
SPECIAL EDUCATIONAL NEEDS STRATEGY AND FUNDING

Responsible Cabinet Member
Councillor Cyndi Hughes,
Children and Young People Portfolio

Responsible Director
Suzanne Joyner, Director of Children and Adults Services

SUMMARY REPORT

Purpose of the Report

1. This report asks Cabinet to consider the content of the updated Special Educational Needs and Disabilities (SEND strategy (2019-2022) (**Appendix 3**) which summarises the strategic plan for delivering better outcomes for children and young people with special educational needs. The report also outlines proposed amendments to the application of the High Needs Block in relation to children and young people with Special Educational Needs and Disabilities (SEND).

Summary

2. This report seeks approval from Cabinet to commence consultation on the Special Educational Needs and Disabilities (SEND) Strategy 2019-2022 and related funding arrangements. The strategy proposes a local vision along with priorities for the future provision and development of services to support children with SEND.
3. The Government funds school via the Dedicated Schools Grant (DSG) to enable them to educate all children and young people including those with SEND.
4. The current funding model for children with SEND in Darlington does not follow best practice and lacks transparency and fairness. Amendments have been made with the agreement of schools to enable the “money to follow the child” but more changes are required to deliver a fair and transparent funding system.
5. Expenditure on SEND within the DSG is projected to considerably overspend and action on an approach to funding and service provision are proposed as part of the amended strategy which will improve the transparency of the system and reduce overall costs.

Recommendation

6. It is recommended that Cabinet agree to a consultation on the revised SEND strategy and proposed amended funding arrangements.

Reasons

7. The recommendation is supported by the following reasons:
 - (a) The strategy provides a framework to drive the work of the SEND partnership in Darlington through to 2022 to deliver the best possible outcomes for children and young people with SEND and their families.
 - (b) To enable the proposed Special Educational Needs and Disabilities (SEND) Strategy 2019 -2022 and the proposed amended funding model to be further considered.

**Suzanne Joyner,
Director of Children and Adults Services**

Background Papers

No background papers were used in the preparation of this report

Tony Murphy: Extension 5637

S17 Crime and Disorder	This report has no implications for Crime and Disorder
Health and Well Being	The SEND Strategy will contribute to improved outcomes for children and young people with special educational needs and/or a disability in the borough.
Carbon Impact	There are no issues which this report needs to address.
Diversity	The SEND Strategy will contribute to improved outcomes for children and young people with special educational needs and/or a disability in the borough
Wards Affected	Children and young people with SEND may live in any ward.
Groups Affected	Children and young people with special educational needs and/or disabilities
Budget and Policy Framework	This report does not represent a change to the budget and policy framework.
Key Decision	This is a key decision
Urgent Decision	Yes, so as not to delay start of consultation and meet various timescales.
One Darlington: Perfectly Placed	The report contributes to the Sustainable Community Strategy Priority 'the best start in life'.
Efficiency	There are no direct efficiencies to the Council from the information contained within this report.
Impact on Looked After Children and Care Leavers	The SEND Strategy will contribute to improved outcomes for children and young people with special educational needs and/or a disability in the borough a number of these children are Looked After Children or Care Leavers.

MAIN REPORT

The SEND Strategy

8. Darlington's Special Educational Needs Strategy 2017-2020 was approved by Cabinet on 5 December 2017. This updated version builds on progress to date, identifying what has been achieved and our priorities for action up to 2022.
9. The vision for the strategy is that it promotes inclusion, maximizes young people's opportunities to be independent and enables young people with special educational needs and disabilities to be recognized as fully integrated citizens with the ability to contribute to their local community.
10. The strategy has been written to respond to the key priorities set out in the SEND code of practice, and highlights local strategic aims associated with each priority area for implementation. These are set out below:
 - (a) **Early identification of need ensuring that the right children and young people are in the right placement with the right support**
Early identification and intervention is essential to prevent underachievement and improve outcomes and improve children's life chances.
 - (b) **Building capacity in mainstream settings to enable children and young people to be educated in appropriate settings locally**
Children and young people with SEND need to have good quality support in their mainstream and local settings so that they can achieve their academic potential and maintain their self-esteem and confidence.
 - (c) **Ensuring that children and young people are educated in their local community and have an effective preparation for adulthood and access to work and leisure opportunities**
Being educated in their local area enables pupils with SEND greater independence and a sense of contributing and belonging to their local community. Children and young people with SEND tell us that they want to make friends locally and access local facilities with their families.
 - (d) **Increasing achievement and improving outcomes for children and young people with SEND**
Address the underperformance in educational achievement across the Key Stages but particularly at Key Stage 4 through targeted interventions, appropriate curriculum, high quality training and effective quality assurance, monitoring and moderation.
 - (e) **Focus on effective collaboration, co-production and communication**
Ensuring that all policies, practices are co-produced with all stakeholders and with the active involvement of parent/carers and children and young people.
 - (f) **Achieving 'Best Value' (human, physical and financial resources) from all our services**

Effective, efficient and co-ordinated services that meet the needs of children and young people with SEND and their families. With increasing demand we must ensure that the right resources are going to the right children in the right place.

