

Cabinet

12 March 2025

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

Ordinary Decision



Report of Corporate Management Team

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Councillor Ted Henderson, Cabinet Portfolio Holder for Children and Young People's Services

Councillor Richard Bell, Deputy Leader and Cabinet Portfolio Holder for Finance

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 and an update on related SEND programmes and initiatives.

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 and is well documented nationally.
- 4 The HNB grant allocation for Durham in 2024/25 is £93.827 million. This was an increase of £3.91 million or circa 4.3% on the equivalent figure

for 2023/24. The council immediately recognised that this fell significantly short of properly recognising the increasing levels of demand and cost increases due to inflation.

- 5 The HNB budget for 2024/25 was therefore set with an assumed deficit of £6.547 million, due to the significant gap between high needs funding levels and high needs financial pressures, which was apparent when the 2024/25 funding allocation was announced.
- 6 The quarter three forecast of outturn is for HNB expenditure to be £13.343 million higher than the HNB grant allocation for 2024/25 and £6.796 million higher than the assumed deficit. This will take the cumulative HNB deficit to circa £24 million at the 31 March 2025.
- 7 The HNB grant allocation for Durham will increase by £7.4 million (7.8%) in 2025/26, however demands and rising costs will outstrip this increase and lead to an assumed budget deficit of circa £14 million next year. This will take the cumulative HNB deficit to circa £38 million by 31 March 2026.
- 8 The temporary statutory override arrangements keeping the HNB deficit separate from the Council's main funds is set to end in March 2026, posing a financial risk to the wider council revenue budget from 2026/27. The level of deficit is also continuing to place pressure on the Council's cash-flow arrangements, and it is estimated that loss of interest due to carrying the accumulated HNB deficit is circa £1 million in 2024/25, increasing to circa £1.5 million in 2025/26.
- 9 The government acknowledges the unsustainability of the current SEND system and plans to reform it this year. Urgent action is needed to address historic HNB deficits, to avoid the current default position where the accumulated HNB deficit will be charged to the council's general fund and reduce the council's reserves to an unacceptably low level. Furthermore, the government needs to address the structural underfunding of SEND provision.
- 10 In 2024 various discussions took place with the Schools Forum including on a proposal to transfer 0.5% of the Schools Block to the High Needs Block to contribute to the financial pressure. However, the Forum decided against this due to concerns about the impact on individual school budgets and fairness. Instead, they supported broader consultation on prioritising high needs resources and seeking to make savings where possible without impacting on support for children and young people.
- 11 The council decided not to pursue the transfer for 2025/26, awaiting national policy changes. The option will be reconsidered for 2026/27 if funding levels remain inadequate and, should a proposal to transfer

funding from the Schools Block to the HNB not be supported by the Schools Forum, the council may apply directly to the Secretary of State to approve such a transfer.

- 12 A survey was conducted among schools to gather views on reducing financial pressure on the HNB and areas suggested for further review are included in the report. However, the council still needs to fulfil its statutory responsibilities for SEND and the areas of review for reducing spend will not fully meet forecast shortfalls.
- 13 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.
- 14 Phase two of the HNB Sustainability Programme commenced in September 2023, with a major part of it being the implementation of the Department for Education (DfE) supported Delivering Better Value (DBV) in SEND, implementation of the Regional SEND and AP Programme and a review of Early Years Funding.
- 15 Whilst these programmes and initiatives are welcomed from the DfE, it is imperative that government follow through with its commitment to reform the SEND system nationally and provide adequate funding to ensure financial sustainability.
- 16 The SEND and Inclusion Resources Board (SIRB) will continue to oversee the management of the programme and the use of HNB funding, with reports to each Schools Forum meeting and regular updates for Cabinet.

Recommendation(s)

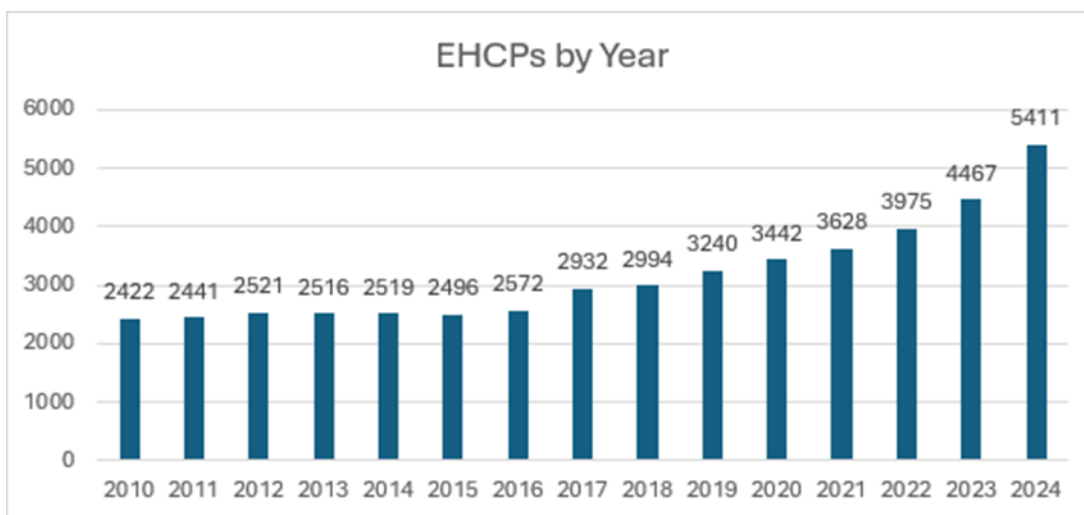
- 17 Cabinet is recommended to:
 - (a) note the financial position;
 - (b) note the progress update on the SEND transformation programmes

