

Cabinet

13 December 2023

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

Ordinary Decision



Report of Corporate Management Team

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Electoral division(s) affected:

Countywide

Purpose of the Report

- 1 The report provides an update on the latest forecast financial position for the High Needs Block (HNB) budget, overview of the HNB sustainability programme and an update on the Delivering Better Value (DBV) in SEND Programme.

Executive summary

- 2 The HNB budget of the Dedicated Schools Grant (DSG) provides funding for SEND and Inclusion support services for children and young people in County Durham.
- 3 There have been insufficient resources to support children and young people with SEND and inclusion needs in recent years. This is due to a combination of factors to include increasing demand for services, increasing complexity of additional needs in children and young people and constraints in local government spending. This position is replicated in many other local authorities.

- 4 Expenditure exceeded available HNB grant each year in County Durham between 2016/2017 and 2021/22. As reported to Cabinet in April 2022, overspending on the HNB has been substantially reduced since the launch of the HNB Sustainability Programme in 2019/2020, with the overspend of £8.6 million in 2019/2020 reducing to an underspend of £0.2 million in 2022/2023.
- 5 The HNB grant allocation for Durham in 2023/24 is £89.964 million. This is an increase of £9.555 million or circa 12% on 2022-23 funding and in part recognised ongoing increases in demand and high levels of inflation.
- 6 The quarter two forecast of outturn for 2023/24 is for HNB expenditure to be £2.1 million higher than the HNB grant allocation for 2023/24. The overspend position will increase the cumulative HNB deficit from £8.6 million to £10.8 million.
- 7 Provisional HNB funding allocations for 2024/25 indicate an increase of circa 4% for Durham, which is significantly lower than increases in recent years and lower than anticipated demand increases which need to be seen in conjunction with rising costs due to inflation.
- 8 As reported to Cabinet in April 2022, the previous HNB MTFP was aiming to recover the cumulative deficit across a five-year period. Updated forecasts however now indicate an in-year gap between HNB revenue grant income and HNB expenditure in every year of the plan, leading to a forecast cumulative deficit of £67.5 million by the end of 2027/28, an increase of £56.8 million from the forecast cumulative deficit of £10.8 million at the end of 2024/25.
- 9 Previous forecasts had assumed a slowing in the rate of additional demand for SEN support and new pupils receiving EHCP's. However, demand has continued at a higher level since the COVID pandemic. Through the work of the DBV programme, with a methodology agreed with the DfE, these forecasts have now been updated to reflect the trends over the last 3 years, with a key assumption that the level of increase in those years will continue until at least the end of the 2027/28 financial year.
- 10 The significant and increasing HNB deficit position is a serious concern for the Durham County Council and many other local authorities. The exceptional accounting override that allows councils to exclude HNB deficits from their main council general revenue funding position is due to end in 2025/26, at which point the HNB deficit may need to be funded by council resources.

- 11 Phase one of the HNB Sustainability Programme came to an end of the summer of 2023, which focussed on 9 key areas as agreed by Cabinet in 2019 and reported in previous reports and a review of the progress has taken place and is detailed in the report.
- 12 Phase two of our HNB Sustainability Programme commenced in September 2023, with a major part of it being implementation of the DfE supported Delivering Better Value in SEND work along with further work on Social, Emotional Mental Health and Early Years Funding.
- 13 The SEND and Inclusion Resources Board (SIRB) will continue to oversee the management of the programme, with reports to each Schools Forum meeting and regular updates for Cabinet.

Recommendation(s)

- 14 Cabinet is recommended to:
 - (a) note the financial position;
 - (b) note the progress and achievements of Phase 1 of the HNB Sustainability Programme;
 - (c) note the plans for Phase 2 of the HNB Sustainability Programme and the findings of the Delivering Better Value (DBV) in SEND.

Background

- 15 The High Needs Block (HNB) of the Dedicated Schools Grant (DSG) provides funding to support children and young people in County Durham who have SEND and inclusion needs.
- 16 Expenditure exceeded available HNB grant each year in County Durham between 2016/2017 and 2021/22. As reported to Cabinet in April 2022, overspending on the HNB has been substantially reduced since the launch of the HNB Sustainability Programme in 2019/2020, with the overspend of £8.6 million in 2019/2020 reducing to an underspend of £0.2 million in 2022/2023.
- 17 Spending pressures on the HNB are enduring, however and this is due to increasing numbers of children and young people with additional needs, coupled with insufficient financial resources and high increases in costs.
- 18 As a result, County Durham's HNB DSG account has a cumulative deficit of £8.635 million at the end of 2022/2023 and this is forecast to grow.
- 19 The HNB Medium Term Financial Plan and progress on the transformation programme and improvement projects are regularly monitored and reviewed by the SEND and Inclusion Resources Board (SIRB), which convenes monthly.
- 20 In March 2023, the council agreed to be part of tranche 2 of the Department for Education's (DfE) Delivering Better Value (DBV) programme, which was established with the aim to support local authorities and their local area partners to improve the delivery of SEND services for children and young people whilst working towards financial sustainability. There are 55 local authorities due to take part in DBV.
- 21 Working with Newton Europe and the Chartered Institute of Public Finance and Accountancy (CIPFA), significant diagnostic work has been undertaken to understand potential future demands in the SEND system in Durham and the associated financial impact.
- 22 The work on the DBV programme has also resulted in identification of specific plans that will assist in mitigating some of the demand and forecast pressures in coming years. Durham was eligible to apply for a grant from DfE up to £1 million to support this work and after some national delays with processing these we were notified of our successful outcome in September 2023.

