

Cabinet

21 April 2021

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

Ordinary Decision



Report of Corporate Management Team

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Services**

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Young People's Services**

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Electoral division(s) affected:

Countywide

Purpose of the Report

- 1 This report provides an update on spend and pressures on the High Needs Block (HNB) of the Dedicated Schools Grant (DSG), which supports Special Educational Needs and Disability (SEND) and inclusion support services for children and young people.
- 2 The 2020/21 forecast financial outturn position is outlined, along with the latest five-year financial plan and project updates, which collectively aim to ensure HNB spending is maintained within budget and the accumulated deficit in the HNB is recovered between 2020/21-2024/25.

Executive Summary

- 3 There are enduring pressures on the High Needs Block (HNB) of the Dedicated Schools Grant (DSG) which provides funding for SEND and inclusion support services for children and young people in County Durham.
- 4 There have been insufficient resources to support children and young people with SEND and inclusion needs in recent years. This position is continuing and is replicated in other local authorities. It is linked to a

combination of factors to include rising demand for service provision that meets the increasingly complex needs of children and young people, and the SEND Reforms (2014) that increased support to include individuals from birth up to 25 years of age.

- 5 Despite some previous support from the Council's own resources, spending pressures have resulted in a growing deficit in County Durham's DSG account and the cumulative deficit for Durham's HNB stood at £5.7 million at the end of 2019/20. Whilst there was an increase in the HNB allocation in 2019/20 and continued work on the HNB sustainability programme, the latest forecast indicates that expenditure will exceed HNB grant by £1.8 million in 2020-21. This is a slight reduction on the previous forecast and will increase the cumulative deficit position on the HNB reserve from £5.7 million to £7.5 million at the end of 2020/21.
- 6 Through successful delivery of the HNB Sustainability Plan we aim to ensure that services are delivered within budget in accordance with the HNB five-year financial plan, and this is supported through the SEND transformation work that is either planned or underway. Key elements of this work relate to the following areas which were subject to consultation and reported previously to Cabinet:
 - Centrally Managed Services;
 - Special Schools;
 - Top-up Funding (TuF);
 - Targeted Support Funding (TSF);
 - Post 16 Funding;
 - Funding support to Partnerships of Schools;
 - Joint commissioning of therapies;
 - Joint commissioning of equipment, aids and adaptations;
 - Alternative Provision (AP) and the Pupil Referral Unit (PRU).
- 7 The report provides an update on each of these areas of work highlighting where progress has been made, planned next steps and identifying where some areas of work continue to be disrupted as a result of the ongoing coronavirus pandemic.
- 8 It is proposed that the SEND and Inclusion Resources Board continues to oversee the implementation of the work programme to deliver the

proposed changes, the five-year plan and any impact from the coronavirus outbreak.

Recommendations

9 Cabinet is requested to:

- a) note the updated assumptions and forecast position for HNB spend in 2020/21;
- b) agree to the updated five-year financial plan for 2020/21- 2024/25 which includes a deficit recovery plan for previous HNB overspend;
- c) agree to the five-year plan being regularly reviewed and updated, including allowing for any impacts from the coronavirus outbreak and subsequent recovery period which may be protracted in relation to SEND support needs; and
- d) note the update on the Investment Support Fund and progress on the transformation projects outlined in the report and proposed next steps.

Background

- 10 Cabinet received a detailed report in January 2020 outlining the spending and pressures on the HNB of the DSG, the findings of a three-month public consultation which took place in 2019, and recommendations to implement key areas of work that seek to make the HNB more sustainable. This included the development of a five-year financial strategy for 2020/21 – 2024/25 for the HNB and a financial recovery plan to bring the account back into balance by 2024/25.
- 11 The SEND and Inclusion Resources Board (SIRB) oversees this programme of work. In July 2020, Cabinet received a progress report and agreed to receive a further update.
- 12 The SIRB has continued to meet on a monthly basis through virtual meetings to oversee HNB spend and the HNB Sustainability Plan.
- 13 Updates on progress against the HNB Sustainability Plan have also continued to be presented to Schools Forum meetings, which have been hosted virtually.
- 14 The work of the SIRB includes considering any impacts from the coronavirus pandemic and subsequent recovery period which may be protracted in relation to SEND support needs.
- 15 The coronavirus pandemic has resulted in some of the work on HNB sustainability and more broad SEND transformation work being disrupted and delayed. The highest priority continues to be given to supporting vulnerable children, their families and learning providers at this time.

HNB Forecast 2020/21

- 16 The report presented to Cabinet in July 2020 showed a slightly improved final outturn position compared to that reported in January 2020, for the HNB in 2019/20, identifying an overspend of £8.6 million against the HNB DSG grant allocation. The Council funded £5.6 million of the overspend from its reserves, and the last report to Cabinet reported that the balance of £3.0 million increased the cumulative deficit position on the HNB reserve to £5.7 million as at 31 March 2020.
- 17 The table at Appendix 2 details the updated forecast outturn position for each budget line of the HNB for 2020/21. The forecast now indicates that expenditure will exceed HNB grant by £1.8 million in 2020/21. This will increase the cumulative deficit position on the HNB reserve from £5.7 million to £7.5 million at the end of 2020/21. Whilst this still represents an overspend position, it is important to note that this is a greatly improved position compared to recent years where overspends were much higher and is a slight reduction on the previous forecast.