Background

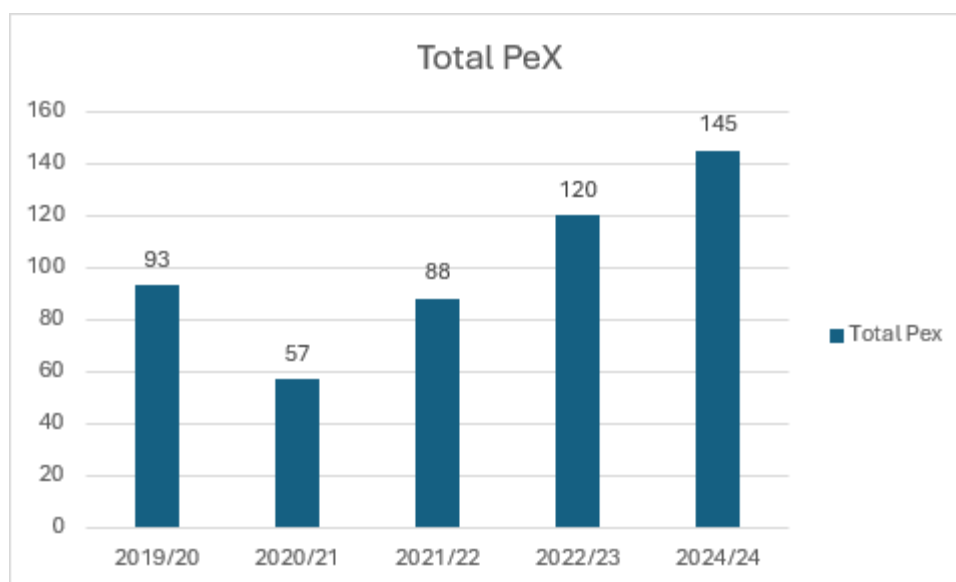
- 18 The High Needs Block (HNB) of the Dedicated Schools Grant (DSG) provides funding to support children and young people in County Durham who have SEND and inclusion needs.
- 19 High Needs expenditure exceeded available HNB grant each year in County Durham between 2016/2017 and 2021/22. Following increased HNB funding allocations and a HNB Sustainability Programme that began in 2019/2020, an overspend that peaked at £8.6 million in 2019/2020 was reduced to an underspend of £0.2 million in 2022/2023.
- 20 In 2023/24 HNB funding increased by 12% against the previous year, which was a lower increase than the average increase of 15% for the previous three years and did not meet the very significant increased demand following the COVID pandemic which has endured. An overspend of £1.9 million (2%) resulted in 2023/24.
- 21 The table below summarises HNB grant and HNB net expenditure between 2018/19 and 2023/24:

DSG High Needs Block	2018/19 £million	2019/20 £million	2020/21 £million	2021/22 £million	2022/23 £million	2023/24 £million
HNB Grant	51.1	52.5	61.1	69.7	80.4	89.9
HNB Net Expenditure	58.5	61.1	63.4	70.5	80.2	91.8
Over / (under) spend	7.4	8.6	2.3	0.8	-0.2	1.9

- 22 In 2024/25 the increase to HNB funding was 4.3% and it was clear at the time of budget setting that this increase to funding would not be sufficient to keep pace with increased demand and continued price pressures. It was therefore necessary to set a HNB budget with an assumed deficit of £6.5 million for 2024/25.
- 23 The latest forecast for 2024/25 (as at quarter 3) is that pressures have increased beyond what was anticipated at budget setting and the overspend against grant this year is forecast to be £13.3 million (14%). The situation in Durham is mirrored in many other local education authorities, who have seen significant and unfunded increases in demand and costs for SEND provision.
- 24 An indicator of demand for high needs services is the number of children with Education, Health and Care Plans (EHCP) and this number had increased significantly in Durham, more than doubling over the past decade:



25 The numbers of children being permanently excluded (PeX) is also an indicator of demand for services, having risen over the last 5 years.