HNB Outturn 2022-23

- 23 The HNB grant allocation for Durham in 2022-23 was £80.409 million. A sum of £3.991 million was deducted from this and paid directly to educational settings, leaving a balance of £76.418 million received by DCC.
- 24 The table at Appendix 2 shows details of the final outturn resulting in an underspend position of £0.208 million.

HNB Forecast 2023-24

- 25 The HNB grant allocation for Durham in 2023-24 is £89.964 million. This is an increase of £9.555 million or circa 12% on 2022-23 funding and in part recognises increasing levels of demand and very high cost increases due to inflation.
- 26 A sum of £4.073 million is deducted from this and paid directly to educational settings, leaving a balance of £85.892 million to be received by DCC.
- 27 The quarter two forecast of outturn is for HNB expenditure to be £2.118 million higher than the HNB grant allocation for 2023-24. The overspend position will increase the cumulative HNB deficit from £8.635 million to £10.753 million.
- 28 The main area of pressure is top up funding in mainstream schools and settings, where demand for both EHCP and SEN support top up funding has stayed very high post-COVID with additional increases at the start of the new academic year.

HNB Medium Term Financial Plan

- 29 The HNB MTFP runs from 2024-25 to 2027-28 and contains estimates of funding allocations and expenditure plans across the four-year period.
- 30 Local authorities continue to operate under arrangements set out in the School and Early Years Finance (England) Regulations 2020, which state that cumulative deficits need to be carried forward to future years and funded from DSG. The effect of these provisions is that since 2020/21 local authorities have not been permitted to fund any part of the deficit from sources other than the DSG, without the authorisation of the Secretary of State.
- 31 This change made it clear on a statutory basis that a DSG deficit must be carried forward to be dealt with from future DSG income.

- 32 The expenditure estimates included in the DSG MTFP are largely derived from the diagnostic and forecasting work that has been carried out as part of the DBV programme and supported by both CIPFA and DfE.
- 33 It should be noted that these estimates assume demand for new Education Health and Care Plans (EHCP) continue to increase at the same rate as has been the case for the past three years. This is the same in other areas taking part in the DBV programme and something the DfE are considering and is a departure from previous DSG MTFP plans where there was an expectation of demand slowing in future years.
- 34 Provisional HNB funding allocations for 2024/25 announced recently indicate an increase of circa 4% for Durham, which is significantly lower than increases in recent years and lower than anticipated demand increases which need to be seen in conjunction with increase in costs due to inflation. The DfE has advised local authorities to plan for HNB funding increases of 3% in future years and this is the basis of funding assumptions in the MTFP despite not matching with the findings from the DBV programme to date.
- 35 Based on the above, the DSG MTFP forecasts an in-year gap between HNB revenue grant income and HNB expenditure in every year of the plan, leading to a forecast cumulative deficit of £67.5 million by the end of 2027/28, an increase of £56.8 million from the forecast cumulative deficit of £10.8 million at the end of 2024-25. This is illustrated in the table below:

DSG High Needs Block	2024-25 Budget £m	2025-26 Estimate £m	2026-27 Estimate £m	2027-28 Estimate £m
Grant (after deductions)	89.597	92.285	95.053	97.905
Forecast Expenditure	97.457	104.738	110.900	118.538
In-year deficit	-7.860	-12.453	-15.846	-20.633
Cumulative deficit	-18.613	-31.066	-46.912	-67.545
<i>Year on year expenditure change</i>	10.7%	7.5%	5.9%	6.9%
<i>Year on year grant change</i>	4.3%	3.0%	3.0%	3.0%

- 36 The figures contain an assumption that costs of circa £20 million across the four-year period can be mitigated by the actions that are facilitated by the DBV grant of £1 million. Without these actions the cumulative deficit would reach circa £88 million by 2027/28.