- 18 The overspend position forecast within the 2020/21 financial year is largely due to a significant increase in demand for Top-up Funding (TuF) in mainstream primary and secondary schools and special schools. In total, costs are forecast to exceed the original budget by £2 million in these areas to meet additional SEND support needs for more young people.
- 19 During 2020/21 there was an increase in the number of young people attending county special schools resulting in the need to fund an additional 33 places at an average cost of £19,000 per place. TuF has been used to fund places for each of these students and in some instances some additional resource to facilitate supervision ratios in school. TuF has also been used to fund additional creative packages of supervision and children needing additional help in their current provision, therefore preventing placement breakdown and the use of more expensive private independent placement.
- 20 In addition, allocation of TuF to mainstream schools has increased for the following reasons:
- More schools are coming forward to request TuF awards in support of provision that is additional to, and different from, the typical offer of provision in a school. In providing this TuF, we are ensuring young people can access their local mainstream school in line with our commitments to young people with SEND. The value of the packages awarded is lowering, demonstrating a higher level of efficiency.
 - Early identification of SEND in pre-school provision is increasing. Good transition planning between early years settings and primary schools means that schools are able to request funding from the point a reception child starts school. Previously, the needs of children were generally not identified so early on, resulting in support being delayed for the child and eroding parental confidence in the mainstream offer, encouraging them to look for a special school placement.
- 21 It is difficult to project the future pattern of expenditure for TuF following the impact of the coronavirus pandemic, but there is potential for a further spike in demand for additional packages of support. This could increase costs further in the next year. In light of the significant increases in demand in this area and anticipated increases in future expenditure, adjustments have been made to the five-year HNB financial plan which is covered further below.
- 22 The HNB overspend position has also been impacted by increasing expenditure for young people who are excluded or are at risk of

exclusion from mainstream school and are accessing support through The Woodlands Pupil Referral Unit (PRU).

- 23 On-site capacity for permanently excluded pupils at the PRU is much lower than the demand for places. Approximately 100 young people are attending off-site provision because there is insufficient on-site capacity at the PRU, and this increasing expenditure is contributing to the overspend on the HNB.
- 24 PRU expenditure is forecast to exceed budget by £0.374 million in 2020/21. The number of permanent exclusions has decreased since the start of the COVID 19 pandemic in March 2020, and the final outturn may be less if permanent exclusions continue to be reduced. Work to reduce the level of permanent exclusions further and in turn reduce expenditure from the HNB is underway in relation to the Behaviour and Inclusion Partnerships, Alternative Provision and the PRU, and is outlined later in this report.
- 25 There is a forecast underspend for placements for post-16 students across the Further Education and Independent sector. Expenditure in this area has increased at a lower rate than anticipated in the budget planning and this is being kept under review.
- 26 All areas of HNB expenditure will be kept under close review with regard to coronavirus pandemic related issues and monthly monitoring continues to take place.
- 27 Updated government guidance requires local authorities that have a deficit on their DSG account at the end of the 2019/20 financial year, or whose DSG surplus has substantially reduced during the year, to co-operate with the DfE in handling that situation. Local authorities must:
 - Provide information as and when requested by the Department about its plans for managing its DSG account in the 2020 to 2021 financial year and subsequently.
 - Provide information as and when requested by the Department about pressures and potential savings on its high needs budget.
 - Meet with officials of the Department as and when they request to discuss the local authority's plans and financial situation.
 - Keep the Schools Forum regularly updated about the local authority's DSG account and plans for handling it, including high needs pressures and potential savings.
 - The Secretary of State reserves the right to impose more specific conditions of grant on individual local authorities that have an

overall deficit on their DSG account, where he believes that they are not taking sufficient action to address the situation.

- 28 The Council is following the Education and Skills Funding Agency (ESFA) guidance for local authorities in managing the DSG HNB deficit and an update report is presented at each Schools Forum meeting.

HNB Five-Year Financial Plan

- 29 The latest updated five-year financial plan is presented at Appendix 3.
- 30 The current forecast deficit on the HNB of £7.5 million is due to be recovered during 2023/24 under current planning assumptions.
- 31 The plan has been updated to reflect the latest forecast position for 2020/21 as well as the following changes to previous assumptions:
- Grant funding – for 2021/22, the HNB funding formula used a floor of 8% and a gains limit of 12%, so that all councils received an increase in that range. The financial plan now assumes an increase of 8% in 2022/23 (increased from previous assumption of 4%). Assumptions for 2023/24 and 2024/25 remain at 0% increase. In line with this, for current planning purposes and until further Government guidance is received, most areas of spend do not currently include an increase for 2023/24 and 2024/25 in the latest plan.
 - Mainstream Top-up Funding – as outlined above, this year has seen significant increases in demand and the anticipated expenditure for the following years of the plan has been adjusted.
 - Special school funding – it has been agreed to increase special school banding rates by 3% in 2021/22 and the plan has been updated to reflect this. This was subject to consultation and discussed at Schools Forum further details of which are outlined later in this report.
 - Behaviour Panels / Alternative Provision - funding allocated through Behaviour and Inclusion Partnerships will increase in 2021/22 financial year in order to help reduce permanent exclusions and pressures on the PRU and HNB budget through their work. The Council is continuing discussions with the Behaviour and Inclusion Partnerships about this with a view to a different system of support being developed over the longer term and this is covered later in the report.
- 32 As part of our work on the HNB, an Investment Support Fund has been established for future years, which identifies 2.5% of the overall HNB

grant allocation for use on specific projects over the period 2021/22 to 2024/25, as well as supporting any additional pressures which emerge.