11. The SEND Strategy sets out our vision in Darlington for a well-planned continuum of provision from birth to age 25 that meets the needs of children and young people with SEND and their families, and that we expect every early years setting, post 16 provider, mainstream school and academy to have the capacity and confidence to deliver effective provision.
12. The strategy aims to identify children with SEND at the earliest possible opportunity and provide them with the support they need to make good educational progress and achieve good outcomes so that they and their families feel well supported. It recognises the importance of providing good training for all staff, whichever setting they are working in, using the best expertise and knowledge, sharing best practice and by promoting a model of collaborative working and shared responsibility.
13. The strategy aims to ensure education, care and health services are delivered in an integrated way so that the experience of families accessing services is positive and children's and young people's learning and development, safety, well-being and health outcomes are well promoted alongside their educational progress and achievement.

SEND in Darlington

14. The most recent published national data (from January 2017, published in SEN in England in July 2017) shows that 3.3% of Darlington pupils have an Education, Health and Care Plan (EHCP). This is above the North East average of 3% and above the England average of 2.8%.
15. The published data shows the profile of primary need in Darlington is different to that seen nationally. Most notably a higher proportion of school age children have social, emotional and mental health needs (SEMH) identified as their primary need than is the case nationally (19.9% of pupils in Darlington compared to 15.7% across England and 16% across the North East) (**Appendix 2 Figures 1 and 2**).
16. The contrast is particularly stark in the data for pupils with SEMH placed in specialist provision. Across England 13% of pupils with SEMH as a primary need are placed in a special school compared to 28.8% in Darlington. Darlington has the 4th highest proportion of pupils with SEMH as a primary need placed in a special school in England.
17. The data indicates that there is a high number of pupils identified with SEMH as a primary need and that a high ratio of those pupils are being educated in special schools. This may not be the best way to achieve good outcomes for those children. The current lack of a clear local framework identifying what level of need can be supported at mainstream level contributes to the pressure for independent specialist placements (**Appendix 2 Figure 3**).

18. Darlington has seen a significant rise in the total number of EHCPs in the last 3 years (**Appendix 2 Figure 4**). The number of plans has risen from 385 in January 2013 to 683 in January 2018. This equates to a rise of 77% during this time.
19. The increasing levels of EHCPs are more significant since the profile of placements for pupils is skewed towards high cost provision. Darlington places a smaller proportion of young people with EHCPs in mainstream schools than is the case across England (**Appendix 2 Figure 5**). In England 41.9% pupils with EHCPs are placed in Mainstream schools compared with 30.6% in Darlington. Darlington also places a higher proportion of young people with EHCPs in Independent Special Schools (5.1% compared to 2.3% across the North East and 3.7% across England). The average cost of a placement at an independent special school is £70,000 per year.
20. This trend is more pronounced in relation to EHCPs issued in 2017. Darlington placed 9.8% of new EHCPs in Independent Special Schools in 2017 compared to 2.7% across the North East and 2.9% in England (**Appendix 2 Figure 6**). In 2017 Darlington had the 5th highest proportion of new EHCPs placed in Independent Special Schools in England.

Reviewing and Implementing the SEND strategy

21. The following work has been undertaken in parallel with the proposed changes to funding arrangements to manage demand both existing and new and on the High Needs Block:
 - (a) **Strengthen mainstream SEN support.** The introduction of a graduated response framework for schools to adopt in September 2018. This is necessary as practice and identification is not currently consistent across schools. The aim is to ensure there is a consistent approach to graduated, early SEN support. This is a key piece of work which will ensure that the descriptors are helpful, practical and clearly understood by providers, local authority officers and families.
 - (b) **Review of existing EHCPs.** A moderation exercise has been undertaken on all existing EHCP plans against the new graduated response framework. This information will be used in the annual review cycle for individual pupils with EHCPs to ensure support and placement arrangements match current levels of need. Wherever possible support will be put in place for the reintegration of young people back into mainstream settings.
 - (c) **Steps to reverse the trend for increasing placements in the independent sector.** A revised SEN panel has been introduced to ensure sufficient peer support and challenge for education providers and strengthened gatekeeping at LA level.
 - (d) **Review of current provision.** Review of current local resource based provision and outreach support is being undertaken to ensure as many Darlington young people as possible can be educated in their local community.

Developing Local Provision

22. The SEND strategy identifies the key priority of providing high quality local provision. One of the key drivers for the placement of pupils in high cost out of borough independent placements is the lack of suitable local specialist provision.
23. The strategy identifies key areas of consideration of commissioning local provision to meet need and manage demand.

