

SURREY COUNTY COUNCIL**CABINET****DATE:** 25 JUNE 2024**REPORT OF CABINET MEMBER:** CLARE CURRAN, CABINET MEMBER FOR CHILDREN, FAMILIES AND LIFELONG LEARNING**LEAD OFFICER:** RACHAEL WARDELL, EXECUTIVE DIRECTOR CHILDREN, FAMILIES AND LIFELONG LEARNING**SUBJECT:** SPECIAL EDUCATIONAL NEEDS AND DISABILITIES (SEND) AND ALTERNATIVE PROVISION (AP) CAPITAL PROGRAMMES AND SPECIALIST SUFFICIENCY TO 2031/32**ORGANISATION STRATEGY PRIORITY AREA:** GROWING A SUSTAINABLE ECONOMY SO EVERYONE CAN BENEFIT/ EMPOWERING COMMUNITIES**Purpose of the Report:**

Between 2019/20 and 2023/24 Cabinet approved the strategies and capital investment of approximately £217m for Surrey's Special Educational Needs and Disabilities (SEND) Capital Programme and around £43m for the Alternative Provision (AP) Capital Programme, a total of £260m overall. With approved investment, the capital programmes were aiming to create capacity of up to 5,760 state-maintained specialist places by 2030/31.

Challenges including safety standards updates, new conservation liabilities and legislative changes, and ongoing global economic turbulence which affect the construction sector and the costs of all of the Council's capital programmes have continued to increase significantly, impacting the original programmes' delivery within allocated capital budgets.

Cabinet approval is sought to make some changes to the planned use of the remaining total Capital Funding available, reaffirmed by Full Council in February 2024 budget setting and reflected as £189m approved budget allocations in the Medium Term Financial Strategy (MTFS) for the Council's Special Educational Needs and Disabilities (SEND) Capital Programme and the Alternative Provision (AP) Capital Programme for 2024/25 to 2027/28.

The capital investment will enable construction of 2,404 permanent additional specialist places overall and reprovision of 625 place accommodation in existing schools which is no longer fit for purpose to enable viable expansion between 2019/20 to 2027/28, increasing the state-maintained specialist education estate by 74% to 5,761 capacity by 2031/32.

The additional state-maintained specialist provision within Surrey will create a total of 450 new specialist mainstream places in SEN Units and Resourced Provision in mainstream schools and academies (collectively referred to locally as 'Centres'), 1,913 new places in existing Specialist Schools and new Special Free Schools, and 41 additional places in Alternative Provision Schools and Academies.

This is to provide Surrey children with additional needs and disabilities the best opportunities for improved outcomes, to have access to high quality education as close to home as possible, to feel included in their school and local community, and to transition successfully into adulthood.

Recommendations:

It is recommended that Cabinet:

1. Approves the reprofiling of the total Capital Funding approved by Full Council in February 2024 and reflected as a total of £189m budget in the Medium Term Financial Strategy (MTFS) for the Council's Special Educational Needs and Disabilities (SEND) Capital Programme and the Alternative Provision (AP) Capital Programme for 2024/25 to 2027/28.
2. Agrees redirection of resources totalling £5.3m from the approved SEND budget allocation of £148.86m to the approved AP budget allocation of £40.09m for 2024/25 to 2027/28, thereby providing £143.6m for the SEND capital budget and £45.4m for the AP capital budget for 2024/25-2027/28 overall. This enables committed and planned SEND and AP programmes delivery within the approved budgets.
3. Approves withdrawal of six planned projects from the SEND Capital Programme which are not affordable within the 2024/25-2027/28 budget allocation for SEND capital.
4. Agrees to the acceptance of capital liabilities for the new 150 place Special Free School awarded to the Council by the Secretary of State for Education on 13 May 2024 to be funded and delivered by the Department for Education by 2028/29, and addition of four new 20 place specialist Resourced Provisions in maintained mainstream secondary schools and academies ('Centres') which are affordable within the 2024/25-2027/28 budget allocation for SEND capital.
5. Approves the delegation of authority to allocate resources from the approved SEND and AP Capital budgets required for individual projects to the Cabinet Member for Children, Families and Lifelong Learning, following Capital Property Panel's (CPP) financial scrutiny and endorsement. This is in line with Full Council approved amended Financial Regulations from March 2023.
6. Delegates authority to the Section 151 officer, in consultation with the Director of Land and Property, to finalise and approve the terms of all associated legal contracts and agreements to facilitate the recommendations in this paper and approves procurement of the supply chain for the delivery of all associated services required, in accordance with the Council's Procurement and Contract Standing Orders.