Investment Support Fund

- 33 A sum of £6.9 million has been identified from the HNB across a four-year period in order to support specific initiatives that improve value for money and efficiency of HNB activity and link to HNB Sustainability Plan work. The list below gives some examples of how this may be used:

Inclusion and Alternative Provision

To realise a future state where significant funding is devolved to Behaviour and Inclusion Panels based on their submission of clear business cases, with the aim of reducing permanent exclusions of pupils from mainstream schools, and subsequently reducing the demand on the PRU (and hence pressures on the HNB budget), allowing this service to be redesigned.

Top-up Funding Banding Review (mainstream)

A 'banded system' for TuF is being developed to support schools in ensuring pupils' SEND needs are consistently and more appropriately met, within the agreed budget allocated within the five-year financial plan.

- 34 There is potential that demand in certain budget areas may exceed current forecast expenditure included in the plan. Work is ongoing to further develop the forecasting model over a five-year timeframe. Whilst this work continues, it is possible that some funding from the Investment Support Fund may be required to supplement existing budgets without adding to the deficit position and recovery plans.

Key Risks

- 35 The following main risks have been identified to the successful achievement of the five-year funding and deficit recovery plan:
- Assumptions about higher HNB grant levels in 22/23 may not materialise;
 - Planned cost reductions may not be achieved;
 - Increases in demand may be higher than anticipated;
 - Increases in costs may be higher than anticipated;
 - The ongoing coronavirus pandemic may bring additional cost pressures and require extra support for children and young people in their learning environments over a longer period;

- The financial impact of the coronavirus pandemic on the national economy may lead to further pressures in school and HNB funding in future years.

36 Transformational work is underway as part of the HNB Sustainability Plan to ensure that costs are reduced, improved value for money is achieved and spending is maintained within budget. This work (outlined below), also aims to ensure that HNB funding is spent on the right support, at the right time and in the right place for children and young people with additional needs and that this support is aligned closely to their needs.

Progress on Key Areas of HNB Sustainability Work

37 Between July and October 2019, the Council publicly consulted on proposals relating to the following areas identified for review, chosen due to their impact on HNB spending:

- Centrally Managed Services;
- Special Schools;
- Top up Funding;
- Targeted Support Funding;
- Post 16 Funding;
- Funding support to Partnerships of Schools;
- Joint commissioning of therapies;
- Joint commissioning of equipment, aids and adaptations;
- Alternative Provision (AP) and the Pupil Referral Unit (PRU).

38 Most respondents to the consultation were in favour of the Council adopting all but one of the proposals (relating to a 3-day week post-16 provision), associated with the above nine areas of review.

39 Cabinet approved the proposals and recommendations within the report on 15 January 2020. Since then work has been conducted on the priority areas of key focus which is summarised as follows.

Centrally Managed Services

40 As reported to Cabinet in July 2020, three reviews were completed in 2019 to realise significant reductions to HNB expenditure as follows:

- (i) Review of home to school transport to the Pupil Referral Unit (PRU): £0.600 million – transferred from HNB requirement to DCC home to school budget pressure.
- (ii) Review of frontline services re-charges: £0.711 million reduced to £0.150 million (part year charge) in 20/21 and £0.300 million in 21/22 onwards.
- (iii) Review of management and support re-charges: £0.104 million reduction in HNB funding.

41 Early Years SEND Funding was also identified as an area for review. This funding is used to provide additional support and/or equipment for children with significant SEND and/or complex medical needs who are accessing their nursery education entitlement. A review of Early Years funding is being conducted as part of a wider review of TuF. A banded system is being developed that will help to reduce the variability in applications for funding, ensure a fair and appropriate allocation of funds from within the available budget, and ensure children's SEND needs are consistently and more appropriately met. Once the Early Years funding arrangements are confirmed, further consideration may be given in future to reviewing the Early Years offer and support model again to ensure we continue to maintain spending within budget, while ensuring provision is closely aligned to need.

Special Schools

- 42 Work continues to engage with special schools to review funding and ensure provision meets all types of demand. During autumn 2020, a consultation took place with special schools to obtain feedback on the financial pressures they are experiencing. This consultation signalled funding pressures related to increasing staff costs, costs associated with COVID 19, and increased costs of specialist equipment and support.
- 43 Following this feedback, a further consultation was undertaken with all schools in November 2020 on a proposal to increase special school band rates by 3% in 2021/22. At its meeting in November 2020, Schools Forum considered this proposal and a further proposal to modify the process for paying additional TuF to special schools where there are unfilled places.
- 44 As at 31 October 2020, figures indicated that there were 50 unfilled spaces in Social Emotional and Mental Health (SEMH) special schools out of a total of 336 places commissioned. This is an issue as the sums provided to special schools are not recovered if places are not filled.

This applies to the element of TuF included in the banded rate as well as the base place funding of £10,000.