Type of Need	Phase	Delivery
Pupils with Social, Emotional and Mental Health Needs (SEMH)	Primary	Resource base in a primary schools setting
Pupils with Social Emotional and Mental Health Needs (SEMH)	Secondary	Resource base in a secondary setting or Alternative provision
Pupils with Moderate Learning Difficulties	Secondary	Resource base in a Secondary setting

Re-shaping of the High Needs Block Funding Mechanism

24. In order to ensure pupils with SEND in Darlington fulfil their potential the funding system that supports them needs to be transparent and targeted to meet a child's individually assessed and identified needs.
25. Under the current school funding framework, the Government allocates amounts to each local authority through the Dedicated Schools Grant (DSG), based on four blocks.
 - (a) Schools Block
 - (b) High Needs Block
 - (c) Early Years Block
 - (d) Central Schools Block

The allocations for the blocks in 2018/19 are as follows:

Block	Allocation £'000's
Schools	65,102
High Needs	12,020
Early Years	6,827
Central Schools	1,454
Total	85,403

Figures updated July 2018, pre recoupment

26. The High Needs Block caters for pupils with special educational need and disabilities (SEND). It funds Darlington special schools, SEN resource bases in

mainstream schools, pupil referral unit (PRU) and the provision of education to those pupils with complex or severe needs requiring support in a non-maintained or independent special school (NMI). It provides additional funding to primary and secondary schools for pupils with Education Health Care Plans (EHCPs). It also funds specialist support services (e.g. physical and sensory support, speech & language therapies.)

27. The high needs funding system supports provision for pupils and students with special educational needs and disabilities (SEND) from their early years to 25. The Children and Families Act 2014 extends local authorities' statutory duties relating to SEND across the 0 to 25 age range.

Darlington 17/18 Funding Model

28. The system for funding high needs provision in Darlington up to the end of the 17/18 academic year was both complex and unclear. There was a lack of transparency for schools and parents about how the funding system worked and the funding schools received was not allocated to an individual pupil's needs.
29. Guidance from the Education, Skills and Funding Agency (ESFA) states that schools and academies should have sufficient funding in their delegated budget to enable them to support pupils' SEND where required, up to a mandatory cost threshold of £6,000 per pupil (Element 1 & 2 below). Only when this threshold is crossed, can a school apply to the local authority for High Needs top up funding from the DSG (Element 3 below). This national policy change was introduced in 2014.
30. There are 3 ways schools are funded nationally to support pupils with SEND

Element 1	This is the core budget and it's used to provide education and support for all pupils in the school including those with SEND. Nationally this is set at around £4,000
Element 2	The notional SEND budget. Schools have a duty to identify, assess and make special provision for all children with special education needs and disabilities. Schools are expected to contribute £6000 to support a pupil with high needs
Element 3	"Top up" funding for a pupil with complex or exceptional needs is allocated to the school after a statutory assessment has been carried out and the pupil has been given an Education, Health and Care Plan (EHCP)

31. Nationally, most LAs have applied a "top up" level of funding to the notional £6,000 on an individual pupil basis since 2014. This funding is awarded per individual child and the amount depends on the pupil's level of assessed need. An EHC plan describes a pupil's needs, agreed outcomes and required provision and the top-up funding is directly linked to these. Nationally, most LAs operate a universal high

needs banding system which is used to allocate the appropriate level of funding for each pupil.

32. Darlington’s funding model did not follow this approach. Rather than applying a “top up” to the notional £6,000 funding a combination of a delegated lump sum and “top up” model was in place. Primary schools received a lump sum payment which replaces top up funding between £6,000 and £13,500 with additional “top up” funding applied. Secondary schools received a fully delegated lump sum model with no “top up” payments.

Darlington Funding Model		
Element 1	Core budget	
Element 2	The notional SEND budget.	
Element 3	Primary	Secondary
	Mixture of “top up” funding linked to pupil and delegated lump sum payment to school	Delegated lump sum payment to school. Funding does not follow individual pupil

33. The maximum funding level of lump sum and top ups applied in Darlington is significantly higher than the equivalent top up levels for most other Local Authorities and was comparable to payment levels in inner London boroughs.
34. As the funding scheme did not apply a “money follows the child” model there was a wide variance between the funding a school received and the number of pupils at the school with an EHCP.
35. It is important that the funding system is as fair and equitable as possible. The demand for High Needs top up funding must be more closely linked to the needs of individual pupils and more financially predictable.
36. The Schools Forum is a statutory body whose purpose is to advise on matters relating to the authority's schools budget. Schools Forum has agreed to move to a fully “money follows the child” model with effect from the 2018/19 school year. There remains a need to revise the existing funding model to clarify resources available to schools and deliver an equitable and transparent allocation. It is proposed to move to a system introducing more specific top up funding arrangements, graduated to support the most profound level of individual need.

The amended funding model

37. The following proposals are designed to create a clearer, simpler high needs funding model that is more easily understood by parents, carers and professionals across the system. They are designed to simplify the current banding system and to deliver the necessary savings to the system to address the increasing demand.
38. It is proposed to introduce a ranges model based on national best practice in determining the needs of pupils with SEND. These are based on the four areas of the SEND Code of Practice (2014) and on the “golden thread” of the graduated approach of assess, plan, do and review that underpins SEND best practice.