- 37 The significant and increasing HNB deficit position illustrated in the table above is a serious financial concern for the Council.
- 38 In 2020, the government introduced a statutory override for a period of three years (up to end of March 2023) that meant that local authority's DSG deficits could be separated from their wider accounts. The government agreed an extension of the DSG statutory override for a further three years (up to end of March 2026) to provide time to work with local authorities to implement sustainable change, underpinned by
- i) Wider reform through the publication of the Department for Education's (DfE) SEND and AP Improvement Plan in early 2023, and;
 - ii) Safety Valve and Delivering Better Value in SEND intervention programmes.
- 39 The Statutory Instrument (SI): Local Authorities (Capital Finance and Accounting) (England) (Amendment) (No.2) Regulations OFFICIAL 2022 came into force in December 2022.
- 40 It should also be noted that a consultation has been launched on the 2024/25 Code of Practice on Local Authority Financial Reporting in the United Kingdom. CIPFA and CIPFA/LASAAC are of the view that significant steps should be taken by local authorities to anticipate the end to the regulations on DSG and General Fund balances ringfencing.
- 41 Planning for the end of the regulations should feature in any medium-term financial plans. CIPFA and CIPFA/LASAAC are also of the view that section 151 officers would need to consider the resource implications and risks to their position regarding the use of the DSG adjustment account in their reports on the robustness of estimates under Section 25 of the Local Government Act 2003.
- 42 In practical terms, this may well increase the pressure on local authorities to ensure that action plans/ spending reductions that address potential high needs deficits are put in place.
- 43 Should the exceptional accounting override end in March 2026, the cumulative deficit for Durham is forecast to be £31 million.
- 44 Last year the County Council Network (CCN) estimated accrued deficits in local authority SEND budgets stood at £2.4 billion in 2022/23, which is six times higher than in 2018. The CCN forecast the national deficit for all 152 councils in England will rise to £3.6 billion by 2025.

- 45 More recently, in October 2023 a group of MPs wrote to the Chancellor requesting that additional baseline high needs funding of £4.6 billion is delivered in the Autumn Statement. A copy of the letter is attached at Appendix 3.
- 46 A total of 34 local authorities with the highest cumulative HNB deficits have been working with DfE in the Safety Valve programme since 2020/21 on plans to bring their position into balance over the medium term. As part of the Safety Valve programme, DfE has committed almost £1 billion of funding to these councils to assist in reducing their deficit position.
- 47 Examples of local authorities with the highest deficits who are included in the Safety Valve programme include Surrey County Council, with a forecast deficit of £217 million by the end of 2024/25, and Kent County Council with a forecast deficit of £170 million by the end of 2024/25.
- 48 Regionally, North Tyneside Council, with a forecast deficit of £21 million by the end of 2024/25, and Darlington Borough Council, with a forecast deficit of £5 million by the end of 2024/25, have also been supported through the Safety Valve programme.
- 49 In the work undertaken as part of Wave 2 of the DBV programme, it was noted that Durham's position of spending with our HNB allocation in 2022/23 and carrying forward a deficit of less than 10% of current HNB allocation was significantly better than other local authorities in the programme.
- 50 Whilst we do not yet know the cumulative output from the DBV programme, it is likely to present DfE with a significant funding issue in the immediate future despite the savings that may be achieved through the activities supported by the DBV programme.
- 51 There is less publicly available information about HNB deficits for councils in the DBV programme. Examples of published deficits at the end of the 2022/23 financial year include Hampshire (£86 million), West Sussex (£42 million) and Gloucestershire (£28 million).
- 52 Regionally, councils in the DBV programme with deficits at the end of the 2022/23 financial year include South Tyneside (£4.5 million) and Sunderland (£4.4 million) and Stockton (£3.8 million).
- 53 In March 2023 the DfE announced the SEND and Alternative Provision Improvement Plan Right Support, Right Place, Right Time in response to the SEND Green paper that was published in March 2022. A key aspect of the plan is to set up nine Regional Change Programme Partnerships including in the North East. Durham has been asked to join the programme and work with Gateshead, Hartlepool and Stockton

on Tees testing key system-level reforms set out in the Improvement Plan that are expected to deliver the system and culture changes needed to improve outcomes and experiences for children and young people with SEND or in Alternative Provision. The regional partnership will bring a share of DfE funding into the North East and Durham to assist the testing and implementation of the system changes proposed in the improvement plan. This is currently in the inception stage and the likely impact this may have on HNB spend is as yet unknown.

- 54 Alongside our engagement with these two DfE supported programmes it will be important for us to also consider any further areas of spend from the HNB to identify possible further changes and efficiencies.
- 55 All of this points to the need for the Government to adequately fund local authorities for their SEND needs. For Durham, alongside reforms and changes to the system that are needed, we estimate grant increases of circa 10% per annum are required to keep HNB spend within budget in coming years. This is something Durham and other local authorities have highlighted as part of the DBV work.

HNB Sustainability Programme

- 56 In January 2020, Cabinet agreed to support a programme of work consisting of 9 priority areas for review with the aim of improving outcomes for Children and Young People with SEND, known as phase one. These 9 areas were also chosen due their impact on HNB spend.
- 57 Delivery of phase one came to an end over the summer of 2023. Our commitment to monitor and review the projects continues, and we will work closely with key stakeholders to ensure this is done in partnership.

Phase 1 Review

- 58 A review has been conducted on phase 1 to highlight the progress and achievements made to date.
- 59 Early benefits of the programme are already visible, and some key headlines are highlighted below.
- (a) We conducted reviews which resulted in savings to the High Needs Block spend:
 - (i) Management and support re-charges - £104k reduction per annum (p.a);
 - (ii) Frontline Services re-charges £711k p.a;
 - (iii) Home to School Transport – Reduced by £600k p.a.