- 45 In addition, those schools that have unfilled places may also separately receive additional TuF for specific pupils over and above the budget share allocation. The latest figures indicate TuF to the value of £0.147 million is due to be paid in 2020/21 to special schools where there are unfilled places.
- 46 Without changes to the system, there is a likelihood the HNB funds unfilled places in SEMH schools and does so at a higher rate in 2021/22, whilst at the same time TuF continues to be paid to the same schools for pupils with additional needs beyond the current band allocation.
- 47 Guaranteed Minimum Budget Statements issued to special schools in November 2020 proposed reductions to commissioned places in SEMH schools when compared to the 2020/21 position. This should go some way to addressing the issue of unfilled places in a managed way.
- 48 The cost to the HNB of the recommended increase of 3% to Special School banding rates is around £0.75 million per annum. This equates to almost £3 million across the remaining four years of the five-year plan.
- 49 It is proposed to address concerns over unfilled places in SEMH schools by changing funding arrangements in 2021/22. The changes mean that prior to the release of any additional TuF to special schools, consideration will be given to the number of unfilled places.
- 50 A full review of special school banding is planned over the next year, aligned to the review of TuF for mainstream schools, with a view to introducing a revised banding system for the start of the 2022/23 financial year if feasible.
- 51 The Conditions of Grant for the Dedicated Schools Grant require that local authorities pass onto special schools the increase in High Needs formula funding for special schools in respect of the Teachers Pay Grant and Teachers Pensions Employer Contribution Grant so this is also included in the updated five year plan.
- 52 Developments to increase capacity in special schools are also continuing. Plans for implementation of six modular classrooms at The Oaks Special School to realise up to 40 places for young people with discrete autism needs are still underway. It was agreed with the school that to achieve the best value from the investment, a permanent brick build in keeping with the rest of the school site was the best option. The new build is currently progressing through the planning system and is

scheduled for completion in September 2021. The existing group of young people are being accommodated across both The Oaks and Evergreen School sites.

Top up Funding (TuF)

- 53 TuF is the granting 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 including the notional SEND budget.
- 54 At present every school determines the amount of extra funding they need for each child. This has resulted in differences in the amount of support a young person receives depending on the school's considerations and how the school completes an application and calculates the funding. Some schools make a number of TuF requests, while others submit very few. Some schools access a significant resource for provision that other schools consider as core to their offer. Overall, TuF is unsustainable in the long term within the HNB funding available and this is an area of increasing demand, as outlined earlier in this report.
- 55 Whilst some work has already taken place to improve quality assurance and value for money, further improvements are required to ensure a robust process is in place that is visible and understood by all schools as well as parents and carers. This would help to reduce the variability in applications for TuF and ensure a fair and appropriate allocation of funds.
- 56 The majority of respondents to the public consultation held last year agreed with the proposal for a 'banding system' to be developed and applied to TuF to support schools, thereby helping to ensure SEND needs are consistently and more appropriately met.
- 57 This project aims to help ensure that: more children and young people with SEND needs are retained within mainstream education; parents have confidence in the support provided to children which will be timely, aligned to needs, and provided in the right place; and set outcomes for children and young people are met.
- 58 The new funding process will ensure that funding is only approved once all other appropriate support for pupils has been identified and put in place, aligned to their additional needs, and supported by the school's notional budget, in the first instance. Implementation of the new banded system aims to provide a more robust application process, that results in the most appropriate support being in place, while ensuring spending is kept within the allocated budget for TuF.

- 59 In light of delays caused by the COVID 19 emergency response in 2020, the project was re-scheduled. Work on this project re-commenced in September 2020, with a multidisciplinary project team established, a governance model and a number of key deliverables being identified, as well plans devised to engage with stakeholders to develop the new system. Best practice research and financial benchmarking has been completed to inform the development of proposed banded model options. Engagement took place with SENDCO networks during October - November 2020 to identify their requirements and stakeholder engagement is continuing into 2021 to develop the core offer and model options.
- 60 It is planned that the new funding process will be designed by May 2021, with initial piloting and then wider implementation from September 2021 and will subsequently be monitored and reviewed regularly.

Targeted Support Funding (TSF)

- 61 Prior to 2020/21, funding was distributed to schools using a formula-based approach (costing £784k in 2019/20). The previous process for allocating TSF to schools was acknowledged as being complex and not widely nor well understood.
- 62 Following the consultation in 2019, the process for allocating TSF was amended with effect from April 2020 to one where schools were required to apply for funding. Conversations have been held with some schools about this, since this change, especially where the school budget had a high reliance on this funding. Schools no longer receive an automatic payment of TSF. TSF is instead provided when a school applies for help. Schools now contact the SEND team to discuss their case and receive support through the new application process which was initially piloted with a few schools prior to being rolled out in April 2020.
- 63 This approach was a transitional arrangement for one year only and the budget was set at £430k based on an allocation of 0.75% of the HNB grant allocation.
- 64 For 2021/22, we have reviewed the criteria for assessment of applications, to ensure TSF is used where a school has a significant funding gap for their cohort of young people with SEND, which is not supported sufficiently from the core budget and TuF applications.
- 65 Stakeholder consultation on the proposed criteria has taken place and the new process was successfully implemented in April 2021.

Post 16 Funding

- 66 The fair pricing framework has been established across the Post 16 sector. This has helped providers plan accordingly and provided the necessary controls to HNB expenditure.
- 67 All providers have submitted individually costed plans for each of their learners. Each submission has been quality and value assured from the SEND Casework team providing appropriate challenge to ineligible spend and support where needs could be met more efficiently.
- 68 Provider applications for additional high needs funding have begun to improve in both timeliness and quality of applications. This has reduced the need for interim payments and has improved the financial forecasting for both providers and the Local Authority.

Funding Support to Partnerships of Schools

- 69 Funding from the HNB is allocated to each Community of Learning (CoL) and Behaviour and Inclusion Partnerships (BIP) to meet identified local needs.
- 70 A review of the process for allocating funding to these partnerships of schools was conducted early in 2019 resulting in a pilot being implemented between June and July 2019. This required partnerships to submit an application for funding based on a clear business case and this generated a saving of circa £280k to the HNB for 2019/2020.
- 71 At its January 2020 meeting, the Council's Cabinet agreed for a new process based on this successful pilot to be rolled out from March 2020. The business case template and guidance were reviewed and updated in accordance with the latest financial information and partnership chairs submitted their business cases by April 2020. As a result of rolling out this initiative, a total of £321k of funding was saved to the HNB in 2020/21.
- 72 Following the successful implementation of this new process for administering funding, the approach is continuing as part of normal business in 2021/22.