Reason for Recommendations:

- Continued investment in the Council's Special Educational Needs and Disabilities (SEND) Capital Programme and the Alternative Provision (AP) Capital Programme 2024/25 to 2027/28 delivery tranches will generate a positive impact on outcomes for Surrey resident children with complex additional needs and disabilities, as well as improving the Council's financial sustainability.
This is aligned with Surrey's partnership Inclusion and Additional Needs strategy, Safety Valve Agreement with the Department of Education and local area post-inspection improvement plans.
- The 33 remaining committed and planned SEND capital projects and five AP capital projects that are proposed to progress are business critical to ensure Surrey County Council (the Council) discharges its statutory duties under Section 3 of the Local Government Act 1999, Sections 13 and 14 of the Education Act 1996 and Part 27 Section 3 of the Children and Families Act 2014.
- The additional capital liabilities for the proposed new special free school, four new mainstream secondary age specialist Centres and confirmed cost increases against 15 committed and planned SEND capital projects and five AP capital projects are affordable within the total Capital Funding approved by Full Council in February 2024 and reflected as a total of the £189m budget in the Medium Term Financial Strategy (MTFS) for the Council's Special Educational Needs and Disabilities (SEND) Capital Programme and the Alternative Provision (AP) Capital Programme for 2024/25 to 2027/28.
- As all project budgets are above the current threshold for £1m, Cabinet's delegated authority is required to enable the Cabinet Member for Children, Families and Lifelong Learning to approve budgets and allocate resources from the approved Capital budget allocations for the Special Educational Needs and Disabilities (SEND) Capital Programme and the Alternative Provision (AP) Capital Programme to individual projects following Capital Programme Panel (CPP) scrutiny and endorsement of financial business cases.
- To that end, agreement is sought for the proposed change to scope and use of defined resources to enable project progression against the Procurement Forward Plan, so that committed and planned capital projects' contracts can be awarded to facilitate target delivery timescales between 2024/25 and 2027/28.

Executive Summary:

Business Case

1. Surrey County Council's Safety Valve Agreement with the Department for Education (March 2022), which aims to eliminate the council's Dedicated Schools Grant High Needs Block (DSG HNB) deficit, includes a condition to deliver an ambitious Special Educational Needs and Disabilities (SEND) and Alternative Provision (AP) Capital programme that will improve the long-term sufficiency of state-maintained specialist educational provision that meets the needs of communities across Surrey.
2. The capital programmes are part of Surrey County Council's Additional Needs and Disability (AND) Transformation Programme and are a significant contributor to the Council's Safety Valve Agreement with the Department for Education (DfE) to achieve overall £150m cost containment by 2026/27.
3. Surrey's High Needs trends (Appendix A) continue to be a significant outlier compared to the county's ten closest statistical neighbours and All England benchmarking, which leads to too many young people with additional needs being separated from their peers. A planned step change is required for how the Council and key partners provide support for children and young people with additional needs and disabilities concurrently with the SEND and AP Capital Programmes' delivery, achieving necessary modifications to commissioning trends which are financially viable.
4. Based on the previous five years' actual sufficiency data, if current local authority commissioning trends continued, then the anticipated growth of children and young people aged 4-19 years requiring a specialist school place in Surrey's state-maintained specialist education estate would peak in 2029/30, with growth of 29% since 2022/23, projecting a total of 6,345 pupils. This is equivalent to a 10 % increase on previous projections that underpin the currently approved scope of the SEND and AP Capital Programmes, and therefore means that the Council, Trusts, schools and wider system-partners need to flex the approach to continue to meet Surrey resident children's needs.
5. The aim of the SEND and AP Capital Programmes is to create a fit for purpose state-maintained estate with more places for Surrey resident children with special educational needs, reducing reliance on out of county and Non-Maintained Independent (NMI) placements. The main goals are to increase the availability of Centres in mainstream schools, and to create additional places in specialist school provision within Surrey to provide local children with the most complex profiles of need the best opportunities for improved outcomes. This will help our children feel more included, to transition successfully into adulthood, and provide high quality education closer to home.
6. So far (2019/20-2023/24), 43 permanent construction projects have been successfully completed, delivering 1,058 additional built places with around £71m spend to year end 2023/24 (Appendix B). Expansion of our specialist education estate by 28% since 2019 has increased the number of maintained specialist places in Surrey from c3,320 places when the programme started in 2019 to around 4,240 place capacity now (Appendix C).

