

Title of report: High Needs Provision Capital Grant spend

Decision maker: Cabinet Member, Community Services and Assets

Decision date: 8 November 2024

Report by: Quentin Mee - Head of Educational Development

Classification

Open

Decision type

Key

This is a key decision because it is likely to result in the council incurring expenditure which is, or the making of savings which are, significant having regard to the council's budget for the service or function concerned. A threshold of £500,000 is regarded as significant.

This is a key decision because it is likely to be significant having regard to: the strategic nature of the decision; and / or whether the outcome will have an impact, for better or worse, on the amenity of the community or quality of service provided by the authority to a significant number of people living or working in the locality (two or more wards) affected.

Notice has been served in accordance with Part 3, Section 9 (Publicity in Connection with Key Decisions) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

Wards affected

(All Wards);

Purpose

To approve the spend of the High Needs Provision Capital Grant to extend our inclusion offer in mainstream schools, increase places for children with Special Educational Needs and Disabilities (SEND) and to improve Alternative Provision (AP) education arrangements.

Recommendation(s)

That:

- a) **To approve the spend of the High Needs Provision Capital Grant (£4.23million) to extend our inclusion offer in mainstream schools, increase capacity for children with Special Educational Needs and Disabilities (SEND) and to improve Alternative Provision (AP) education arrangements**
- b) **To delegate to the Service Director for Education, Learning and Skills all operational decisions necessary to deliver a programme of works including varying such programme; and**
- c) **Should the Council receive additional high needs grant funding from central Government or there is an underspend on current education grant funded capital projects, authority is granted to add this to the budget by the Section 151 officer to provide additional funding for the programme should it be deemed necessary by the Service Director for Education, Learning and Skills.**

Alternative options

1. Not to allocate the funding from the High Needs Capital Grant. This is not recommended as both SEND and AP is currently over-capacity, and the existing PRU buildings are in a poor state of repair, and there are no options to extend the current sites.

Key considerations

2. On 22 April 2021, Cabinet approved the Herefordshire capital investment [strategy](#) for Special Educational Needs and Disability (SEND) 2020-2030 (The SEND Strategy). The strategy seeks to ensure that there is high quality sustainable specialist educational accommodation for children and young people with SEND, including those who require Alternative Provision (AP), in Herefordshire.
3. In addition, the refreshed Education Strategy was agreed in the summer of 2024. This has five key priorities, the first being: Access to and availability of, high-quality educational places. Under this priority the council will:
 - a. maintain high-quality education across Herefordshire schools and settings
 - b. ensure all children and young people are educated in schools that are 'fit for purpose' in terms of condition, suitability and sufficiency
 - c. ensure that there are sufficient educational places for all, including those with SEND and across all phases
 - d. improve access to education to ensure equality of opportunity, promote inclusion, and support children and young people with additional needs to reach their educational potential
4. By adopting the SEND Strategy's approach and investment proposals over the lifecycle of the strategy, the council will be undertaking a planned and prioritised sequence of improvement works that continues to ensure that the statutory responsibility to provide sufficient high quality education places for children and young people with SEND/require AP is discharged.
5. The Council has experienced a rapid increase in demand for SEND and AP places, which have significantly exceeded previous predictions of the SEND Strategy. The numbers of children permanently excluded remained steady between 2017 until 2021. The numbers have since risen significantly and by May 2024 are already double the number for the whole academic year 2021/22.
6. As a result, the Council increasingly needs to use Independent Non-Maintained Special School (INMSS) places or independent, unregistered AP to meet this demand, as our local provision is

now full to its safe capacity. The number of INMSS placements has risen from 52 in 2020 to 112 in January 2024.