Communities of Learning Funding Support Arrangements 2021-22

- 73 Funding for CoLs will continue to be capped at 1% of the HNB Budget in line with previous feedback from schools and the Schools Forum about areas to make savings from, whilst still supporting important work. Due to the increase in Government HNB funding allocation, CoLs will receive £654k for 2021/22 which is £81k more than the previous year's allocation of £573k.

Behaviour and Inclusion Partnerships (BIPs) Funding Support Arrangements 2021-22

- 74 Four Secondary Behaviour and Inclusion Partnership Panels (North, Central, East and South West) and one Primary Behaviour and Inclusion Partnership Panel work to provide funding and support to schools, working together with alternative education providers and services, to offer appropriate pathways for young people disengaged from education. The Panels allocate funding in several ways to support young people.
- 75 The Behaviour and Inclusion Panels (BIPs) have supported 899 pupils since 2016 with 288 pupils going on to be permanently excluded. This means 611 (nearly 70%) of the pupils referred to the panels did not receive a permanent exclusion as a result of the support they received. This will have significantly reduced pressures on the PRU and HNB. A placement at the PRU (on-site) costs around £20,000 per pupil, per annum (excluding transport costs) and this is funded by the HNB budget. Off-site and specialist placements costs can be significantly higher.
- 76 Further funding is being allocated to the panels through the Investment Support Fund in 2021/22 to reduce pressures on the PRU and HNB budget. The increase in resource is designed to support the panels to promote positive inclusion, reduce permanent exclusion and improve reintegration rates for those who have been excluded.
- 77 Behaviour and Inclusion Partnership Panels submitted business plans outlining future spending needs for 2021/22 and their commitment to reducing permanent exclusions.
- 78 Additional funding for 2021-22 was granted to the BIPs in March 2021, based on clear business cases with criteria including the need to demonstrate how a reduced number of pupils being admitted into the PRU following permanent exclusion will be realised.
- 79 It is proposed that any future funding will be determined by the submission of business plans in the autumn term each year to reflect needs within the area and to demonstrate the impact on reducing the number of pupils requiring placements at the PRU within each panel area.

Joint Commissioning of Auxiliary Aids, Adaptations and Equipment

- 80 Schools and local authorities have a duty, in accordance with the Disability Discrimination Act 1995, Equality Act 2010 and the Children and Families Act 2014, to provide equipment, auxiliary aids and adaptations for pupils with SEND to support education outcomes.

- 81 A review of the local arrangements has identified that the current system is complex with limited local guidance for families or professionals and does not always take account of the holistic needs of the child or young person. In addition, the review identified that there is a lack of clarity and consistency relating to how equipment, aids and adaptations should be funded which has the potential to continue to impact upon school TuF and the HNB budget.
- 82 A project plan to address the findings and recommendations of the review was developed with clear actions and timelines to secure improvements. However, as a result of the coronavirus pandemic, the majority of the activities identified have stalled due to a need to focus and respond to the immediate pressures experienced by families who have children with SEND during this period.
- 83 Following the integration of local health and care commissioning arrangements, additional capacity has been identified to drive the identified improvement activities forward and a revised project plan is being developed to enable progress in 2021.

Joint Commissioning of Integrated Paediatric Therapies

- 84 Following a review of paediatric therapies (Speech and Language Therapy, Occupational Therapy and Physiotherapy), there is broad agreement across the local authority, education settings, the respective NHS provider trusts and the Durham Clinical Commissioning Group to support the transformation of the local therapy services to secure improved education, health and care outcomes for local children. A key aspect of this is to ensure that local families can access the support they need, locally and in the most appropriate environment for the child.
- 85 Work is primarily focused upon the following three projects:
- a 0-5 years integrated pathway with single point of access for children born with severe neuro disability;
 - an integrated special school pilot;
 - an in-reach offer for local children with SEND admitted to paediatric hospital settings.
- 86 Progress on the projects was paused as therapists and their managers were redeployed to enable the local NHS provider trusts to manage the winter pressures and the roll out of the COVID 19 Vaccination Programme. It is anticipated that the projects will gain momentum again in 2021 as services recover from the need to respond to the immediate pressures linked to the ongoing coronavirus pandemic.

Alternative Provision (AP) and The Woodlands Pupil Referral Unit (PRU)

- 87 The Woodlands Pupil Referral Unit (PRU), is the Durham County Council provision for both permanently excluded pupils and those identified as close to permanent exclusion, delivering a personalised academic, social and therapeutic programme. There is continued pressure on the PRU as on-site capacity for permanently excluded pupils is much lower than the current demand for places.
- 88 Increasing expenditure for young people who are accessing alternative provision and support through the PRU is contributing to the overspend on the HNB. Alternative provision refers to any education not in mainstream, special school or academy and this provision supports over 500 young people across the county. Approximately 100 young people are attending off-site provision because there is not sufficient on-site capacity at the PRU. This figure was significantly higher prior to the COVID 19 pandemic.
- 89 Following an external review of provision in July 2019, an Education Inclusion Operational Plan was developed, led by the Head of Education and Skills, between February and June 2020 in partnership with colleagues from EHVC, schools and other settings. It aims to support greater inclusion, with more children remaining in their first-choice schools; reduce exclusions (both fixed term and permanent); facilitate the effective and equitable use of quality alternative provision and improve the rate of reintegration to mainstream schools or specialist provision according to need. Successful delivery of the plan will therefore reduce pressures on the PRU and subsequently the HNB budget.
- 90 Four task and finish groups comprising representatives of schools, settings and other services, are established to deliver the operational plan and the following remits:

Headteacher/ Support Services Working Group Remit

- to agree expectations / thresholds of support that should be offered by any school before a decision is made on a permanent exclusion;
- to agree the expectations for a multi-agency, offer of support to work in partnership with schools, young people and their families.