39. This approach to assessing pupil needs will determine the “top up” funding that will be allocated to ensure that individual pupil needs are met in the most effective and efficient way. It is a “needs led approach” rather than purely allocating provision.
40. There will be greater emphasis on accountability and targeting of notional SEN funding and additional “top up” funding to meet needs. Allocations of “top up” funding in addition to the notional £6,000 per pupil SEND budget will require an evidence base of the assessment of need, the range of interventions in place and the impact and outcome. Schools will be required to demonstrate how they are spending the notional £6,000 SEN budget before further “top up” allocation will be considered.
41. The SEND ranges model, which has been developed with schools, health professionals and parent/carers, will provide a clear framework as to the level of provision which can reasonably be provided from within the resources available to mainstream schools. The application of the ranges will reduce the risk of inappropriate pupil placement in high cost specialist provision.
42. It is proposed to move to a single “universal” banding system (**Appendix 1**) for all mainstream schools in Darlington in line with the principle outlined in the SEND code of practice of “money follows the child.” As this will be a significant shift for schools in the current system the changes will be applied through a transition period in the 2018/19 and 2019/20 academic years.

Financial Implications

Current Budget Position

43. There is considerable pressure on the High Needs Block (**Appendix 2 Figure 7**). In the past 3 years overspend in the HNB has been supported by a transfer from the schools block, however even with this there was still the requirement to carry forward £1.6m of overspend from 2017/18 into 2018/19. Due to changes in national policy leading to the introduction of a national funding formula the scope to move funding between the blocks of the DSG will be much more limited from 2021/22.
44. Darlington’s HNB allocation for 2018/19 is £12.02M. An overspend of £1.78m is projected for this year based on the current profile of high needs expenditure. In addition to this, £1.6m of overspend has been carried forward from 2017/18, therefore a combined overspend of over £3m is expected at the end of the 2018/19 financial year. This level of expenditure against the HNB is financially unsustainable, therefore a more affordable system of funding high needs, in line with the level of funding Darlington receives from Central Government is essential.
45. The combination of the three key demands-increasing rates of ECHPs, the high level of mainstream top up payments and the types of placements for young people with EHCPs is placing considerable pressure on the High Needs Block.
46. From 2015/16 to 2017/18 spend on mainstream “top up” payments increased from £2,005,621 to £2,227,248. Spend on independent special school placements

increased from £1,271,069 to £2,392,507(**Appendix 2 Figure 8**).

Dedicated Schools Grant

47. The Department for Education (DfE) are intending to introduce revised national funding arrangements for all school funding blocks. The DfE's intention is for schools' budgets to be set on the basis of a single, national formula (a 'hard' formula) from 2021/2022. To ensure some transitional stability, local authorities can continue to set a local formula for schools in both 2019/20 and 2020/21.
48. The vast majority (99.5%) of the Schools Block is ring-fenced and must be distributed through a formula directly to schools. In consultation with their Schools Forum, local authorities can move 0.5% of funding into the High Needs Block. Local Authorities can make a request to the Secretary of State to move more than 0.5% of the School Block to support the High Needs Block.

Projected Savings

49. The chart below illustrates the projected savings to the mainstream top up spend by implementing the new funding model in comparison to the historic Darlington model (as outlined in paragraphs 24 to 29). (Note the figures are based on pupil characteristics during the 2017/18 term and are illustrative as the actual spend will be based on the actual pupils in school in each year).

		<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>
Historic Expenditure		1,733,394	1,733,394	1,733,394
Historic Funding Model		577,798	0	0
Transitional Funding Model		1,166,848	545,148	0
New Funding Model		0	828,861	1,243,291
Total		1,744,646	1,374,009	1,243,291
Savings		(11,252)	359,385	490,103

The savings are shown in financial years, system changes are introduced in academic years

50. The changes to the mainstream top up system are projected to save in the region of £490,000 once fully implemented, therefore a further £1.3m of savings will be required in the HNB in order to balance the budget in future years. Further changes to the delivery of high needs are currently being investigated to deliver the savings required to balance the budget in year and recover previous years overspends. A plan of high needs delivery changes proposals will be formulated during the Autumn 18 and Spring 19 terms.
51. With effect from 2019/20 the DfE intends to tighten the rules governing deficits in local authorities' overall DSG accounts, under which LAs have to explain to the DfE their plans for bringing DSG accounts back into balance.

52. In March 2019 the DfE will require a report from any LA that has a DSG deficit of more than 1% as of 31st March 2019. The report will need to have been discussed by our local Schools Forum. The report will outline the Local Authorities' plans to address the overspend over future years.

Legal Implications

53. Local authorities have a statutory duty to identify and assess the special educational needs of children and young people for whom they are responsible. Once a local authority becomes aware that the child/young person in their area has or may have special educational needs, the local authority must ensure that those children/young people receive support to help them in "achieving the best possible educational and other outcomes".
54. The Local Authority also has an Equality Duty under the Equality Act 2010 and an obligation to make reasonable adjustments for disabled persons when exercising its functions, including transport. An Equalities Impact Assessment (EIA) will need to be undertaken in relation to any proposed changes.