7. Costs for this type of specialist provision currently average £68k per annum with average associated transport costs of £8.8k per annum. These costs are considerably higher than the cost of a local specialist provision which would average at less than £20k per annum. The budget within the High Needs Block for INMSS places has risen from under £500k 6 years ago to just under £5.7million this year with an overspend again forecast for the end of the financial year.
8. Herefordshire has almost no spaces in its specialist settings to place any more children. The DfE have agreed to build a new 80 place special free school for children with complex autism and severe learning difficulties. This is welcome news and will help deliver what is our most pressing need. However, this does not address the increasing numbers of children with social, emotional and mental health (SEMH) difficulties, autism and learners who are at high risk of exclusion, or who are excluded from school.
9. To alleviate some of this pressure and to reduce the overspend, the grant will be used to relocate part of Herefordshire Pupil Referral Service ([HPRS](#)) onto one site, create a new special school at the Ryefield Centre in Ross-on-Wye and to increase our inclusion offer at Aylestone School, Leominster Primary and Trinity Primary.
10. HPRS provides Alternative Provision (AP) education arrangements for pupils who, because of exclusion, illness or other reasons, would not otherwise receive suitable education. The service is delivered across three sites. Pupil Referral Units (PRU) are located at St David's (KS4) and The Aconbury (KS3) with a short stay hospital and outreach education service at H3. The scope of this report seeks to focus on the relocation of the PRU's onto a single site. H3 will continue to operate from its current location and will be reviewed separately.
11. Both centres are seriously under-compliant compared to recommended space requirements from the DfE. Space for practical subjects and PE/Games is extremely limited, meaning delivery of a full curriculum cannot be provided onsite. This is far from ideal given the nature of the students and their preferences. The lack of space also means that there is limited opportunity to make meaningful interventions to get learners back into mainstream education.
12. Alternative provision is an important aspect of Herefordshire's offer to support children with additional educational needs. It should be used as an intervention, not a destination. High-quality alternative provision, including for social, emotional and mental health needs, will create additional capacity for mainstream school leaders and staff to address challenging behaviour earlier and re-engage pupils in education. Interventions will be based on a three-tier model with a focus on targeted support whilst children are in mainstream school, to deal with needs early and reduce preventable exclusion. Time-limited or transitional placements into an alternative provision setting will provide more intensive intervention or longer-term support where it is needed, before these young people return to a new mainstream setting or progress to a sustainable post-16 destination.
13. In 2022, feasibility studies were carried out at St David's and The Aconbury with a view of increasing teaching space so that a wider curriculum could be delivered and to be able to provide a high-quality outreach service. The feasibility studies concluded that neither St David's nor Aconbury could be extended on their current sites. As a result of the lack of space and the suitability issues, AP is now the priority area of current need.
14. Research from current Herefordshire school building projects and consultant data suggests that a new build AP provision would cost over £11 million to deliver (based on the requirement of 1975 square metres floor area @ £5000 p/m², plus 15% fees), which far exceeds the grant

available. Additional research into the commercial sales market has seen a recent example of a unit, with 2576m² floor area, selling for £2.95million (£1145 p/m²). As such, subject to the required checks, purchasing and refurbishing an existing commercial building, or the refurbishment of a council owned building, would appear to represent excellent value for money for the Council.

15. The Ryefield Centre is a council owned property located in Ross-on Wye. The vacant space was formally a grammar school, and more recently a children's centre. With some refurbishment to bring it to modern standards, the Ryefield Centre will become a new special school providing around 40 additional places for children with SEND.
16. In September 2023, four inclusion hubs were introduced at Aylestone School, Earl Mortimer, St Weonards Primary and Leominster Primary. Following their success, by remodelling existing space, we will extend this offer: Aylestone School will increase capacity from eight secondary learners to 16 in 2025 and 24 in 2026. Leominster Primary will increase its offer from eight to 16 learners to cater for Key Stage 1 (KS1) and Key Stage 2 (KS2) on a permanent basis. Trinity Primary will introduce a new provision in the form of 16 places that will accommodate KS1 and KS2 learners.
17. Over recent years, the Council has received ad hoc High Needs Provision Capital (HNPC) grants payments from the DfE. This grant funding is provided to create additional places and/or improving existing SEND and AP provision.
18. Projects at Hampton Dene Primary school and Barrs Court School are already being delivered to improve and create addition places within the previously approved budget of £2.67million. The remaining balance of the grant is £4.23million which will be used to fund the proposed projects.
19. The proposed projects have the potential to dramatically reduce the associated cost relating to new placements in INMSS outlined above.
20. The purchase and any capital work required as part of this programme will be procured and purchased in accordance with the council's contract procedure rules and policies.

Community impact

21. Using the resources available to the council to ensure that Herefordshire's school buildings are fit for purpose supports the PEOPLE priority in the [Council Plan 2024-2028](#) , which states "We want all children to have the best start in life" and the [Children & Young People's Plan](#) Pledge of helping children and young people succeed – be amazing.
22. The delivery plan 2024/25 includes the ambition to publish a plan to explore solutions through the High Needs Capital Grant to increase or improve SEN provision; that may include: resource-based provision, repurposing of existing council buildings, new build, and purchase and conversion of existing buildings.
23. The impact of the proposed purchase would mean that there would be more suitable placements for pupils with special needs within the county. This would also mean that pupils do not have to travel longer distances if placed in schools outside the area or independent schools
24. The schemes fit within the Schools Capital Investment Strategy, which sets out the council's approach to delivering the legal duty to ensure there are enough school places for the children in its area. In Herefordshire this will be done in a way that supports the delivery of high-quality education and contributes to the attractiveness of the county as a great place to live and work.

Environmental Impact

25. Herefordshire Council provides and purchases a wide range of services for the people of Herefordshire. Together with partner organisations in the private, public and voluntary sectors we share a strong commitment to improving our environmental sustainability, achieving carbon neutrality and to protect and enhance Herefordshire's outstanding natural environment.
26. The environmental impact of this proposal has been considered through the service specification and includes appropriate requirements on the contractor/delivery partner to utilising local suppliers, improving biodiversity where possible and reducing energy usage.
27. The council's specification for any refurbishment works will include appropriate requirements on the contractor/delivery partner to utilising local suppliers, improving biodiversity where possible and reducing energy usage

Equality duty

28. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows

A public authority must, in the exercise of its functions, have due regard to the need to –

- a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
29. The Equality Act 2010 established a positive obligation on local authorities to promote equality and to reduce discrimination in relation to any of the nine 'protected characteristics' (age; disability; gender reassignment; pregnancy and maternity; marriage and civil partnership; race; religion or belief; sex; and sexual orientation). In particular, the council must have 'due regard' to the public sector equality duty when taking any decisions on service changes.
 30. Our providers will be made aware of their contractual requirements in regards to equality legislation. Any refurbishment works carried out will be compliant with the Equality Act 2010 and new building regulations and will support improved accessibility.
 31. Any refurbishment works will seek to comply with the commitment statement in our Equality Policy 2024-2027, whereby "we will aim for the highest level of accessibility in all our proposals, and work with user groups as appropriate, to ensure that the design improves access for all".