Panel Chairs Working Group Remit

- to revisit the role, remit and expectations of the panels;

- to develop a wider role to take collective responsibility for every child and young person;
- to oversee the school offer, outreach support, localised solutions, strategic decision on alternative provision placements;
- to agree a fair and transparent allocation of the resources through robust terms of reference and protocols.

Reintegration Working Group Remit

- to develop a reintegration protocol to support pupils who have been permanently excluded.

Transition Planning Working Group with a remit to

- to enhance transition across all key stages;
- to develop better understanding of the extent and impact of pupil mobility;
- to agree a countywide transition protocol.

- 91 An Inclusion Steering Group is in place to oversee the work of the task and finish groups and delivery of the Education Inclusion Operational Plan. While some work was paused as resources were diverted to the COVID 19 emergency response, progress has been made against the key deliverables summarised below.
- 92 A Draft Reintegration Protocol has been developed based on feedback obtained through a survey held with headteachers and senior leaders. It aims to support the sustained return of pupils to mainstream education following a permanent exclusion by providing schools with confidence that a decision to reintegrate a young person has been based on a clear and balanced assessment. The protocol provides a clear reintegration pathway to assist realistic planning with receiving schools.
- 93 To support the protocol, assessment tools have been produced by the PRU in collaboration with SEND and Inclusion and Early Help teams. A joint TuF process has also been agreed for pupils with SEN to support their re-integration back to mainstream education.
- 94 Consultation is taking place on this protocol with Durham Association of Primary Headteachers (DAPH) and Durham Association of Secondary Headteachers (DASH) during the spring term to seek agreement for implementation across all schools countywide, from September 2021. This will provide a stronger platform for successfully returning pupils to

mainstream education from the PRU, and therefore reducing pressures on the HNB budget. The Panel Roles and Remit Task and Finish Group are currently exploring how a greater devolved funding model could include financial incentives within funding agreements to incentivise take up of the reintegration process.

- 95 The School and Support Task and Finish Group have developed a Durham Pastoral Support Programme (PSP) that will support pupils showing signs of disengagement from education. The PSP will support discussions both internally, with parents and students and other professionals / services to support the young person. North Durham Academy and Moorside Primary have agreed to pilot the PSP during the spring term 2021 and provide feedback to the group.
- 96 The Pupil Inclusion Pathway flowchart has been updated to include information from wider services as part of their graduated response offer. A report will be considered by the Inclusion Steering group at the end of the spring term, prior to consultation with Durham Association of Secondary Headteachers (DASH) and Durham Association of Primary Headteachers (DAPH) during the summer term and proposed implementation by September 2021.
- 97 A draft Transition Protocol has also been developed to support the transition of pupils across each key stage from early years settings through to Post 16. It outlines the underlying principles for high quality transition, provides suggestions for good practice, and sets out standards and tools that can be adopted by schools / education settings. It includes enhanced transition arrangements at Key Stage 2 to ensure those students at risk of permanent exclusion are provided with appropriate support to integrate them into Key Stage 3. A Data Sharing Agreement to support the transfer of information, plus a Transition Risk Indicator return and electronic pupil passport has been developed and is being used to support pupils with additional vulnerabilities and to facilitate successful planning for children based on their needs, by receiving schools. Work is ongoing to establish a data sharing agreement and ensure GDPR requirements are met and it is planned that this protocol will be consulted on during the summer 2021, prior to refinement and implementation by September 2021.
- 98 The Panel Roles and Responsibilities Task and Finish Group has agreed a funding formula and draft financial agreement that would support a devolved funding model, this includes a full cost recovery plan for any pupil permanently excluded and a contingency plan for any school not buying into the agreement. The group has also developed a quality assurance protocol for alternative education. This ensures robust systems are in place to provide placements that meet students' educational needs, clear review criteria and quality assurance

inspection visits. The group are currently exploring how alternative provision destination data can be used to support progression into post-16 education and adulthood.

- 99 The Fair Access Protocol has also been reviewed to reflect possible changes from the DfE consultation on the school admission code. The changes would require the BIPs to consider a Fair Access Case for hard to place pupils and will be subject to consultation with DASH and DAPH.
- 100 Work is also continuing to review provision at the PRU to ensure it meets need and prepares young people for their next steps in life. The PRU received a very positive, “good” Ofsted report following inspection in February 2020. A SEND classroom was developed despite the challenges faced during the coronavirus pandemic. In addition, outreach work is currently being developed alongside the work of the SEND interventions team to help prevent exclusions, with adjusted provision scheduled to be ready for implementation later in the spring 2021. The pilot has been very well-received by schools. An agreement is in place with Education Plus to commission some Key Stage 3 places with strong therapeutic support to promote reintegration or appropriate placement.
- 101 The successful delivery of the above work underway to promote inclusion, prevent exclusion, support transition and improve the rate of reintegration of pupils into mainstream schools will reduce the pressures on the HNB budget by reducing demand for places at the PRU.
- 102 Further work is now underway to develop and align the tracking of BIP activity with PRU budget and related activity. This also includes work to review the PRU budget expected to be required in future years as we expect demand to reduce as more young people stay in or are re-integrated more quickly back into mainstream settings.