26 Spending pressures on the HNB are exceeding HNB funding allocations and this is due to increasing numbers of children and young people with additional needs, coupled with insufficient funding, schools struggling with resources, and further increasing costs of providing support.

27 The result is that County Durham's HNB DSG account had a cumulative deficit of £10.6 million at the end of 2023/24 and this is forecast to grow to £23.9 million by the end of 2024/25 based on the latest forecast.

28 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.

- 29 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 and should not be funded from the local authority general funds.
- 30 In 2020, the government also 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 usable reserves held for revenue purposes. This was a technical adjustment, which meant that local education authorities needed to cashflow the cumulative HNB deficits, but they can be excluded (as a negative reserve) from the wider usable reserve balances, and therefore fall outside of the scope of forcing a Section 151 Officer from needing to submit a Section 114 notice of a council bankruptcy.
- 31 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.
- 32 The Statutory Instrument (SI): Local Authorities (Capital Finance and Accounting) (England) (Amendment) (No.2) Regulations OFFICIAL 2022 came into force in December 2022.
- 33 At the time of writing the statutory override is due to end in March 2026, with the implication that local authorities will be required to fund any deficit accrued to 31 March 2027 from their general fund resources and reserve balances in the 2026/27 financial year. For Durham, it is currently estimated that the cumulative deficit by March 2026 will be circa £38 million and would severely deplete the council's available reserves, particularly within the context of a wider £46 million medium term financial planning deficit.
- 34 This level of deficit is also continuing to place pressure on the Council's cash-flow arrangements, and it is estimated that loss of interest due to carrying the accumulated HNB deficit is circa £1 million in 2024/25, increasing to circa £1.5 million in 2025/26. The Council receives no additional funding to compensate for the interest lost on servicing the HNB accumulated deficit.

- 35 In the past two years there has been a succession of reports from various bodies, including the County Council Network (CCN), Institute for Fiscal Studies (IFS), National Audit Office (NAO) and, most recently, the Public Accounts Committee (PAC) assessing the national SEND position in England. Whilst each report has a different emphasis, there is clear consensus that the SEND system in England is not functioning adequately, is financially unsustainable, and runs the risk of bankrupting many local education authorities from 2026/27.
- 36 The NAO report published in October 2024 highlighted DfE's estimate that the national cumulative HNB deficit will be between £4.3 billion and £4.9 billion by March 2026.
- 37 The same report also noted that DfE estimate by 2027/28 there is a mismatch of between £2.9 billion and £3.9 billion when comparing current funding, maintained in real terms, against forecast costs.
- 38 As part of the provisional Local Government Settlement published on 18 December 2024, alongside additional funding for 2025/26, the government stated its intention to reform England's SEND provision to improve outcomes and return the system to financial sustainability and confirmed its intention to work closely with parents, teachers and local authorities to take forward this work.
- 39 The government has recognised the strain that the rising costs of SEND provision is putting on councils. In particular, the impact of the HNB deficits on councils' finances and interest costs, with some authorities even having to take out temporary borrowing for cash flow purposes as a consequence.
- 40 Previous concerns about the seriousness of the funding situation have been expressed by cabinet members and Children and Young People's Scrutiny Committee. In Autumn 2024, the portfolio holder for Children and Young People's Services wrote to the new Secretary of State for Education regarding the HNB as well as wider concerns about home to school transport and children in care funding.
- 41 The government intends to set out plans for reforming the SEND system in further detail this coming year. This will include details of how the government will support local authorities to deal with their historic and accruing deficits and any transition period from the current SEND system to the reformed SEND system. This will inform any decision to remove the statutory override.
- 42 Whilst it is clear that a national solution is required to the SEND crisis in England, through our SEND and Inclusion Resources Board we continue

to strive locally to make the best use of high needs resources and to limit the HNB deficit as far as possible to mitigate the potential financial risk to the council.

HNB Forecast 2024/25

- 43 The HNB grant allocation for Durham in 2024/25 is £93.827 million. This is an increase of £3.910 million or circa 4.3% on the equivalent figure for 2023/24. This falls significantly short of properly recognising the increasing levels of demand and cost increases due to inflation.
- 44 The HNB budget for 2024/25 was set with an assumed deficit of £6.547 million, due to the significant gap between high needs funding levels and high needs financial pressures.
- 45 The quarter three forecast of outturn is for HNB expenditure to be £13.343 million higher than the HNB grant allocation for 2024/25.
- 46 The forecast overspend is £6.796 million higher than anticipated at the time of setting the HNB budget and the main areas of financial pressure are:
- (a) £5.6 million - additional demand for places at special schools, met from a combination of increased capacity at maintained and academy special schools based in Durham and increased use of places in the independent and non-maintained sector.
 - (b) £0.9 million – additional demand for top up funding to support pupils in mainstream schools.
 - (c) £0.4 million – additional demand for places at the Pupil Referral Unit (PRU), reflecting higher levels of permanently excluded pupils.
- 47 The forecast overspend position will increase the cumulative HNB deficit from £10.6 million to £23.9 million at the end of this financial year.

