REPORT TO CABINET

September 2026

REPORT OF CORPORATE MANAGEMENT TEAM

CABINET DECISION

Children and Young People - Lead Cabinet Member – Councillor Clare Besford

SEND Reform Programme – Education White Paper and Local Area Reform Plan Update

Summary

This report provides Cabinet with an update on the Government's SEND Reform Programme and the local response to the reforms. The Council is working jointly with the North East and North Cumbria Integrated Care Board (ICB), has submitted its Local Area Reform Plan (LARP) to the Department for Education (DfE). The local area is currently awaiting the outcome of the assessment process, expected in October 2026. Alongside this it seeks Cabinet approval for the allocation of capital funding to support three priority projects identified within the LARP as being critical to address the deficit within the Dedicated Schools Grant (DSG) and more specifically the High Need Block.

Reasons for Recommendation

The SEND Reform Programme represents the most significant reform of the SEND system for a generation and has substantial implications for local education, health and care services. Cabinet oversight is required given:

- the submission of Stockton-on-Tees' Local Area Reform Plan;
- the significant financial implications for the High Needs Block;
- the requirement to deliver the ambitious programme of reform set out within the Plan; and
  the potential write-off of approximately 90% of the cumulative DSG High Needs deficit, subject to Department for Education approval.

  With regard to the Capital interventions Cabinet approval is required for the following reasons:

• All three projects involve significant capital expenditure. In accordance with Council governance procedures, Cabinet approval is necessary to authorise the approval and investment of the required funds.
• These investments are integral to the delivery of Stockton's LARP and driving down the pressure on the DSG, primarily through increasing capacity and delivering cost avoidance
.• Approval at this stage will enable project teams to proceed with delivery, ensuring that works are completed in a timely manner.

Recommendations

Cabinet is recommended to:

1. Note the closure of the national SEND Reform consultation and the submission of the Local Area Reform Plan to the Department for Education.

2. Note that the Council and the North East and North Cumbria Integrated Care Board are awaiting the outcome of the assessment process, expected in October 2026.

3. Note the significant financial implications of approval of the Local Area Reform Plan, including the potential write-off of approximately 90% of the cumulative DSG High Needs deficit.

4. Endorse the continued delivery of the SEND Reform Programme and associated transformation activity set out within the Local Area Reform Plan

5. Agree to invest up to £2m of capital funding, to create a new 50 place SEMH school. This is to undertake necessary building work to adapt and expand an older building to create the required places.

6. Agree to invest £1.4m of capital funding to expand the existing Early Support Nursery to create up to 10 extra spaces. This is to undertake necessary building work to adapt the existing provision to create the required places.

7. Agree to invest £3.75m of capital funding be to expand the Ash Trees Academy Special School in building onto the Sandown Road site to create up to 40 additional specialist primary spaces. This is to undertake necessary building work to adapt the existing provision to create the required places.

8. Delegate authority to the Director of Children's Services, in consultation with the Cabinet Member for Children and Young People, to take all necessary steps to deliver the projects within the approved budgets.

9. Cabinet delegate the transfer of budget caused by cost variations within the approved programme to the Section 151 Officer and the Director of Children's Services in consultation with the Cabinet Member for Resources and Transport and the Cabinet Member for Children's and Young People.

10. Delegate authority to the Director of Children's Services, in consultation with the S151 officer and Cabinet Member for Children and Young People, to allocate the contingency of £860,000 if required within the three schemes within the approved programme.

11. Delegate authority to the Director of Children's Services in consultation with the Director or Corporate Services to award the construction contract to deliver recommendation 1 to a value of £1.7m including variation, annual inflationary uplifts (where allowed in the contract terms and conditions) and extension decision.

Detail

12. The national consultation "SEND Reform: Putting Children and Young People First" concluded in May 2026. The Government is currently considering responses received and has indicated that further detail regarding implementation arrangements and legislative changes will follow. Existing statutory SEND duties remain unchanged during the transition period.

13. As required by the Department for Education, Stockton-on-Tees Borough Council and the North East and North Cumbria Integrated Care Board jointly developed and submitted a Local Area Reform Plan in June 2026. The Plan sets out the borough's approach to:

    a. strengthening inclusive practice within mainstream education;
    b. improving early identification and intervention;
    c. developing the Experts at Hand model;
    d. increasing local sufficiency and reducing reliance on independent provision;
    e. strengthening Alternative Provision pathways; and
    f. improving partnership governance, quality assurance and co-production.

14. The Department for Education is currently reviewing submissions, and the outcome is expected in October 2026. If approved, Stockton-on-Tees would receive High Needs Stability Funding which would write off approximately 90% of the cumulative DSG High Needs deficit.