Related SEND and Inclusion Work

- 103 Alongside the increased demands on the HNB, the Council has continued to see a significant increase in services provided by the SEND Casework team relating to new assessments for Education Health and Care Plans (EHCPs), TuF packages, Annual Reviews of EHCPs and Post-16 work. This increase in customer demand is recognised as enduring demand and a proposal to significantly grow the resource in this service area, as part of the MTFP 2021/22, was included as part of the Cabinet’s budget papers in February 2021. This will support growth in the SEND casework team and interdependent services in business support and Education Psychology.

- 104 In addition, work is underway to review, improve and streamline the business processes co-ordinated by the SEND Casework Team and business support staff. The aim is to identify where efficiencies can be made in the processes, to include the use of smarter ways of working and new technology to help meet increasing demands, make better use of staff resources and realise other benefits. A business process review of new requests for Education Health and Care Plans has been completed and an implementation plan is now in place. Work is also taking place on the annual review business process.

Conclusion

- 105 The report sets out the current financial position of the HNB budget of the DSG, the latest five-year financial plan and the progress being made on key areas of transformation work to help improve efficiency and value for money, ensure spending is kept within available resources and that children and young people with SEND and inclusion needs receive the right support, at the right time, and in the right place.
- 106 While spending is predicted to exceed grant by £1.8m by the end of 2020/21 financial year, this is a significantly improved position compared to recent years when overspends were substantially higher. The total current forecast deficit of £7.5m in the HNB is due to be recovered during 2023/24 under current planning assumptions and every effort will be made to achieve this.
- 107 Despite some delays and disruption due to the ongoing coronavirus pandemic emergency, work is continuing in key areas to make spending more sustainable in line with the five year financial plan, develop services in accordance with the latest good practice guidance and legislation, and reflect feedback from our service users in order to better meet their needs.
- 108 It is acknowledged that the ongoing coronavirus pandemic situation is causing uncertainties and makes budgeting more difficult for all our services, learning providers and other partners. We will continue to regularly monitor spend and forecasting of resources in coming months and work closely with partners across education, health and care as we seek to support young people with SEND and those who need inclusion support services.

Background papers

None.

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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 analysed as part of each area of work linked to HNB sustainability.

Finance

The report highlights the overspend and deficit position in the HNB. The outturn position for 2019/20 was an overspend of £8.6 million, with £5.6 million of this being supported by the Council's general fund (Budget Support Reserve). The cumulative deficit on the HNB reserve as at 31 March 2020 was £5.7 million.

The forecast position for 2020/21 indicates that expenditure will exceed HNB grant by £1.8 million. This will increase the cumulative deficit position on the HNB reserve from £5.7 million to £7.5 million at the end of 2020/21.

Based upon assumptions of HNB DSG allocations for the following four years, it is forecast that the cumulative deficit on the HNB reserve will be recovered by the end of 2023/24.

The report sets out several actions as part of an HNB sustainability plan which seeks to support children and 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.

A previous report to Cabinet (January 2020) outlined the approach to and findings of a public consultation, aimed mainly at early years settings, schools,

special schools and colleges along with other stakeholders including children and families. Further consultation and stakeholder engagement is taking place regarding individual pieces of work identified in this report.

Equality and Diversity / Public Sector Equality Duty

As the nine priority areas of the HNB sustainability programme affect 0-25 years old with SEND and their families, parents and carers there is potential impact for the protected characteristics of age, disability, sex and ethnicity. There is disproportionate impact in relation to sex (both male and female) and ethnicity. Significantly more males have an ECHP (74%). In terms of impact on women, evidence suggests they are more likely to have caring responsibilities for children and young people. Ethnicity data shows there is potential disproportionately in terms of ethnic minorities with special education needs (SEN).

Proposals to address priorities are designed to ease funding pressures and contribute towards longer term sustainability for SEND education. Negative impact is therefore not anticipated, as proposals aim to create a more inclusive and targeted SEND education offer by addressing need yet ensuring value for money through ensuring consistency and quality of centrally managed services, linking funding to evidence of impact, extending the range of specialist places, improving staff training, joint commissioning to ensure consistency and value for money and reducing pupil exclusions. This should impact positively in terms of disability, age (children, young people with SEND and their parents or carers), sex and ethnicity.

Climate Change

An intended outcome of this programme of work, is to increase support for young people to attend local schools, rather than travel to schools that are further away, both within and outside of the county. The successful delivery of the programme will result in reduced miles travelled by pupils, thereby reducing carbon dioxide emissions and potentially a reduced contribution to local traffic congestion.

The joint commissioning of equipment and auxiliary aids will help to reduce waste and consumption of resources, through the improved oversight, management and reuse and maintenance of equipment.

It is intended that the reviews of our business processes within the SEND Casework team will result in reduced printing and paper consumption, through the increased use of digital systems and the implementation of modern ways of working. The potential for developing a customer portal within the Synergy data management system is also being explored. Implementation of a customer portal, use of video conferencing for meetings and exchanging information, should help to reduce the need for staff and customer travel to some meetings. The digital mail system "Flite" is already being used by the

team, and the use of this system will be promoted to other areas of the service, as necessary and appropriate.