Consultation

55. It is proposed to consult on the revised SEND strategy and the proposed new funding arrangements from the 10 October to the 21 November 2018 and then to bring the matter back to Cabinet in February 2019. The consultation would include:
- (a) consultation and co-production discussion with the Darlington Parents and Carers Forum (DPCF)
 - (b) online information and questionnaire
 - (c) a letter to all families on the SEN database
 - (d) a letter to Darlington education providers
 - (e) an information session at a scheduled Darlington Parents and Carers Forum

Appendix 1: Proposed Funding Model

2018/19 Transition Year 1

1. The current lump sums paid to schools will be phased out to adopt a wholly “money follows the child” model. It is acknowledged that the move to a new model in the 2018/19 academic year will have a significant effect on some schools, therefore in order to give schools more time to plan their budgets, there will be a transitional year starting from September 2018. Transitional protection arrangements will be put in place to ensure no school will lose more than 25% of the funding they would have received under the current system.
2. These proposals were presented to Schools Forum on 10th July 2018 and will be implemented from September 2018.

2019/20 Transition Year 2

3. The changes introduced in the 2018/19 will ensure that a universal banding model is in place in both primary and secondary phases. In order to achieve stability for the High Needs Block it is proposed that changes are made to the financial allocation to schools which is applied under the current banding model.
4. It is proposed to revise the level of top up applied and introduce a new banding linked to the new SEND ranges model which details the expected interventions across seven levels of need.

Range		Band	Additional “top up” Funding
1	Mainstream-AWPU	1	Nil
2	Mainstream-Notional SEN (£6,000)	2	Nil
3	Mainstream-Notional SEN (£6,000)	3	Nil
4	Mainstream/Resource Base	4a 4b	£3,000 £6,500
5	Resource Base/Specialist Placement	5a 5b	£8,500 £10,000
6	Specialist	6a 6b	£12,500 £15,000
7	Independent Special Placement	7	Determined by need

5. Ranges 1 to 3 cover the support expected from the pupil funding and the notional SEN funding whilst Range 7 will only apply to independent specialist provision, unless there are exceptional circumstances.

6. It is unlikely pupils in mainstream school will be banded above Band 5a as the needs in ranges 1 to 5 have been identified as being reasonably supported at a mainstream provision . The majority of those with support needs above £6,000 notional SEN funding will sit in Band 4.