HNB Medium Term Financial Plan

- 48 The HNB MTFP runs from 2025/26 to 2028/29 and contains estimates of funding allocations and expenditure plans across the four-year period.
- 49 The expenditure estimates included in the previous iteration of the HNB MTFP were largely derived from the diagnostic and forecasting work that was carried out as part of the DBV programme and supported by both CIPFA and DfE. These figures still provide the basis, however some estimates have been updated to reflect more recent trends.

- 50 The estimates continue to assume demand for new Education Health and Care Plans (EHCP) will increase at a similar rate as has been the case in recent years.
- 51 On the advice of DfE, future levels of HNB grant assume a 3% increase in each year from 2026/27 to 2028/29, following on from an increase of 7.8% in 2025/26.
- 52 Based on these assumptions, the updated HNB MTFP forecasts an in-year gap between HNB revenue grant income and HNB expenditure growing to circa £30 million by 2028/29 and leading to a forecast cumulative deficit circa £114 million by the end of 2028/29.
- 53 This is illustrated in the table below:

DSG High Needs Block	2025/26 Budget £m	2026/27 Estimate £m	2027/28 Estimate £m	2028/29 Estimate £m
Grant	101.2	104.2	107.3	110.6
Forecast Expenditure	115.4	125.0	132.8	140.4
In-year deficit	-14.2	-20.8	-25.5	-29.8
Cumulative deficit	-38.2	-59.0	-84.5	-114.3
<i>Year on year grant change</i>	8%	3%	3%	3%
<i>Year on year exp change</i>	8%	8%	6%	6%

- 54 The significant and increasing HNB deficit position illustrated in the table above is a serious financial concern for the Council.
- 55 Whilst the temporary statutory override arrangements described earlier in the report ensure the cumulative HNB deficit is kept separate from the council's usable reserves until 2026/27, these arrangements are due to end in March 2026, and present a significant financial risk to the council.
- 56 The SEND system in England is clearly financial unsustainable under current arrangements and the government has recognised this and committed to bringing forward plans this year to reform the SEND system and associated funding. It is imperative this happens quickly and that a solution emerges to deal with historic HNB deficits without impacting on councils' general funds, whilst also ensuring that any future SEND system is appropriately funded.
- 57 Through our SEND and Inclusion Resources Board and its programme of work, we continue to work with local partners and stakeholders in the SEND system to ensure best use of high needs resources in County Durham and to mitigate the potential financial risk to the council.

- 58 During 2024 discussions took place with the Schools Forum on the local SEND financial position, including the option of transferring 0.5% of the Schools Block to the High Needs Block to contribute towards the financial pressure.
- 59 It is possible to transfer up to 0.5% of the Schools Funding Block (circa £2 million for Durham) with agreement of the Schools Forum and without the need for Secretary of State approval. Anything above 0.5%, or any transfer not supported by the Schools Forum, requires Secretary of State approval.
- 60 A report was considered at the July 2024 meeting of Schools Forum to look in further detail at the option of transferring funding from the Schools Block to close the in-year HNB gap. In advance of the meeting there were workshops held to assist members of Schools Forum understand the implications of a transfer.
- 61 In summary, the Schools Forum recognised the financial pressure on the SEND system and agreed that some action should be taken, however on balance the view of the Schools Forum was that a transfer from Schools Block was not an appropriate approach at the present time.
- 62 This was largely down to concerns about the impact on individual school budgets at a time of financial pressure for all schools, but also about the perceived unfairness of how a transfer would impact on different schools. There was, however, wide support from the Forum for a broader consultation with all schools about how high needs resources should be prioritised in future and ways to seek to reduce pressures without impacting on individual children and young people.
- 63 The council reflected on feedback from Schools Forum and decided not to pursue the option of a transfer from the Schools Block for the 2025/26 financial year. The basis of this decision was to allow changes in national policy and / or funding levels to feed through and provide a clearer picture about whether a transfer from Schools Block would be permitted for the 2026/27 financial year, as part of moving towards a more financially sustainable SEND system in Durham.
- 64 The option to pursue a transfer from Schools Block in 2026/27 and beyond will be revisited if the national policy framework and funding levels do not adequately reflect rising demand for SEND needs in 2026/27 and continues to cause the council's cumulative HNB deficit to grow and / or the government does not commit to fully fund the cumulative deficit which has grown to date.
- 65 Should a proposal from the council to transfer funding from the Schools Block to the HNB in 2026/27 not be supported by the Schools Forum,

the council may apply directly to the Secretary of State to approve such a transfer.