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, and continuously reviewing, a risk register. Key risks are summarised in the main body of this report. Careful consideration of risks and possible unintended consequences is taking place regarding each of the areas of work.

Procurement

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

Appendix 2: HNB Forecast Outturn v Budget 2020/21

DSG High Needs Block	2020-21 Original Budget £ million	2020-21 Forecast Outturn £ million	2020-21 Over / (Under) Spend £ million
Special Schools (maintained and academy)	23.893	23.893	0
Top-up-Special (individual pupils)	1.092	1.391	0.299
Top-up-Special (changes in mix)	0.478	0.600	0.122
Sub-total Special School Provision	25.463	25.884	0.421
INMSS – pre-16	3.569	3.569	0
INMSS – post-16	3.463	3.213	(0.250)
FE provision – post-16	4.024	3.800	(0.224)
Exports to other LA areas	0.970	0.970	0
Imports from other LA areas	(0.656)	(0.656)	0
Sub-total External provision	11.370	10.896	(0.474)
EMP place funding	0.608	0.608	0
Top-up funding-Nursery	0.500	0.500	0
Nursery Outreach Team	0.800	0.800	0
Top-up funding-Primary	5.865	7.361	1.496
Top-up funding-Secondary	1.139	1.394	0.255
Targeted Support Fund	0.430	0.329	(0.101)
Communities of Learning	0.572	0.572	0
Sub-total Mainstream Provision	9.914	11.564	1.650
Equalities and Intervention Team	1.802	1.802	0
SEND Sensory Team	1.314	1.314	0
Specialist Inclusion Support	0.567	0.567	0
Management and support recharge	0.827	0.827	0
Equipment	0.075	0.075	0
LA recharges to DSG	0.150	0.150	0
Contingencies	0.159	0	(0.159)
Sub-total Central provision	4.894	4.735	(0.159)
Behaviour Panels	0.600	0.600	0
Local Authority PRU (The Woodlands)	5.776	6.150	0.374
Income from schools (Permanent)	(0.341)	(0.341)	0
Income from schools (Turnaround)	(0.567)	(0.567)	0
Other AP provision	0.125	0.125	0
Sub-total Alternative Provision	5.593	5.967	0.374
Total	57.234	59.046	1.812

Appendix 3: HNB Five-Year Financial Plan

DSG High Needs Block	2020/21 Forecast Outturn £ million	2021/22 Estimate £ million	2022/23 Estimate £ million	2023/24 Estimate £ million	2024/25 Estimate £ million
Special Schools	23.893	26.034	26.555	28.493	28.493
Special School TPEG / TPECG	-	-	-	-	-
Top-up-Special (pupils)	1.391	1.419	1.447	1.447	1.447
Top-up-Special (banding)	0.600	0.600	0.600	0.600	0.600
Sub-total Special School Provision	25.884	28.053	28.602	30.540	30.540
INMSS – pre-16	3.569	3.640	3.713	3.713	3.713
INMSS – post-16	3.213	3.277	3.343	3.343	3.343
FE provision – post-16	3.800	3.876	3.954	3.954	3.954
Exports to other LA areas	0.970	0.989	1.009	1.009	1.009
Imports from other LA areas	(0.656)	(0.669)	(0.682)	(0.682)	(0.682)
Sub-total External provision	10.896	11.113	11.337	11.337	11.337
EMP place funding	0.608	0.620	0.633	0.633	0.633
Top-up funding-Nursery	0.500	0.510	0.520	0.520	0.520
Nursery Outreach Team	0.800	0.816	0.832	0.832	0.832
Top-up funding-Primary	7.361	8.097	8.907	9.797	10.777
Top-up funding-Secondary	1.394	1.533	1.687	1.855	2.041
Targeted Support Fund	0.329	0.491	0.529	0.529	0.529
Communities of Learning	0.572	0.654	0.706	0.706	0.706
Sub-total Mainstream Provision	11.564	12.721	13.814	14.872	16.038
Equalities and Intervention Team	1.802	1.838	1.875	1.875	1.875
SEND Sensory Team	1.314	1.340	1.367	1.367	1.367
Specialist Inclusion Support	0.567	0.578	0.590	0.590	0.590
Management and supp recharge	0.827	0.889	0.907	0.907	0.907
Equipment	0.075	0.075	0.075	0.075	0.075
Investment support fund	-	0.822	1.765	1.765	1.765
LA recharges to DSG	0.150	0.300	0.306	0.306	0.306
Sub-total Central provision	4.735	5.842	6.885	6.885	6.885
Behaviour Panels	0.600	1.468	0.706	0.706	0.706
Local Authority PRU	6.150	5.700	5.700	5.700	5.700
Income from schools (Permanent)	(0.341)	(0.341)	(0.341)	(0.341)	(0.341)
Income from schools (Turnaround)	(0.567)	(0.567)	(0.567)	(0.567)	(0.567)
Other AP provision	0.125	0.128	0.128	0.128	0.128
Sub-total Alternative Provision	5.967	6.388	5.626	5.626	5.626
Total	59.046	64.117	66.263	69.259	70.425
Grant available	57.234	65.690	70.858	70.858	70.858
Budget surplus (+) / shortfall (-)	(1.812)	1.573	4.595	1.599	0.433
Shortfall met by council reserves	-	-	-	-	-
In-year impact on HNB DSG	(1.812)	1.573	4.595	1.599	0.433
Forecast HNB DSG reserve	(7.538)	(5.965)	(1.370)	0.228	0.661