.

Who are the main stakeholders? (e.g. general public, staff, members, specific clients/service users):

Children, young people and young adults (0-25 year olds) with special educational needs and disabilities (SEND)

Parents and carers of children and young people with SEND

Council and education staff

General public

Partners – colleges, health services

Screening

Is there any actual or potential negative or positive impact on the following protected characteristics?		
Protected Characteristic	Negative Impact Indicate: Y = Yes, N = No, ? = unsure	Positive Impact Indicate: Y = Yes, N = No, ? = unsure
Age	?	?
Disability	?	?
Marriage and civil partnership (workplace only)	N	N
Pregnancy and maternity	?	?
Race (ethnicity)	?	?
Religion or Belief	N	N
Sex (gender)	?	?
Sexual orientation	N	N
Transgender	N	N

Please provide **brief** details of any potential to cause adverse impact. Record full details and analysis in the following section of this assessment.

Areas of work include analysis of spend and use of resources to ensure value for money which should not necessarily negatively impact children and young people with SEND and their families/carers but will ease funding pressures and contribute towards longer term sustainability.

Further equality analysis will draw out specific impacts, including any potential negative impact, as the sustainability plan develops to ensure decision makers are fully aware of equality implications.

How will this policy/proposal/practice promote our commitment to our legal responsibilities under the public sector equality duty to:

- eliminate discrimination, harassment and victimisation,
- advance equality of opportunity, and
- foster good relations between people from different groups?

The sustainability plan aims to create more inclusive and targeted support to address need. For example, work is underway with Head Teachers across the county to promote inclusive practice, making sure that young people have access to a curriculum that is appropriate to their aspirations and needs. This supports our public sector equality duty.

Evidence

What evidence do you have to support your findings?

Please **outline** your data sets and/or proposed evidence sources, highlight any gaps and say whether or not you propose to carry out consultation. Record greater detail and analysis in the following section of this assessment.

Key SEND data

- The school age population in County Durham is 75,000
- 1 in 6 (12,500) children in County Durham have SEND
- Of the SEND population, 11% have needs met through SEN support and 3% have complex needs met through EHCP

- 39% of young people with a EHCP are educated in a special school
- Young people with SEND are more likely to be excluded from school
- 55% of looked after children have a recognised SEND
- 176 young people with SEND are in non-maintained provision

Related Cabinet Reports:

SEND Strategy Refresh, Cabinet, 15 May 2019

<https://democracy.durham.gov.uk/ieListDocuments.aspx?CId=154&MId=11038&Ver=4>

Mainstream Primary and Secondary Funding Formula Funding 19-20 and transfer of the High Needs Block (HNB), Cabinet, 12 December 2018

<https://democracy.durham.gov.uk/ieListDocuments.aspx?CId=154&MId=10661&Ver=4>

Screening Summary

On the basis of this screening is there:	Confirm which refers (Y/N)
Evidence of actual or potential impact on some/all of the protected characteristics which will proceed to full assessment?	Yes as the HNB sustainability plan develops
No evidence of actual or potential impact on some/all of the protected characteristics?	No

Sign Off

Lead officer sign off: Head of early help, inclusion and vulnerable children	Date: 5 June 2019
Service equality representative sign off: Equality and diversity team leader	Date: 5 June 2019

Contact: equalities@durham.gov.uk