- (b) We now have clear oversight of and monitoring of HNB spend and placement activity based on up to date and accurate information, which is managed and reported to our SEND and Inclusion Resources Board monthly;
- (c) We have created a new banding system for mainstream top-up funding which has created a fairer and transparent process;
- (d) We reviewed provision and put in place a fair pricing framework for post-16 providers;
- (e) We have increased transparency and accountability by putting place clear application processes and tools to demonstrate the impact of funding, aligned to our SEND priorities for:
 - (i) Communities of Learning (COLs);
 - (ii) Behaviour Inclusion Partnerships (BiPs);
 - (iii) Targeted Support Funding (TSF).
- (f) We have reviewed and expanded our portfolio of Enhanced Learning Provision (ELP);
- (g) We have reviewed and increased special school places to meet demand and all schools are now operating at full/close to capacity;
- (h) We have piloted a 0-5 integrated pathway and single point of access;
- (i) We have reviewed our equipment, auxiliary aids and adaptations and have a plan to procure a new system in 2024;
- (j) We have published a series of protocols and guidance to support inclusion in mainstream schools and reduce permanent exclusions, and capacity issues at the Pupil Referral Unit (PRU).

Review of Mainstream Top-Up Funding (TUF)

- 60 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.
- 61 Following public consultation in 2019, it was agreed that a 'banding system' be developed and applied to TuF to support schools, thereby helping to ensure SEND needs are consistently and fairly met.

- 62 A new banding model was launched in September 2022 following coproduction with schools, SENDCo networks, Durham Association of Primary Headteachers (DAPH), Durham Association of Secondary Headteachers (DASH), SEND Caseworkers, Making Changes Together and other stakeholders. It aims to ensure SEND needs are more consistently and fairly met.
- 63 Since the launch, we have continued to respond to stakeholder feedback and revisions have been made including the introduction of a higher rate band in recognition of the increased complexity of need we are asking mainstream schools to meet and a general percentage uplift across all bands in line with inflation.

Special Schools

- 64 Engagement with special schools to review funding and ensure provision meets all types of demand has taken place.
- 65 During the autumn 2020, consultations with special schools identified the financial pressures schools were experiencing, to include increasing staff costs, costs associated with Covid-19, and increased costs of specialist equipment and support.
- 66 Following a further consultation with all schools and Durham Schools Forum in November 2020, Special School Banding rates were increased by 3% as an interim measure, pending further review.
- 67 The review also identified some funded un-filled spaces in special schools available for admissions during the year. To address this situation, HNB funding issued to special schools for 2021/22 included reductions to commissioned places compared to the 2020/21 position. In addition, consideration is now given to the number of unfilled places in the school, prior to the release of any additional TuF. As a result, all schools are now operating at their fullest capacity, unlike in previous years.
- 68 We continue to work with Head Teachers and representatives from Special Schools and have agreed the existing banding structure will remain in place. We will work together to look at different levels/frequencies of provision in each of the bands within the existing banding structure. These levels will be developed from a core offer which is to be proposed to Special School Head Teachers.
- 69 Following discussions with special schools and Schools Forum the local authority agreed a 9.5% increase to special school band values for 2023-24. After taking account of one-off Health and Social Care Levy grant funding received in 2022-23 that will not be received in 2023-24, overall funding for special schools will increase by circa 5%.

- 70 The number of special school places included in final budget shares for special schools in Durham has increased from 1,468 in 2022-23 to 1,601 in 2023-24. Together with the higher band values referred to above, this will take funding for special schools to circa £35 million in 2023-24.

Targeted Support Funding (TSF)

- 71 Prior to 2020/21, this funding was automatically distributed to schools using a formula-based approach. The previous process for allocating TSF to schools was acknowledged as being complex and not widely nor well understood. This resulted in a lack of transparency of High Needs Funding being used for high needs provision.
- 72 In line with the public consultation findings (2019), the process for allocating TSF was amended from April 2020, following a successful pilot, to one where schools are now required to apply for this funding, which is now discretionary.
- 73 In 2021/22, the criteria for assessment of applications was reviewed, 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.
- 74 The new process was successfully implemented in April 2021, following further stakeholder consultation.
- 75 The aim of this review was to ensure provision is acutely focussed on supporting the minority of schools who are disproportionately impacted by the number of high needs pupils' that they educate. The impact on schools is a budget impact as schools must make up the first £6,000 of provision from their budgets for each high needs learner.
- 76 Targeted funding is now allocated to a minority of schools (20% of schools or fewer) in accordance with ESFA guidance and we continue to review the threshold for eligible schools annually.
- 77 Fourteen schools received TSF during 2021/2022 and spending remained within budget for that financial year.

Enhanced Learning Provision (ELP)

- 78 Formerly known as Enhanced Mainstream Provision (EMP's), this is provision where the local authority and a school agree that there is a forecast need for high needs provision and the HNB is used to commission these places in advance, instead of requesting school request TuF for each learner. This supports the school with greater certainty of funding as it remains in place if a High Needs learner leaves

school. This allows for a more stable staffing resource that they can invest in and develop their specialist knowledge in partnership with the local authority.