- 66 Based on the forecasting above, however, it is acknowledged that a 0.5% transfer would only make a modest contribution to the funding gap expected in coming years and is set within the context of a number of schools displaying signs of financial difficulty.
- 67 Following discussion with Schools Forum, a survey was circulated to all schools and settings in County Durham to ask them for their views on how we can seek to reduce financial pressure on the High Needs Block.
- 68 The survey was completed by 39 schools and settings, with the highest number of respondents being from primary schools (53%) and secondary schools (23%).
- 69 Qualitative and quantitative data was captured that is feeding into a workplan to seek to reduce the size of overspend in the HNB.
- 70 The main areas that schools highlighted to explore further are:

Table 1.

Special Schools
Reviewing areas of additional funding into special schools to see if efficiencies/reductions can be achieved through top-up funding support arrangements
Reviewing the offer and value for money of residential special school places
Mainstream TuF
Review schools/groups of schools who have higher use of TuF to see if there are any other more cost-effective ways to provide support
Independent and Non-Maintained Special Schools (INMSS)
Expansion of maintained and academy special school provision in Durham
Review of commissioning and contract management arrangements with INMSS providers
Pupil Referral Unit (PRU) and Alternative Provision (AP)
Review schools with the highest rate of PeXs and ask them to work more with other schools and services to find alternative ways to support young people
Ask Inclusion Partnerships to review again how they are working to seek to reduce demands coming through to the HNB
Ask PRU / AP providers to review their costs to seek to reduce costs per pupil supported

- 71 Whilst these areas will be explored to ascertain whether there is scope for cost reductions, there are not significant immediate reductions to HNB expenditure that can be reflected in the 2025/26 HNB budget, nor do these measures prevent an underlying rising trend in the number of

children requiring additional high needs support. Therefore, it has been necessary to consider other areas of the HNB budget where cost increases can be minimised (for example, by freezing budget allocations at the same level as the previous year), whilst seeking to minimise the impact or displacement of costs to other areas of the HNB budget.

- 72 The HNB budget for 2025/26 has been set with an assumed deficit of £14 million. This will result in the cumulative HNB deficit being circa £38 million by 31 March 2026.
- 73 The HNB budget for 2025/26 includes provision for the following:
- (a) £9 million increase to budgets to support pupils in special schools, including up to 90 additional places in Durham special schools during next year.
 - (b) £4 million increase to budgets to provide top up funding for pupils in mainstream schools, where numbers of children requiring support either via an EHCP or a SEND support plan is anticipated to continue to increase in line with recent trends.
 - (c) £1 million increase to the budget for The Woodlands School, which provides a Pupil Referral Unit (PRU) for pupils permanently excluded from schools, and which is seeing significant increases in demand.
- 74 Additional HNB grant funding of £7.4 million for 2025/26 does not meet these increasing demands and the in-year budget deficit for next year is estimated to be circa £14 million.
- 75 To mitigate the financial risk as far as possible the actions outlined below have been taken to limit the in-year HNB deficit position for next year.
- (a) **No increase to band rates for special schools in Durham.** This is done in the context of extra funding going into this sector to provide additional places and is in line with the Minimum Funding Guarantee (MFG) of 0% that forms part of the DSG conditions for grant for 2025/26. There is separate funding for special schools towards the costs of the teachers' pay award from September 2024 and increases to employers' national insurance contributions, although allocations have not yet been published, and it is likely the grant will fall short of meeting the full costs.
 - (b) **No increase to band rates for mainstream schools in Durham.** Funding for mainstream schools in 2025/26 will increase by circa 1% next year and pupil numbers (used to calculate

funding) will fall by 885. It is acknowledged that mainstream schools will need to look for efficiencies to manage inflationary costs increase whilst mainstream band rates remain frozen.

- (c) **No increase to budgets for DCC teams.** These teams provide support to pupils and schools, specialising in sensory support, cognition and learning and inclusion, and they will need to make efficiencies to manage inflationary cost increases whilst funding remains frozen. This will be the second year in succession that this budget has been frozen.
- (d) **No increase to targeted support budget.** This budget is used to support a minority of schools who have a disproportionate number of SEND pupils and for which the current mainstream funding system does not currently adequately reflect. This will be the second year in succession that this budget has been frozen.
- (e) **No increase to Communities of Learning (CoL) budgets.** CoLs are clusters of schools that collaborate in geographical areas of Durham and use high needs funding to provide early intervention support and innovative solutions at a local level. This will be the second year in succession that this budget has been frozen.
- (f) **Removal of HNB Investment Support Fund.** Previously an allocation of 0.25% of the overall HNB grant allocation was set aside to support with investments to improve the SEND system in Durham and to manage unanticipated costs. In the context of the significant HNB deficit position this has been removed.