Appendix 2: SEND data comparator graphs

Figure 1: Pupils in Primary School by primary type of need

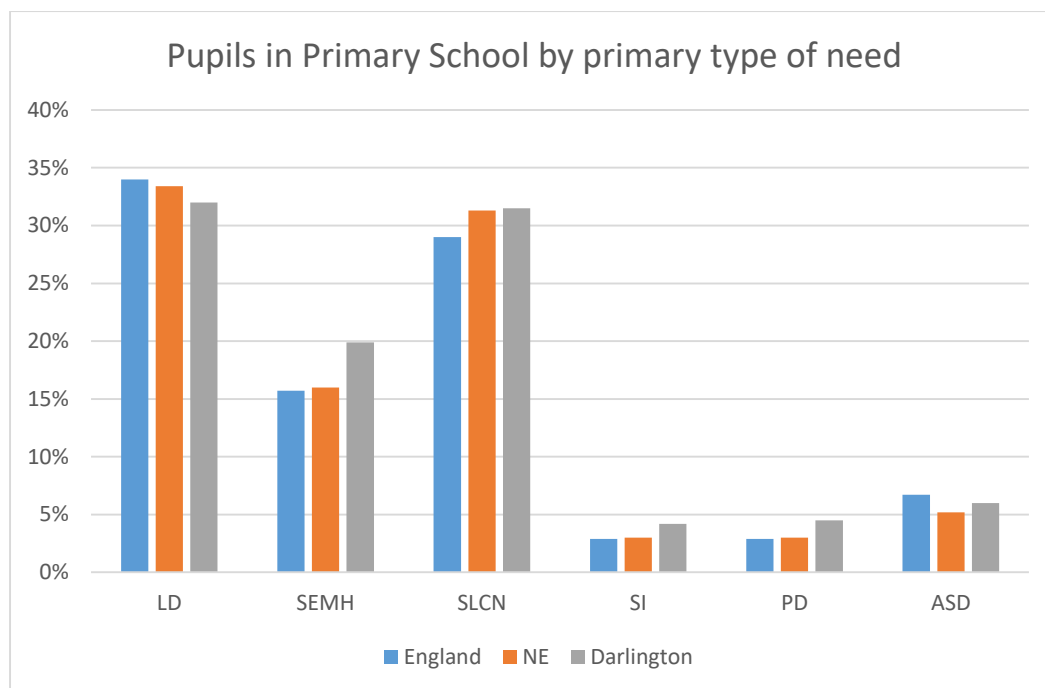


Figure 2: Pupils in Secondary School by primary type of need

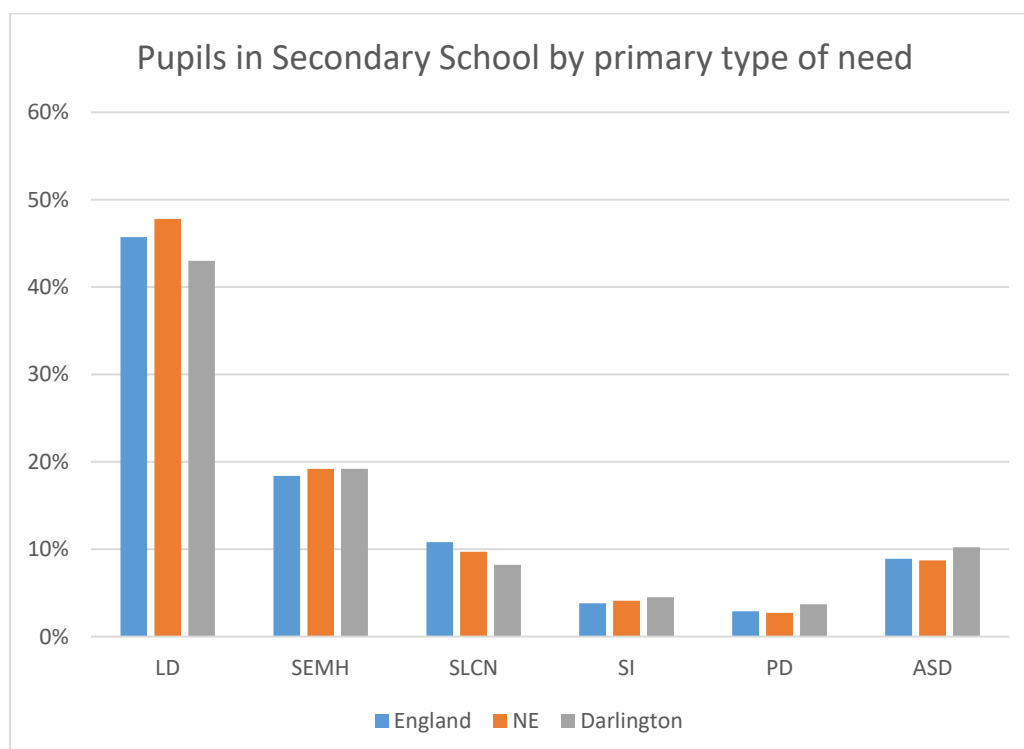