- 79 Ten ELPs offer specialist provision across County Durham for children with hearing impairment, speech and language difficulties, physical difficulties, and autism.
- 80 In line with the recommendations of the public consultation (Cabinet, 2020) the aim of the project was to increase the offer of specialist provision, to meet more children's needs locally, enabling them to be part of their community and reduce pressures on local authority maintained special schools.
- 81 The existing offer has been being reviewed with the ELP schools, to identify how we can develop new ELPs, building on the strengths of the existing provision. Work has also commenced with two pilot schools to generate evidence to support a larger scale rollout of this offer. Proposed changes to provision status at Belmont School and Gilesgate Primary School were agreed and implemented following a public consultation in July 22.
- 82 Information and promotion events were held with schools to promote the ELP offer and expressions of interest were invited from interested schools during the winter 2022. Interested schools were then invited to submit business plans to the HNB project team in January 2023. A public consultation was held in the Autumn of 23 to seek views on establishing ELPs in 2 primary schools.

Communities of Learning (COLs)Text

- 83 15 COLs represent clusters of local schools within communities across County Durham and have an allocated budget to support SEND provision locally.
- 84 After the earlier review of spend, COL funding is currently capped at 1% of the HNB Budget and is now distributed based on approved business plans, detailing the proposed activity and expected impact. The new approach to allocating funding to the COLs aims to ensure the continuation of locally delivered support, where there is greatest need, and where the greatest impact will be demonstrated in terms of effectively supporting our children and young people with SEND and Inclusion needs.
- 85 COL chairs were invited to submit business cases for funding in 2023-2024 and submissions were appraised, and outcomes of funding bids were confirmed with COL chairs in March 2023. Spend is remaining within budget.

Secondary Behaviour and Inclusion Partnerships (BIPs) Funding

- 86 The Behaviour and Inclusion Partnership Panels are working together with schools, alternative education providers and other services to offer pathways for young people who are disengaged from education. BIPs receive HNB funding to deliver an agreed commitment to reduce permanent exclusions, placements in specialist settings, support reintegration and ensure value for money is being achieved.
- 87 During the 2022/23 academic year the Secondary BIP's supported over 650 pupils with 118 pupils going on to be permanently excluded. This represents 82% pupils successfully supported without being permanently excluded. They also supported 16 successful reintegration's back into mainstream education following a permanent exclusion.
- 88 In March 2023, SIRB agreed to support funding proposals within each panels 3-year development plans for the academic years 2023 to 2026.
- 89 In addition to this, panel schools have agreed to contribute from their budgets to increase the panel allocation to allow preventive support options to be offered, which is a true reflection of the commitment from schools to deliver the plans.
- 90 Each panel has increased capacity from the Emotional, Wellbeing and Effective Learning (EWEL) Teams offer and continues to employ Inclusion Practitioners to provide in school support, parental support, increased capacity through outreach support, therapeutic short term Bridge placements and to build capacity within schools.
- 91 The enduring impacts of Covid on both pupils and staffing has proven to be a challenge for all schools and this can be reflected in the increased number of referrals and exclusions in key stage 3.

Primary Inclusion Partnership

- 92 In response to a request by the Primary Inclusion Partnership to consider how more support could be offered in response to the complex casework being presented at Panel, a proposal was developed and agreed to support funding of £1million over the next 3 years from the HNB. This funding will allow for a reform of the process through which schools can currently access advice, with a move towards more tailored consultation and a substantially improved support offer that focuses on helping schools create the capacity to successfully include young people who are presenting with significant behaviour of concern. It will allow a different balance between crisis management and earlier intervention and support the further embedding of the Supporting Inclusion Guidance issued in September 2021. The revised process and

support offer has been developed by schools and agency partners from the Primary Inclusion Partnership and was launched in September 23.

Review of Alternative Provision and The Woodlands, Pupil Referral Unit (PRU)

- 93 The Woodlands provides education for permanently excluded pupils; outreach and turnaround provision; and education for pupils who are unable to attend mainstream school due to medical needs, via the Education Health Needs team. Current capacity of The Woodlands physical facilities (buildings) cannot accommodate the existing pupil population adequately. This includes classroom teaching space, available amenities, and overall infrastructure. Additionally, an analysis of 2022 - 2023 data and projected trends in Permanent Exclusions indicates that an increasing number of pupils will require placements with pupils on arrival directed to Alternative Provision across multiple providers.
- 94 Collaboration with school leaders, staff and the local authority in gaining valuable insights into the potential solutions for the current accommodation arrangements and agreed areas for improvement continue to be explored. This includes the requirement of a solution for the Education Health Needs team facilities and base, during the 2024 – 2025 academic year to alleviate accommodation pressures and create a conducive learning environment for pupils before their re-integration back into mainstream education.

Integrated Paediatric Therapies

- 95 An Integrated Therapies School Pilot is underway with two schools, to identify how pupils' needs can be met more effectively in classroom and playground-based assessment arrangements, child level planning, and delivery models. Refinement of the model and implementation planning commenced in 2023, informed by the pilot findings. In August 2023 key stakeholders met to assess how to use the pilot to inform a phased and targeted 0-5 years integrated pathway and single point of access system.
- 96 A 0-5 workshop to refine the pathway and develop next steps with stakeholders took place in November. An evaluation of the Special Schools pilot is being undertaken and will also inform next steps alongside a workshop to take place in December 23.