76 These are difficult decisions and will require various stakeholders in the SEND system across Durham to deliver efficiencies next year as HNB funding will not increase to meet anticipated cost pressures. The cumulative impact of these actions is to limit cost increases to the HNB by circa £2 million, which is equivalent to a 0.5% transfer of funding from the Schools Block.

77 The HNB budget, supported by latest available forecasts, was discussed by SIRB at a meeting on 11 February 2025 and subsequently approved by the Director of Resources via a Delegated Decision.

Phase 2 – HNB Sustainability Programme

78 Following on from a successful Phase 1 of the HNB sustainability programme, we commenced Phase 2 from September 2023 which consists of the following programmes and projects.

Early Years Funding Review

- 79 In January 2024, we conducted a review of early years funding and support, and new funding arrangements were introduced in May 2024. The review included a consultation regarding future models of Early Years SEN Inclusion Funding to support early identification and provide support for children with low and emerging needs. Providers were also consulted on the implementation of a new banded early years SEND support funding system. This mirrors the new top-up funding system that was implemented in 2022.
- 80 A series of funding workshops were delivered to schools and settings, and new guidance materials were developed and made available to schools and settings through the new school's portal and local offer website.

DfE Delivering Better Value (DBV) in SEND Programme

- 81 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.
- 82 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.
- 83 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.
- 84 In September 2023, the LA was awarded £1m to implement the delivery plan.
- 85 The results from the analysis, baselining, forecasting and deep dives provided us with clear evidence to focus on 3 priority areas which make up the plan:
- (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.
- 86 Delivery of the plan has been underway for 14 months and is managed by following a programme management approach, overseen by the SEND and Inclusion Resources Board.
- 87 A summary of the progress of the plan is set out below.

Workstream 1 - Identifying Needs Earlier

- 88 Key achievements to date include:

(a) SENDPRO Hub Portal

A brand-new online portal has been set up for professionals who work with children and young people with SEND to centralise information and resources to support them in their roles. Content is currently being developed for the portal, which will contain outputs from DBV work.

(b) Mapping Support

Support has been mapped across all area partners to show what is available and will be hosted on the professional portal.

(c) Support Practice Development

Sessions for school staff to get advice from the SEND Team are taking place from January 25.

(d) Sharing Good Practice

Events and drop-ins are planned for staff to share good practice to collaborate and better understand needs.

A "Come and Talk" event is planned for April 2025 to understand the wider offer

(e) Voice of the CYP Framework:

Development of a Talking Together Toolkit for gathering pupil voice has begun, which will contain a range of resources that are adaptable and highly visual.

(f) Evidence-Based Support

Partners have compiled a list of evidence base approaches to meet specific needs. This is being developed into a "What Works" reference guide

(g) Core Training Offer

Free core training offer rolled out for 2024/25, with impact data collection in progress

(h) Waiting Well Approach

An updated waiting well approach is currently in draft to define the approach from specialist services where support cannot be accessed immediately.

Workstream 2 - Revisiting the Graduated Approach to ensure needs are met proportionately.

- 89 Recruitment for the resources to deliver this work took place over two phases, with the first phase recruiting a SEND casework manager and x2 SEND Caseworkers in September 2024. Phase two saw the recruitment of another x2 SEND caseworkers in January 2025.
- 90 The first part of the plan for workstream 2 forms targeted work within two Community of Learning (COL) areas, COLs 3 and 8, one in the North of the County and the other in the West. We targeted these areas as data showed they had the highest levels of Educational Health Care Plan Assessment (EHCP) requests.
- 91 The work began with a pilot of navigation points for pre-assessment advice. Following a successful pilot, this has been rolled out under the new name of Graduated Approach Pre-assessment (GAP) meetings.
- 92 To date, 4 GAP meetings have been held that considered 24 cases. 11 of those advanced to an Education, Health, and Care Assessment (EHCA), while 13 cases were prevented from unnecessary EHCNA applications as it was determined that needs could be met through alternative approaches and support provided for this. The expansion of the roll-out into another 2 COL areas is currently being explored.
- 93 Prior to GAP meetings we also had 24 pre-GAP conversations. These involved determining if a child's case had sufficient need to progress to a GAP meeting. Of those 24, 7 progressed to GAP meetings and agreed to an EHCNA, 1 agreed to EHCNA without progressing to a GAP meeting, and 16 cases where it was determined that needs could be met through alternative approaches.

- 94 In total 12 cases progressed to an EHCNA. We prevented 71% of cases from going to an EHCNA.
- 95 To complement this work, drop-in sessions in family hubs are held monthly to enable parents and carers to speak to a caseworker for pre-assessment advice. Caseworkers are also attending school events such as coffee mornings, assemblies and other SEND events to offer advice to parents.
- 96 The DBV casework team are working closely with the wider SEND team to roll out training for schools on the graduated approach.
- 97 We are also in the process of recruiting a local offer co-ordinator who will work in partnership with local providers and stakeholders, to ensure Durham's Local Offer provides clear and accessible information for children and young people with Special Educational Needs or Disabilities and their families about the services available to them.

