

# Durham County Council Schools Forum Meeting, 10 July 2024, Item No 6, HNB Funding and SEND and Inclusion Update

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## Report of Martyn Stenton, Head of Early Help, Inclusion and Vulnerable Children

### Purpose of the Report

- 1 This report sets out the financial position of the High Needs Block (HNB) for County Durham based upon the latest forecast information.
- 2 The report also provides an update on the progress of projects within Phase Two of the High Needs Block Sustainability Programme which is aligned with the DfE's Delivering Better Value Programme and Regional SEND and Alternative Provision (AP) Change Programme.

## **Voting**

- 3 All members are entitled to vote on the recommendations in this report.

## **Executive Summary**

- 4 The report addresses the financial status and strategic initiatives of the HNB for supporting children and young people with Special Educational Needs and Disabilities (SEND) and inclusion in County Durham.
- 5 The HNB grant allocation for 2023/24 was £89.917 million, a 12% increase from the previous year, yet the outturn exceeded this allocation, contributing to a growing cumulative deficit due to ongoing high demand and higher costs due to inflationary pressures.
- 6 The final outturn for the HNB in 23/24 was £1.960 million higher than the HNB grant allocation. The overspend increases the cumulative HNB deficit from £8.635 million to £10.595 million.
- 7 The 2024/25 budget reflects a lower increase in funding compared to previous years, insufficient to cover anticipated demand and inflation, resulting in a predicted deficit budget of £6.5 million.
- 8 Initiatives under the HNB Sustainability Programme and the DfE's Delivering Better Value in SEND Programme are underway, aiming to mitigate costs and improve service delivery.

## **Recommendations**

- 9 Members of Durham Schools Forum are requested to:
- (i) Note the final outturn position for the High Needs Block at end of 2023/24
  - (ii) Note the progress of Phase Two of the HNB Sustainability Programme and other aligned programmes.

## **Background**

- 10 The HNB of the Dedicated Schools Grant (DSG) provides funding to support children and young people in County Durham who have SEND and inclusion needs.
- 11 Whilst there was a welcome small underspend against the HNB grant allocation in 2022/23, spending pressures on the HNB endure because of increasing numbers of children and young people with additional needs and the impact of high inflation on costs. Alongside this forecasts that future increases to grant allocations will be lower than in recent years are a major concern locally and nationally.
- 12 Forecasts for the medium term indicate significant and growing in-year deficits, resulting in a forecast cumulative HNB deficit of circa £65 million by 2027/28.
- 13 The HNB forecast future spending and progress on the sustainability projects are regularly monitored and reviewed by the SEND and Inclusion Resources Board (SIRB) which convenes monthly.

## **HNB Final Outturn 2023/24**

- 14 The HNB grant allocation for County Durham in 2023/24 was £89.917 million. This is an increase of £9.508, or circa 12%, on the equivalent allocation in 2022/23 and in part recognises increasing levels of demand and very high cost increases due to inflation.
- 15 A sum of £4.073 million is deducted from this and paid directly to educational settings by the Education Skills Funding Agency (ESFA), leaving a balance of £85.844 million to be received by Durham County Council.
- 16 The final outturn for the HNB was £1.960 million higher than the HNB grant allocation for 2023/24 and further details are provided in a separate report on this agenda. The overspend increases the cumulative HNB deficit from £8.635 million to £10.595 million.
- 17 The main areas of pressure relate to top up funding for pupils in mainstream schools and settings, Independent and Non-Maintained Special School (INMSS) placements, and for pupils at The Woodlands Pupil Referral Unit (PRU).

## HNB Budget 2024/25 and Medium-Term Financial Plan

- 18 The HNB funding allocation for Durham in 2024/25 is £93.977 million, which is an increase of £4.060 million, or 4.5%, on the equivalent figure for 2023/24. This is a significantly lower increase than in recent years and much lower than anticipated demand increases which need to be seen in conjunction with increases in costs due to inflation.
- 19 Despite reducing and freezing some HNB budget allocations for 2024/25 it has not been possible to set a balanced HNB budget within the grant allocation available for 2024/25. A deficit budget of £6.5 million has been set.
- 20 For future years the DfE has advised local authorities to plan for HNB funding increases of 3% and this is the basis of funding assumptions in the HNB Medium Term Financial Plan (MTFP) despite it clearly not matching with the findings from the DBV programme to date.
- 21 Based on the above, the HNB MTFP forecasts an in-year gap between HNB expenditure and HNB grant in every year of the plan, leading to a forecast cumulative deficit of circa £64 million by the end of 2027/28, an increase of £53 million from the cumulative deficit of £11 million at the end of 2024-25. This is illustrated in the table below:

<b>DSG High Needs Block</b>	<b>2024-25 Budget £m</b>	<b>2025-26 Estimate £m</b>	<b>2026-27 Estimate £m</b>	<b>2027-28 Estimate £m</b>
Grant	93.977	96.796	99.700	102.691
Forecast Expenditure	100.524	108.806	114.968	122.606
<b>In-year deficit</b>	<b>-6.547</b>	<b>-12.010</b>	<b>-15.268</b>	<b>-19.915</b>
<b>Cumulative deficit</b>	<b>-17.142</b>	<b>-29.152</b>	<b>-44.420</b>	<b>-64.335</b>
Year on year expenditure change	11.8%	8.2%	5.7%	6.6%
Year on year grant change	4.5%	3.0%	3.0%	3.0%

- 22 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 £84 million by 2027/28.

## HNB Financial Sustainability

- 23 The previous section of the report makes it clear that the HNB position for County Durham is not sustainable, either in the short term or over

the medium term. On current forecasts the gap between HNB expenditure and HNB grant will increase next year and further again in each year until 2027/28.

- 24 A report to Schools Forum in March 2024 provided further details on the context of the HNB financial position and options to consider in making high needs funding in Durham more sustainable.
- 25 A separate report is on the agenda for today's meeting considers options for transfers between DSG blocks to provide additional funding for the HNB.

### **Update on Phase Two – HNB Sustainability Programme**

- 26 Phase Two commenced in September 2023 and consists of the following projects.

### **Review of Early Years Funding**

- 27 The review of early years funding has now concluded, and new funding arrangements were introduced from May 24. The review included consultation regarding future models of Early Years SEN Inclusion Funding to support early identification and provide support for children with low and emerging needs.
- 28 Providers were also consulted on the implementation of a new banded early years SEND Support funding system. This mirrors the newly implemented top up funding system.
- 29 A series of funding workshops were delivered to schools and settings and new guidance materials are available on the School Portal and Local Offer.

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

- 30 The purpose of this project 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 and a review of education health needs.
- 31 The project will involve undertaking a gap analysis of current work underway to inform the development of a new action plan. This project will be developed further in coming months once priority DBV

programme work is in place and project management and officer resource is available.

## **DfE Delivering Better Value (DBV) in SEND Programme**

32 Delivery of the DBV implementation plan is now underway and progress on each of the three workstreams is highlighted below.

### **Workstream 1 - Identifying Needs Earlier**

33 Delivery of phase 1 is on track to be delivered by the end of the summer term and includes the following initiatives.

- Consultation/drop-in sessions at family hubs for parents and carers in targeted areas
- Development of core training offer
- Development of screening tools
- Development of a voice of the CYP framework for settings and services to use to engage children with SEND to better understand their experience and what works
- Engagement in mapping specialist pathways for cases that need escalating.
- A waiting well approach where support cannot be immediately accessed.

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

34 Delivery of phase 1 of the workstream had a delayed start due to the need for recruitment. Resources to lead and deliver the workstream have now been secured and a plan is in place to begin work.

35 The first part of the plan forms targeted work within two Community of Learning (COL) areas and we are currently planning a pilot to trial navigation points for pre-assessment advice before the end of the summer term.

36 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**

- 37 Delivery of phase 1 of the workstream commenced from February 24 onwards and includes the following developments, which will be universally available.
- Enhance the existing transition offer for pupils across all phases.
  - Develop and promote a coordinated CYPS transition guidance document for schools and settings
  - Review and adapt reintegration processes to allow for more timely turnaround and outreach
  - Facilitate brokered support to schools and settings through partnerships through with school leaders.

### **Regional SEND and AP Change Programme**

- 38 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.
- 39 The Change Programme is an 18- month programme that began in September 2023, which builds on the SEND AP Improvement Plan and sets the aim for the future of the SEND and AP system.
- 40 In the Northeast region, Durham along with Hartlepool, Stockton and Gateshead 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. The recommendations which we are setting up to pilot include:
- 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)

- 41 We are now out of the set-up phase and have a plan to carry out the testing which will involve feedback loops back to the DfE. Progress to date includes drafting a Local Area Inclusion Plan and reviewing our partnership arrangements to support the proposed SEND and Alternative Provision Partnership Model.
- 42 The next area of work will focus on Alternative Provision (AP) and we will work with REACH partners to carry out a rapid review of our existing arrangements in the summer.

## **Conclusion**

- 43 The report highlights the financial challenges faced by County Durham's High Needs Block, with a forecasted cumulative deficit of £65 million by 2027/28 due to increasing costs and demand for services.
- 44 The report also outlines ongoing projects and programmes aimed at improving support for children with special educational needs and disabilities. As well as School Forum considering options for possible transfers into the HNB, other work will take place in coming months to review areas of current HNB spend.