Joint Commissioning of Auxiliary Aids, Adaptations and Equipment

- 97 This project aims to provide swifter support for pupils and a more streamlined and efficient process for the identification, assessment and

purchasing of aids, adaptations and equipment and how the system could ensure more optimal use of recycling and reuse of key pieces of equipment. Following a series of workshops with key stakeholders this project is now assessing the viability of entering into a procurement exercise which if agreed would see implementation take place in quarter two of 2024.

Post 16 Pathway

- 98 Review of provision has been undertaken and fair pricing policy was introduced and resulted in spending within budget in 22/23.
- 99 The SEND Casework team are attending annual reviews and supporting colleges to complete reviews on time. Young people with an EHCP who are not in education or employment are encouraged and guided into appropriate pathways, working together with Durham Enable, Durham Works and the Navigation Team. Post 16 providers continue to be supported through the SENCo training programme promoting Preparing for Adulthood outcomes and Person-Centred Annual Reviews.

SEND Casework Growth

- 100 The expanded SEND Casework team are continuing to develop and enhance the service offer. A new case management system for SEND Casework has now been procured, that will fit with new streamlined processes, which have been designed in consultation with the service.
- 101 The new system is both modern and intuitive, with built in tracking of statutory timescales, case notes functionality and the ability to monitor and report on cases more efficiently. It also has a centralised document store, which will allow us to bring together documents/files, to be held in a structured way. The system also has capability to allow SEND Support and Inclusion Teams to digitise processes within their areas.
- 102 Along with the core EHCP workflow for our internal staff, we have also procured two portals.
- The first being the delegation portal, this will allow us to delegate requests for information, out to our schools and providers, as well as health and social care professionals. This will all be done in a secure environment and will feed into a young person's EHC Plan;
 - The second portal is the parent/young person portal. This will allow us to proactively communicate with parents or a young person and provide timely updates, around the progress of an assessment, along with key dates within the process. The

parent/young person will also be able to see when their next EHCP review is due.

- 103 It is a large-scale project with multiple elements; therefore, we have a phased approach to the roll out. The planned date for go live for our internal system is late January 2024 and we aim to start running some pilots for our portals later in 2024.

Phase 2 – HNB Sustainability Programme

- 104 Phase 2 commenced in September 2023 and will consist of the following programmes and projects.

Early Years Funding

- 105 A review of early years funding and support began in September 23. This will include consultation regarding future models of Early Years SEN Inclusion Funding to support early identification and provide support for children with low and emerging needs. It is anticipated that this will support early years providers in their understanding and application of the graduated approach.
- 106 Providers will also be consulted upon the implementation of a new banded early years SEND Support funding system. This will mirror the newly implemented TuF system and is planned to be in place from January 2024.
- 107 In the meantime, we provided an inflationary based uplift to the current early years SEND hourly rate September 2023 until the implementation of the banded funding system.

Social Emotional and Mental Health (SEMH) - SEND Transformation Plan

- 108 The purpose is to support children who experience barriers to learning as a result of trauma or SEMH related difficulties. Related actions are continuing through the Education Inclusion Board to Promote Positive Behaviours; the Special Schools Banding Review; and a review of education health needs. The project will involve undertaking a gap analysis of current work underway to inform a new action plan. A project team has been identified and scoping of the project will take place in January 24.

Delivering Better Value (DBV) in SEND

- 109 The Department for Education (DfE) identified Durham County Council amongst 55 local authorities to receive support towards improving their HNB financial position and sustainability, via a new programme called Delivering Better Value (DBV) in SEND.
- 110 The DBV in SEND programme aims to identify the highest impact changes that each local authority involved can make to better support their local children with SEND more sustainably.
- 111 The Authority were originally due to take part in the third tranche of the DBV in SEND Programme as an authority with relatively lower HNB overspends. However, we asked if we could move to an earlier tranche to link in with our HNB programme review and were approached in December 2022 with an opportunity to join the earlier second tranche, which the Authority accepted. It was agreed that by joining the earlier tranche, this was better aligned with the final stages of phase 1 of the HNB Sustainability Programme and would enable us to refocus our priorities and plan for phase 2.
- 112 Between January and June 2023, the Authority worked with consultancy firm Newton Europe, partnered with CIPFA and completed a 6-month diagnostic phase. The purpose of the diagnostic was to baseline and analyse data, forecast trends, and spend and conduct root cause analysis to produce a robust evidence-led new implementation plan. To support the delivery of the plan, a grant of £1m was available from the DfE for each LA and was subject to a robust evidence-led plan that had been developed in consultation with stakeholders.
- 113 As part of the diagnostic phase, the Authority undertook extensive data analysis, baselining, and financial forecasting. This enabled us to understand our highest impact areas and led us to carry out deep dives in these areas for further exploration.
- 114 As part of the deep dives, we conducted case reviews with over 50 stakeholders, including Headteachers, Special Education Need Coordinators (SENCOs), SEND Caseworkers, Early Years colleagues, Education colleagues, Health professionals, Social Care professionals and parents and carers. Case reviews enabled us to identify the root causes of the challenges facing our system, using real-life examples to pull out areas of excellent practice and to identify general themes for improvement.
- 115 In addition, we also carried out a survey to capture views and suggestions for improvement from schools, education settings, parents and carers. We designed two separate surveys that were tailored to

both groups so we could get specific feedback on the areas we were exploring. We received 96 responses from schools and education settings and 639 responses from parents and carers which was recognised by the DBV programme as a very good response rate.