Figure 3: Pupils in Special School by primary type of need

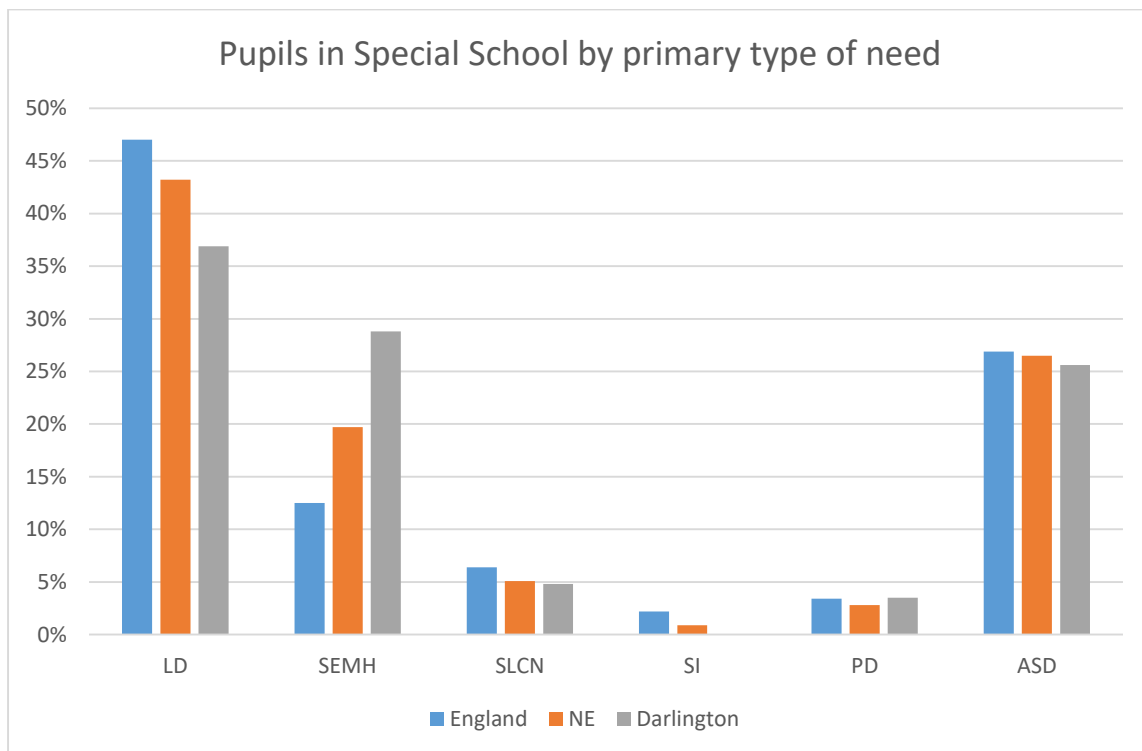


Figure 4: Number of statements or EHCPs in Darlington by year

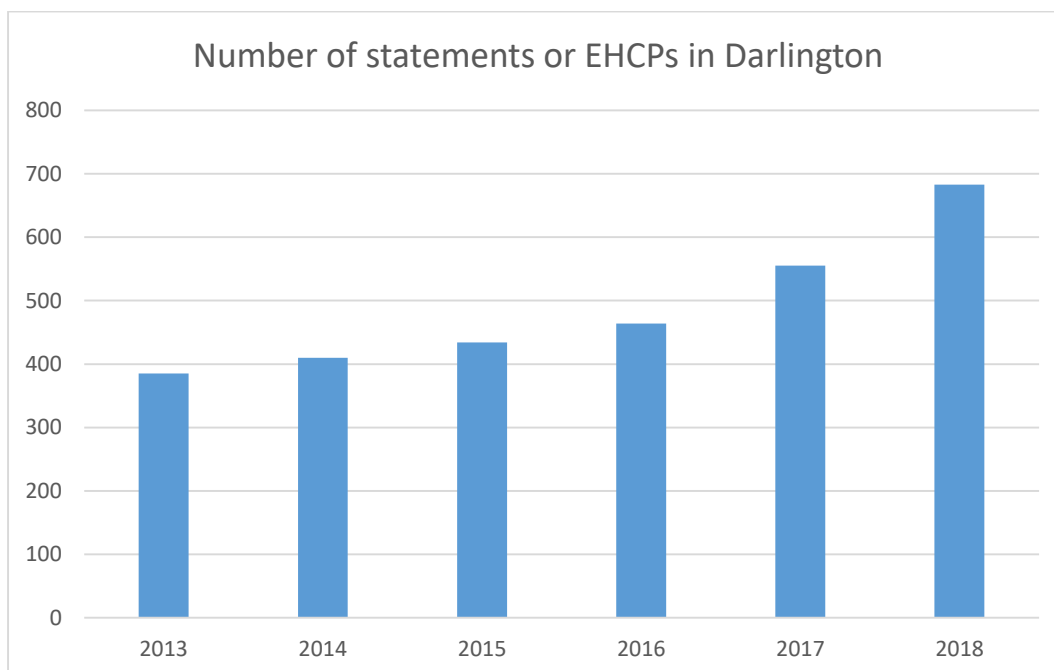


Figure 5: Placement of Pupils with EHCPs by type of provision

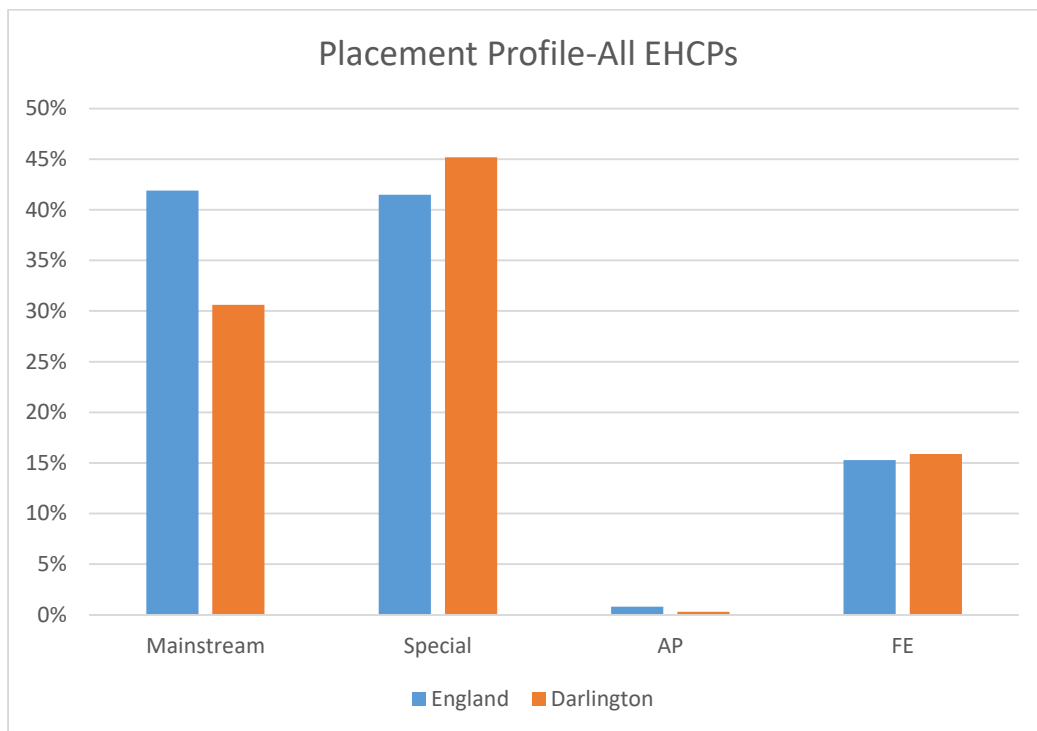