Workstream 3 - Improving Transition and Re-integration into Mainstream Schools

- 98 The following initiatives are now being rolled out under this workstream:
- 99 The **Early Years Foundation Support (EYSF) Pilot** aims to provide a mixed-phase support programme to support the foundation stage and YR/Y1. The aim is to support schools in developing appropriate curricula and pedagogy for mixed-phase classes and raise outcomes for vulnerable and disadvantaged children. 11 primary schools are currently engaged in the pilot.
- 100 The **Elective Home Education (EHE) pilot** aims to strengthen the EHE sector. The pilot began in October 24 and is working with schools in the Advanced Learning Partnership (ALP) to provide advice and support to parents and children who have elected for home education or are considering it. A tracking tool is in place to monitor the progress and impact.
- 101 An Inclusion and Pastoral Officer is in post to lead an initiative that aims to **promote inclusion provision with stakeholders**. To date, the officer has conducted deep dives and audits from previous PeX's to identify key actions and themes. The findings of these have then been shared with stakeholders to inform policy changes and model development. This process will be repeated termly until May 2025. The

data gathered is crucial to enhancing support structures, such as increasing Educational Psychologist (EP) staffing and improving referral processes. Part of the officer's role is also to promote inclusion pathways and best practices through workshops and briefings.

- 102 A Pathway Identification Programme (PIP) Co-Ordinator is leading on the facilitation of an **enhanced re-integration programme**. The programme is designed to support pupils who have had one-off incidents that may lead to a future permanent exclusion (PeX).
- 103 A range of pathways are being co-ordinated through the programme that include:
- Trial Re-integration back into mainstream
 - Rescinded PEX's leading to a supported offsite placement
 - Supported offsite placements
 - Access full time alternative provision for KS4 pupils
 - Move to specialist provision.
- 104 Since commencement in January 2024, 53 pupils have been through the PIP with only 6 going on to be PeX.
- 105 A Whole School CPD Pilot aims to build inclusive capacity in mainstream schools. Pilot schools have been identified and contacted to take part in the pilot which is to be rolled out in early Spring.
- 106 The Specialist Advisor in School Support Pilot aims to improve and develop partnership working across special and mainstream schools. Schools can apply for up to 3 hours of support from a special school. To date, 18 schools have requested this offer and feedback has been extremely positive;
- 107 *"It was great to have an experienced teacher with SEND experience to offer advice."*
- *"I found the support extremely beneficial, and the lead was so knowledgeable and helpful. I wouldn't hesitate to take this support again if offered."*
 - *"They gave useful practical solutions and ideas tailored to our needs and how to adapt this to meet the needs of our children."*

- 108 The Early Years (EY) & SEND Enhanced Support Pilot aims to provide an increased level of SEND and Early Years support to children in County Durham. A trial is in place to host x2 Senior Early Years SEND Learning Support Officer (LSO) posts to provide practical advice and support to staff working in EY settings through modelling interventions and interactions. To date, the officers have worked in 31 early years settings, 18 Private, Voluntary and Independent (PVI) settings and 13 schools.
- 109 Work continues to enhance the existing transition offer for pupils across all phases. A new transition guidance document and process is being developed to allow for a smoother process that includes the timely capturing of data and working alongside the EP service to put in the necessary support required.
- 110 Next steps include capturing the student's voice for the transition process between Year 6 – Year 7, which we anticipate will be collected and included in the document by the end of January 2025.
- 111 We have worked with the services involved in the transition and identified areas where they can get involved in improving the quality of our transition process.
- 112 A piece of work with schools looking at transition for our autistic pupils between Y6 and Y7 is taking place. The aim is to look at the transition as a longer period from Y5 up to Y8. There are some secondary schools and one or two of their primary feeders signed up. We are hoping that they can work together to come up with some ideas about what primary schools could be doing to support CYP for their transition (particularly in terms of building resilience and independence) and what secondary schools could be doing.
- 113 We have also worked with partners to update our promoting positive behaviours document which is available on the school portal.

Summary of DBV

- 114 The DBV programme is now 15 months into an 18-month delivery programme and we are starting to see early signs of impact. We are working with the corporate performance team to track and monitor key performance indicators (KPI's) and will report on the performance at future SEND and AP Strategic Partnership meetings. The next steps

involve a review of the programme in April with the DfE, to review impact, share learning and explore the potential for extending the programme.