- 116 To capture the voice of the child, we worked with the eXtreme group who are a group of children and young people from across County Durham who all have SEND. The group shared with us their experiences of transitioning between schools and phases as well as their ideas for improvement.
- 117 The diagnostic phase presented the rise in cost with a rise in high needs provision, this is being driven by increased demand for Education Health and Care Plans (EHCP's). The Children and Families Act (2014) enables learning providers, key worker or parent/carer to request and EHCP if they feel a child might have SEND and may benefit from provision which is not usually available in school.
- 118 Findings from case reviews presented that SEND is not being identified at the earliest opportunity and parent's lack confidence that schools are able to fully recognise needs and put in place provision without an EHCP. This was most significant in the approach to a key transition for example nursery to primary school and primary school to secondary school where parents and provisions were confident in the current offer but not confident in the offer of the next provider. This lack of confidence in the transition process is driving parent preference towards special school provision over mainstream school. This is in turn impacting the High Needs Block but also has an associated burden on the Home to School Transport Budget with schools often being at a greater distance than mainstream schools in local communities.
- 119 Multi agency reviews of high needs provision decisions taken in the last year identified that in just under a half of all EHCP had needs been identified earlier and provision put in place young people would have had the opportunity to achieve better outcomes at a lower cost and that the EHCP was not necessary.
- 120 The highest area of cost growth was in pupils referred to the Local Authority for education due to them being excluded or too ill to attend school. The Local Authority provides learning for these young people until the point that they are able to return back into mainstream school. Of highest concern was the lack of opportunities for young people to reintegrate back into schools with the average length of education by the Local Authority being over 4 years. This has led to the increased use of Alternative Provision which due to its nature is often at significantly greater cost than a mainstream education.

- 121 The results from the analysis, baselining, forecasting and deep dives provided us with clear evidence to focus on 3 priority areas:
- (a) Identifying and meeting needs early;
 - (b) To revisit the graduated approach to ensure needs are met appropriately;
 - (c) Improving transition and re-integration into mainstream schools.
- 122 We developed these 3 areas into workstreams setting out the aims, objectives, and key deliverables. To help shape our proposals, we held a stakeholder engagement event in June which was attended by 50 people including the portfolio holder and chair of Schools Forum.
- 123 Once all stakeholders had been consulted, we compiled the evidence, findings, and proposals into a grant application, which we submitted in July 2023 to the DfE. Following our initial submission, the DfE requested further forecasting information from all areas in Tranche 2, which subsequently delayed the approval process, pushing the final submission date back to September. Later in September we then received notification that our application had been approved and were awarded £1m in funding.
- 124 Delivery of the new implementation plan is underway and is being managed by following a programme management approach, overseen by the SEND and Inclusion Resources Board and will be a key component of phase 2 of the HNB Sustainability Programme.

Conclusion

- 125 The report provides an update on spend and pressures on the High Needs Block of the Dedicated Schools Grant which supports SEND and inclusion support services for children and young people living in County Durham.
- 126 Expenditure exceeded available HNB grant each year in County Durham between 2016/2017 and 2021/22 however overspending on the HNB has been substantially reduced since the launch of the HNB Sustainability Programme in 2019/2020.
- 127 A review of the Phase 1 of the HNB Sustainability Programme has been carried out and has highlighted some positive benefits.
- 128 Durham County Council has completed The Delivering Better Value in SEND diagnostic phase, which has led to the production of an evidence-based plan which will be delivered until March 2025. This sits

alongside other projects which forms phase 2 of the HNB Sustainability Programme.

Background papers

Cabinet Reports on High Needs Block Funding for SEND and Inclusion Support (January 2020, July 2020, April 2021, April 2022)

Other useful documents

- 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 current position and forecasts for the HNB along with current Government thinking on future funding. This highlights a potential significant gap in resource availability in future years which is expected to impact Durham and many other local authorities.

Consultation and Engagement

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.

Continuous reviews of business processes 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 a new data management system may also be 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 service, 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

A disproportionately high number of young people and children who commit crime and / or disorder have special education needs and / or disabilities (SEND). Successful delivery of this programme of work aims to support children and young people with SEND in achieving their best outcomes in life. Early intervention and support for children and young people with SEND and inclusion needs, should have a positive impact on crime and disorder by helping to prevent offending and / or reoffending.

Staffing

To support the delivery of the Delivering Better Value Programme, the following temporary posts were included and agreed in the funding application to the DfE.