Figure 6: Placement of pupils with EHCPs by type of provision 2017

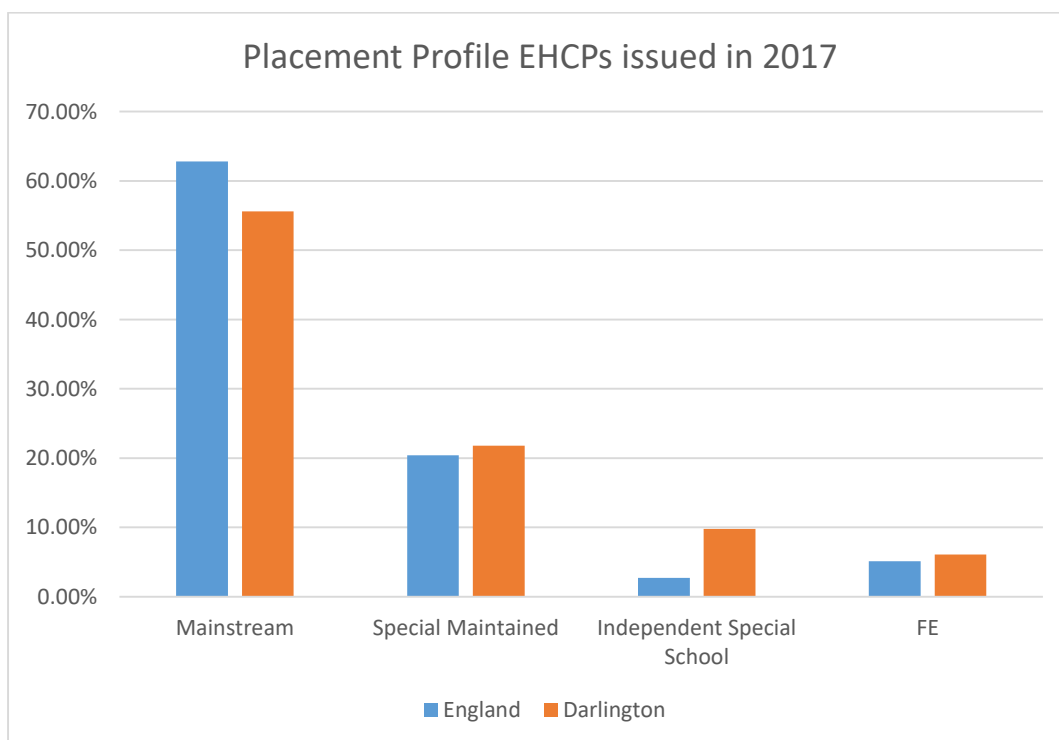


Figure 7: High Needs Block v Expenditure

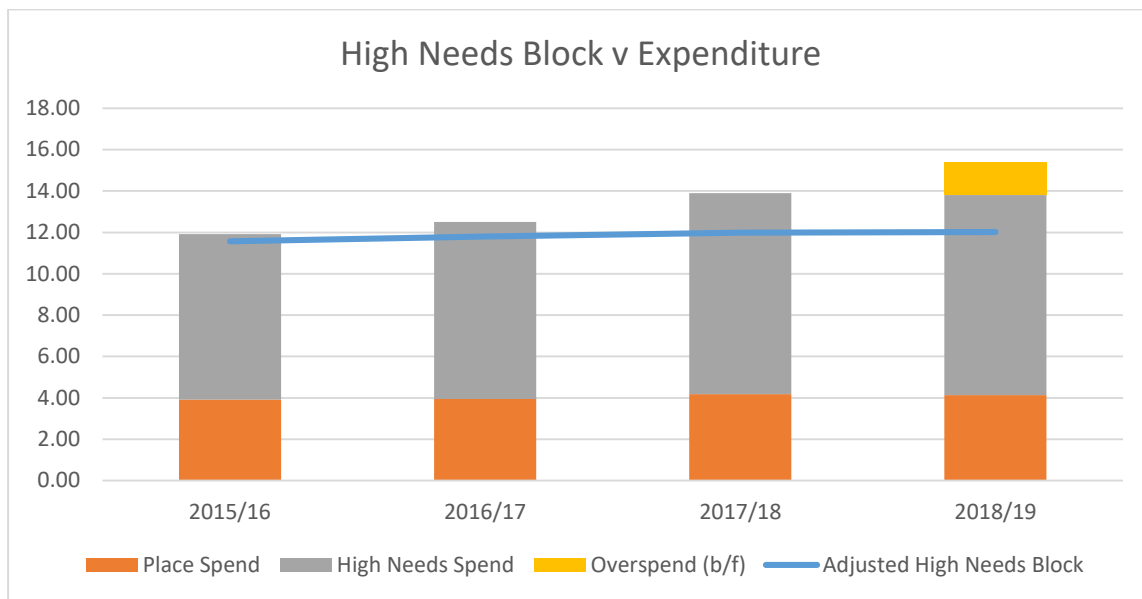


Figure 8: Analysis of increase in spend 15/16 to 17/18