Regional SEND and AP Change Programme

- 115 The Government's Special Educational Needs and Disabilities and Alternative Provision (AP) Improvement Plan sets out a way towards a national system to make a more inclusive society. The system looks to provide the right support, at the right time in the right place for children and young people with SEND, or those in AP, wherever they live in the country.
- 116 The Change Programme was initially an 18-month programme and was launched in September 2023, beginning delivery of phase 1 from January 2024. The programme builds on the SEND AP Improvement Plan and sets the aim for the future of the SEND and AP system.
- 117 In the Northeast region, Durham along with Hartlepool, Stockton and Gateshead were selected for involvement and are working with the DfE and REACH (Reaching Excellence and Ambition for all Children) partners to pilot a range of system recommendations set out in the DfE SEND and AP Improvement Plan.
- 118 The reform areas included within phase 1 are;
- SEND AP Partnerships and Local Area Inclusion Plans
 - National and Local Inclusion Dashboard
 - Education Health and Care Plan Standardisation
 - Multi-Agency Panels
 - Mediation
 - Alternative Provision (AP)
 - National Standards
 - Bands and Tariffs
 - Advisory Tailored Lists
 - Early Language Support for Every Child (ELSEC)

119 Phase 2 of the programme is currently being rolled out and the Change Programme will have a stronger focus on learning from the actions and experiences of local areas about what it takes to enable inclusive mainstream education across a local system and evidencing progress and early impact more consistently.

Alternative Provision Pilot

120 As part of the Regional SEND and AP Programme, Durham has secured funding from the Department for Education (DfE) and Northeast Change Programme Partnership (NE CPP) to launch a targeted Alternative Provision (AP) pilot. Aligned with the national SEND and AP Improvement Plan, this project focuses on strengthening Tier 1 support within primary schools to provide sustainable, school-wide interventions that enable students with SEND to remain in their school communities with the necessary resources.

121 Key objectives include:

- Delivering proactive, tailored interventions to address individual learning and social barriers.
- Supporting staff through specialised training to adapt curricula that fit the local context, making learning more relevant and engaging.
- Reducing suspensions and exclusions by increasing in-class time and fostering inclusive practices.

122 After the DfE's commitment of support to our outline programme further project development work is now taking place and it is planned to work with all Durham's 15 Communities of Learning (CoLs) on this during 2025/26. This would involve collaborating with Curriculum Inclusion Advisors to help schools modify both the Early Years Foundation Stage (EYFS) and national curriculum to reflect local needs and improve student engagement. Advisors will provide ongoing support across the academic year, assisting schools with intervention strategies, assessing training needs, and strengthening inclusive practices. This project is expected to contribute to DfE's policy development by demonstrating a scalable model for inclusive education, designed to enhance both academic and behavioural outcomes in primary education across County Durham

Conclusion

123 The financial challenges facing the High Needs Block (HNB) funding for Special Educational Needs and Disabilities (SEND) and inclusion support in County Durham are significant and growing. Despite efforts to reduce overspending through the HNB Sustainability Programme and

other transformation work, work with the wider sector and direct lobbying to the Department for Education, the increasing demand for services and rising costs have led to a forecasted cumulative deficit which has now increased to circa £114 million by the end of 2028/29. The temporary statutory override that allows councils to exclude HNB deficits from their main revenue funding is set to end in March 2026, posing a substantial financial risk to the council because the default position at present is that this accumulated balance will need to be funded by the council.

- 124 It is imperative that the government delivers on its commitment to reform the SEND system and provide adequate funding to ensure financial sustainability. Without a national solution, the financial pressures on the HNB will continue to grow, potentially impacting the council's ability to support children and young people with SEND effectively. The council remains dedicated to making the best use of available resources and mitigating financial risks while advocating for necessary changes at the national level.

Background papers

Cabinet Reports on High Needs Block Funding for SEND and Inclusion Support (January 2020, July 2020, April 2021, April 2022, December 2023)

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

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.

Throughout our work on the Sustainability Programme, we have conducted stakeholder engagement before undertaking any work. We also undertook extension public consultation during the diagnostic phase of the DBV work, which was set out in the cabinet report in December 2023.

Equality and Diversity / Public Sector Equality Duty

As the areas within 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).

Climate Change

An intended outcome of the HNB Sustainability 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.

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 and SEND and AP Change Programme a number of temporary or seconded posts were/are required and are being funded with resources allocated via DfE.

Accommodation

The interdependencies of capital projects are managed through the SEND and Inclusion Resources Board, which, while are not directly part of the HNB Sustainability Programme, it oversees initiatives aimed at repurposing buildings to enhance the capacity for specialist provision, which will ultimately lead to an impact on the High Needs Block.

Risk

The programme of work being overseen by the SEND and Inclusion Resources Board is monitored as part of a programme management approach and includes developing, and continuously reviewing a risk register.

The overall risk to the High Needs Block is also a strategic risk that is continuously monitored and reviewed in line with the corporate risk management framework.

Procurement

None.