15. At the end of the last financial year, the cumulative DSG deficit stood at approximately £17.13m. Subject to approval of the Local Area Reform Plan, the Council expects to receive approximately £15.4m of High Needs Stability Funding.

16. Assuming the High Needs Stability Funding arrangements continue the same basis during 2026/27, the Council would be required to fund approximately 10% of the projected 2026/27 deficit, equivalent to approximately £1.52m. The Local Area Reform Plan therefore represents a significant opportunity to restore financial sustainability whilst delivering improved outcomes for children and young people with SEND.

Consultation and engagement

17. The national consultation on SEND Reform has now concluded. Locally, the development of Stockton-on-Tees' Local Area Reform Plan was informed by a comprehensive programme of engagement and co-production involving children and young people, parents and carers, educational settings, school leaders, academy trusts, the Stockton Parent Carer Forum, health partners, social care services and wider stakeholders.

18. Engagement activity included workshops, briefings, listening events, existing governance forums, school networks, Parent Carer Forum discussions and youth participation activity. Feedback received through these processes directly informed the priorities, assumptions and delivery plans set out within the Local Area Reform Plan, particularly in relation to inclusion, early identification, sufficiency, alternative provision, co-production and preparation for adulthood.

Capital Interventions

19. In Spring 2026, following allocation of funding by the Department for Education and further funding being obtained, the Council currently have £8.01m of unallocated capital funding from a range of sources (a summary is provided below).

- £7.75m Unallocated High Needs Capital Funding
- £0.26m of Developer Contributions

SEMH Special School

20. This proposal is to develop a 50 place SEMH special school in Stockton, delivered through partnership with Spark of Genius (who also run the King Edwin Specialist Provision). This joint venture approach supports long-term sustainability and is unique to Stockton on Tees.

21. This provision would directly support sufficiency, reduce pressure at transition points (particularly Year 6–7 where we are seeing the highest movement into independent placements), and contribute to financial sustainability of High Needs. It also links strongly to AP reduction and a reduction of children with no current school place.

22. This intervention is directly informed by local demand data, which clearly identifies SEMH as one of the most significant and fastest-growing areas of need within Stockton.

23. The current system is not able to meet need locally at the point where demand peaks most significantly. This has significant negative financial impact.

24. This provision would increase SEMH capacity and expertise, reduce reliance on independent placements, reduce exclusions and AP placements, lead to better outcomes and greater stability for young people and keep children closer to their families and community. All clear aims within the LARP.

25. This proposal would utilise the Skills Academy building in Billingham which is a council asset.

26. Design work has been completed RIBA Stage 2 and identified a budget requirement of £2m. At this stage of design, there is still a reasonable element of risk, as such a significant contingency of £400k has been built into this estimate.

27. This intervention is forecast to generate cost avoidance of £395,000 per annum. This is as a consequence of children taking up a place in the lower cost placement compared to the average agency cost of a child with SEMH needs as outlined in the table below.

	Per Place p.a.	50 Places p.a.
Revenue cost p.a. (average SEMH placement)	£67,116	£3,355,800
Revenue cost of additional joint venture placement	£59,219	£2,960,950
Potential annual cost avoidance	£7,897	£394,850

28. It should be noted that replicating the arrangement of King Edwin School the Council would also receive a rental income for the asset alongside a profit share from the Joint Venture.

Early Support Nursery expansion

29. Expand Early Support Nursery within Thornaby Family Hub to 30 places (from 20) building on an existing provision and footprint.

30. This project is about prevention and reducing inequality early. It supports children with the most complex needs at the earliest stage and improves long-term outcomes and ensures support is planned in a timely way.

31. This project directly supports early intervention and prevention, reduces escalation into EHCPs and specialist provision, and contributes to long-term sustainability.

32. This intervention is informed by evidence showing increasing demand across early years, particularly for children with ASD, SLCN and complex developmental needs.

33. Expanding the Early Support Nursery will deliver earlier identification and support, reduce escalation of need, improve school readiness which aligning with our duties in the Best Start in Life Plan and will help to reduced long-term specialist demand as per the plans in the LARP.

34. As the Early Support Nursery is Local Authority maintained, it also gives increased LA oversight of SEND support and EHCPs in the Early Years cohort to ensure effective transition planning and destinations.

35. Design work on this has been completed to RIBA stage 2. This has identified a budget requirement of £1.4m. At this stage of design, there is still a reasonable element of risk, as such a significant contingency of £300k has been built into this estimate.