Resource implications

32. Funding for the proposed projects will be entirely from HNPCG which is in the council approved capital programme. There is no match funding required from the council.

33. The figures below are high level indicative costs which will go out to competitive tender.

34. There will be no revenue cost implications as running costs are the responsibility of the unit/school.

Capital cost of project	2024/25	2025/26	2026/27	Future Years	Total
	£000	£000	£000	£000	£000
<i>Ryefield refurbishment</i>	20	430			450
<i>Leominster Primary Remodelling</i>	20	230			250
Aylestone remodelling	10	90			100
Trinity remodelling		30			30
<i>Purchase and refurbishment PRU</i>		3,000	400		3,400
TOTAL	50	3,780	400		4,230

Funding streams (indicate whether base budget / external / grant / capital borrowing)	2024/25	2025/26	2026/27	Total
	£000	£000	£000	£000
High Needs Provision Capital Grant	50	3,780	400	4,230
TOTAL	50	3,780	400	4,230

Legal implications

35. The legal implications have been incorporated in other parts of the report.

Risk management

Risk	Mitigation
There is sufficient funding in the HNCG to purchase the building but not to complete the refurbishment leaving part of the building not suitable for educational use	Additional costs for running a partly unoccupied building would be met by the High Needs Block in the short-term in the expectation of longer-term cost avoidance. Possible sources of the additional capital funding to avoid this could be (i) submitting a business case for Council capital spend, (ii) waiting for further High Needs Capital Grant in subsequent years beyond 2023-24, (iii) taking a loan from school balance surpluses within DSG or (iv) working with an academy provider to bid to the DfE for additional capital investment.

A suitable commercial property does not come onto the marketl.	We will continue to review the commercial market and any council owned opportunities. A continual review will need to be conducted to make sure we do not enter crisis. Short term solutions have been identified as a contingency.
Incompatibility of different cohorts of pupils occupying the same site	Discussion with the leaders of each school to understand any pupil dynamics that would be difficult to manage and to understand each schools mitigation.
Over supply of places	A commercial building will provide a more compliant offer. If demand diminishes eventually, the building could be sold as a commercial property. This is a low risk for the foreseeable future as demand continues to rise.
DfE registration – there is a small risk of refusal to grant changes for providers, especially where academy providers are concerned	There is a need to involve legal and governance teams to ensure that any changes are compliant with DfE guidance.
Outside space at some of the settings	A commercial building would likely have some hard play space to provide playground and Multi Use Games Area (MUGA) facilities. Depending on the location of the building, negotiation to share grass playing space could be considered with other nearby schools.
Change of use not granted	There is a need to work with the planning team to ensure that change of use would be granted. The purchase and refurbishment would not start until change of use has been granted.
Dissatisfaction at choices for a new building-Other providers might feel aggrieved at the offer to some providers of this improved facility	Continuing work and dialogue on improving all school facilities to bring them to an acceptable standard within DfE guidelines and Building Regulations.

Consultees

36. There was no consultation on this report. Consultation was carried out in respect of the Herefordshire Capital Investment Strategy 2021-2030 For Specialist Settings Educating Children and Young People with Special Educational Needs and Disabilities (SEND).
37. An online Political Groups Consultation took place on 16 July 2024 regarding the relocation of the PRU. The meeting was recorded and shared with all ward members, who were given 7 days to submit any further comments. No further comments were received. Members attended from: The Green Party, Independents for Herefordshire, True Independents and the Liberal Democrats. No objections were raised. The feedback provided/questions asked have been answered in this report.

38. An further online Political Groups Consultation took place on 28 October 2024 regarding the Ryefield Centre and inclusion hubs. The meeting was recorded and shared with all ward members. No further comments were received. Members attended from: The Green Party, Independents for Herefordshire, True Independents and the Liberal Democrats. No objections were raised.

Appendices

None

Background papers

None identified

Report Reviewers Used for appraising this report:

Please note this section must be completed before the report can be published		
Governance	John Coleman	Date 22/10/2024
Finance	Karen Morris	Date 22/10/2024
Legal	Sean O'Connor	Date 21/10/2024
Communications	Luenne.featherstone	Date 23/10/2024
Equality Duty	Harriet Yellin	Date 22/10/2024
Procurement	Carrie Christopher	Date 24/10/2024
Risk	Chris Jones	Date 18/10/2024
Approved by	Tina Russell	Date 25/10/2024

[Note: Please remember to overwrite or delete the guidance highlighted in grey]

Please include a glossary of terms, abbreviations and acronyms used in this report.