Project Management

- Programme manager – 1 full time equivalent post

Workstream 1 - Identifying and Meeting Needs Earlier

- Senior SEND and Inclusion Support Worker – 1 full time equivalent post
- Assistant Intervention Teachers – 2 full time equivalent posts
- Education Psychologist – 0.4 full time equivalent posts

Workstream 2 - Revisit the Graduated Approach to Ensure Needs are Met Proportionately

- SEND Advisory Officers – 4 full time equivalent posts
- System Development Officer – 0.5 full time equivalent post

Workstream 3 - Transition and Re-Integration

- Parent Support Advisor aligned to PRU – 1 full time equivalent post
- Secondment of an experienced school leader to implement programme – 1 full time equivalent post
- Mainscale teacher – 1 full time equivalent post
- Admissions Officer – 0.2 full time equivalent post

Accommodation

A review of accommodation at The Woodlands is proposed as part of a wider review of this provision.

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. 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 Programme.

Appendix 2: HNB Q2 Forecast of Outturn 2023-24

Outturn 22/23 £m	DSG High Needs Block	Budget 23/24 £m	Quarter 2 Forecast £m	Variance £m
27.214	Special Schools	33.333	33.333	0
1.620	Special Schools Health & Social Care Levy	0	0	0
2.741	Top-up-Special (pupils)	3.006	2.898	-0.108
1.629	Top-up-Special (banding)	0.311	0.311	0
0	Top-up-Special (contingency)	0.333	0.333	0
33.204	Sub-total Special School Provision	36.983	36.875	-0.108
4.807	INMSS-pre-16	4.985	6.004	1.019
1.983	INMSS-post-16	2.229	2.137	-0.092
3.933	FE provision-post-16	4.515	4.515	0
1.020	Exports to other LA areas	1.059	1.027	-0.032
-0.691	Imports from other LA areas	-0.525	-0.691	-0.166
11.052	Sub-total External provision	12.263	12.992	0.729
0.917	EMP/ELP place funding	1.197	1.164	-0.033
0.614	Nursery Outreach Team	0.695	0.624	-0.071
1.659	Top-up funding-Nursery	1.518	2.030	0.512
11.064	Top-up funding-Primary	12.357	14.707	2.350
2.467	Top-up funding-Secondary	2.864	3.439	0.575
0.288	Targeted Support Fund	0.429	0.429	0
0.719	Communities of Learning	0.859	0.859	0
17.728	Sub-total Mainstream Provision	19.919	23.251	3.332
0.626	Equalities and Intervention Team	0.727	0.727	0
1.416	SEND Sensory Team	1.578	1.578	0
0.646	Specialist Inclusion Support	0.673	0.673	0
0.000	Reduction of HNB deficit	1.000	0	-1.000
1.137	Management and LA recharges to DSG	1.282	1.282	0
0.073	Equipment	0.079	0.079	0
0.368	Investment support fund	1.034	0.204	-0.830
4.266	Sub-total Central provision	6.373	4.543	-1.830
1.532	Secondary Behaviour Panels	1.410	1.410	0
0	Primary Inclusion Partnership	0.223	0.223	0
1.997	Education Health Needs	2.481	2.481	0
6.699	Local Authority PRU	6.514	6.514	0
-0.398	Income from schools (Permanent)	-0.408	-0.408	0
0.128	Other AP provision	0.134	0.128	-0.006
9.958	Sub-total Alternative Provision	10.354	10.348	-0.006
76.208	Total	85.891	88.009	2.118
76.418	Grant available (after deductions)	85.891	85.891	
-0.208	Over (+) / Under (-) Spend		2.118	

Appendix 3: Letter to the Chancellor of the Exchequer

Attached as a separate document.

Appendix 4: Summary of DBV findings

Data analysis presented a clear picture of a step up in demand for higher cost specialist provision across county Durham. This step up in demand is aligned to the increase in demand for Education Health and Care Plans (EHCP). The number of Children accessing High Needs Provision increased by 1,052 from 4,054 to 5,106 between 2021 and 2023 this in turn increased costs by £17.7m from £59.6m to £77.3m.

The data also identified pupils referred to the Local Authority for Education due to exclusion or being too ill to attend to school being the fastest growing demand with higher rates of exclusion and low rates of reintegration resulting in an average length of placement of over 4 years and the increased use of high cost alternative provision.

The findings from our data prompted multi agency reviews with colleagues from schools, health and social care where the decisions made by services which determined the high needs provision were scrutinised. The reviews found amongst good practice that a lack of parent confidence in schools understanding and meeting their child's needs drove EHCP requests. This aligned to little evidence of needs been identified and met prior to a request for an EHCP (this is referred to as a graduated approach). Case reviews also found that in just under half of all EHCP that had a graduated approach been taken an EHCP would not have been necessary and that needs could have been met earlier.

When reviewing the young people referred to the Local Authority for Education the multi agency reviews determined in every instance that the young people could have had needs identified earlier and could have received support sooner which would have contributed to a referral not being required on a swifter opportunity to reintegrate back into school.

The view taken from the audits was that this drove a preference for specialist school places and that for the majority of young people this reduced their potential to achieve the best outcomes from education.

The responses to the surveys reenforced the multi agency review findings with parents feeling school are not resourced sufficiently and do not to understand how to meet their child's needs. This was more significant for the parents whose children had SEND but did not have an EHCP instead had SEND Support in School.