36. For the first 2 years this intervention would cost the Council an additional £195,000 due to the costs of delivering the extended Early Support Nursery. However from year 3 onwards there will be a cost avoidance of £495,000 per annum as it is anticipated the first cohort of the extended Early Support Nursery would go to a provision within a special academy (E.g. Project 3 below) as opposed to being placed in an intendent special school. This is shown in the tables below:

Years 1 and 2

Years 1 and 2	Per Place p.a.	10 Places p.a.
Revenue staffing costs including on-costs (prior to 2026/27 pay award).	£23,500	£235,000
Estimated additional Early Years DSG funding **	(£4,000)	(£40,000)
Potential annual cost avoidance	**£19,500**	**£195,000**

Year 3 onwards

Year 3 onwards	Per Place p.a.	10 Places p.a.
Average Independent Special School placement (Speech, Language and Communication needs)	£69,000	£690,000
Revenue staffing costs including on-costs (prior to 2026/27 pay award).	£23,500	£235,000
Estimated additional Early Years DSG funding **	(£4,000)	(£40,000)
Potential annual cost avoidance	**£49,500**	**£495,000**

Expansion of Ash Trees Academy

37. The Expansion of Ash Trees Academy will provide 40 additional primary specialist places (approx. 5 classrooms).

38. This project will Increase local specialist provision and will support children to remain in Borough. It will also address a clear gap in primary sufficiency.

39. This provision will directly support improved transitions, particularly addressing the significant spike at Year 6 (63 children moving to independent placements). It will help stabilise need earlier.

40. In taking forward this project, the council will be increasing primary specialist capacity, ensuring better transition outcomes and reducing the number of independent placements which is a clear aim of the LARP. It will also provide greater stability for our children and young people.

41. Design work on this has been completed to RIBA stage 2. This has identified a budget requirement of £3.75m. At this stage of design, there is still a reasonable element of risk, as such a significant contingency of £500k has been built into this estimate.

42. This intervention is anticipated to avoid costs of £1.213m per annum. This is based on the cost differential between 30 places at a special academy compared to the current cost of an independent special school. It should be noted that the cost avoidance of the first 10 places at this provision have been accounted for in project 2 linked to the expansion of the Early Support Nursery above.

	Per Place p.a.	40 Places p.a.
Average Independent Special School placement (ASD/SLCN)	£69,000	£2,760,000
Current cost at Special academy	£26,300	£1,052,000
Less: saving identified in Project 2 relating to 10 additional ESN places	N/A	£495,000
Potential annual cost avoidance	**N/A**	**£1,213,000**

General Contingency

43. Whilst contingency and inflation are built into the project estimates above, for financial prudence it is suggested that the remaining available funding of £860,000 programme contingency be held for the interventions, with approval given by members for this to be allocated as required to the Director of Children's Services and the Director of Finance Revenues, Benefits and Welfare, in line with cabinet's approved delegated responsibilities.

Community Impact and Equality and Poverty Impact Assessment

44. EPIAs were undertaken as part of planning and no mitigating actions were required.

Corporate Parenting Implications

45. There are no implications on the corporate parenting role

Financial Implications

46. The £8.01m of costs identified in this report, are funded from the £8.01m of resources outlined in paragraph 19.

47. These interventions utilise all available funding. Any new interventions not covered within the current capital programme would require further funding to be identified.

48. The schemes covered within this report are summarised below:

SEMH Special School	£2,000,000
Early Support Nursery expansion	£1,400,000
Expansion of Ash Trees Academy	£3,750,000
Contingency on the above	£860,000
TOTAL	**£8,010,000**

Legal Implications

49. The Council as Local Education Authority has a duty under The Children and Families Act 2014 to ensure sufficiency of suitable educational placements for Children and Young People with SEND

50. Any failure to meet these duties can result in Judicial reviews brought by families or SEND Tribunal rulings against the council, requiring costly out-of-area placements or compensatory education being issued by the Local Ombudsman.

51. Cabinet must also consider any potential breach of rights under the following legislation if sufficient provision for children and young people cannot be allocated within the borough.

a. The Children and Families Act 2014.

b. The Equality Act 2010.

c. The Human Rights Act 1998.

Risk Assessment

52. These SEND investments linked to the LARP are categorised medium risk. Existing management systems and daily routine activities are sufficient to control and reduce risk

Wards Affected and Consultation with Ward/Councillors (refer to Concordat for Communication and Consultation with Members)

53. No impact to wards noted.

Background Papers

54. No Background papers.

Name of Contact Officer: Elisha Dyball

Post Title: Strategic Lead SEND Practice

Telephone number: 01642 527164

Email address: Elisha.Dyball@stockton.gov.uk