- 7. Annual additional place availability differs from annual built places. This is because once construction projects have been completed and new provision is handed over, schools and Trusts need to build their staffing and resource capacity against planned pupil place growth and funding models agreed with the Commissioning Authority and DfE.
- 8. Table 1 details the impact of specialist education estate expansion, successfully realising over £24m cost containment to Surrey’s Dedicated Schools Grant High Needs Budget High Needs Block (DSG HNB) against the target of £23m between financial years 2019/20-2023/24.

Table 1: Capital Delivery and Sufficiency Impact 2019/20-2023/24

Year	2019/20	2020/21	2021/22	2022/23	2023/24	TOTAL
Additional Built Places delivered in the period 2019/20-2023/24	1,058					1,058
New Places Used by Commissioning Authority in the period 2019/20-2023/24	77	74	285	247	197	880
Incremental Cost Containment in the period 2019/20-2023/24 <small>(based on average £30k difference between Independent and state-maintained school place costs per pupil per year)</small>	£1.54m	£2.25m	£6.44m	£7.79m	£6.41m	£24.43m
DfE Safety Valve Capital and Sufficiency Strand Targets in the period 2019/20-2023/24	£23.1m					£23.1m

- 9. AND Transformation Programme portfolios are subject to an annual ‘health check’ whereby performance to date against key strategies, budget allocations, organisational priorities and future plans are reviewed in detail against benefits realisation. For the capital programme, this was conducted between November 2023 and April 2024. The review included detailed analysis of delivery viability and cost with the Council’s lead technical consultant, AtkinsRéalis, and examination of projected need in the medium to long term against planned growth to the current state-maintained specialist education estate with key stakeholders.

10. Conclusions of the review suggested that it is now costing more to deliver the remaining approved scope of the SEND Capital Programme and the AP Capital Programme within the approved budget allocations totalling £189m for 2024/24-2027/28. Challenges including safety standards updates, substantial maintenance obligations at viable school sites to enable successful expansion, and ongoing global economic turbulence during this have affected costs from 2023/24 to 2027/28, in turn impacting the original programmes' delivery within the allocated capital budgets.
11. New conservation liabilities and legislative changes impact all of the Council's capital programmes. The majority of the remaining committed and planned projects in the SEND and AP Capital Programmes are medium and major new build requiring longer programmes with greater exposure to market risk. This is as compared to the previous delivery tranches where a considerable proportion were refurbishment, internal adaptations and small-to-medium new build only.
12. The UK has been experiencing the highest levels of inflation for decades, putting significant pressure on the cost of delivering services. Coupled with continued unstable market conditions and additional legislative liabilities specific to the construction sector, increasing need and fixed Government funding, this requires an increased focus on financial management to ensure the Council can continue to deliver services within available funding.
13. To conclude the SEND and AP Capital Programmes' annual review, an options appraisal was modelled, costed, and assessed against the Council's partnership Inclusion and Additional Needs Strategy, Post-inspection local area improvement plans and Safety Valve agreement. The appraisal informed necessary changes to planned capital spend and scope to deliver the SEND and AP capital programmes within the available budget allocations. The options appraisal developed with Education and Commissioning Services and wider stakeholders was presented to the Corporate Leadership Team (CLT) on 30 April 2024 and to the Cabinet on 14 May 2024. These options included where Cabinet's decisions are required on:
 - a. Projects in development where additional capital investment within approved budget allocations is needed to address the projected budget shortfall against fifteen SEND projects and five AP projects enabling contracts to be awarded and schemes to proceed.
 - b. Proposed changes to the programme's current scope to align with the Inclusion and Additional Needs Strategy objectives, including national reform and evolving local area improvement plans to best meet local need in the long term. This includes six current planned projects that will now not continue to be progressed and five new competitive application opportunities for schools and Trusts (Appendix D)
14. Agreement to progress delivery of the next 38 SEND and AP projects between 2024/25 and 2027/28 is essential to enable contracts to be signed in time to ensure delivery achieves annual place availability and long term sufficiency from 2024/25 to 2032/33 (Appendix E). Failure to achieve annual sufficiency targets increases the Council's risk to default and compliance on Surrey's Safety Valve Agreement, resulting enhanced

monitoring by DfE and suspended payments to the Dedicated Schools Grant High Needs Block.

15. Proposed changes to approved capital budget allocations and scope would achieve overall specialist education estate expansion by 74% from around 3,320 places when the SEND and AP Capital Programmes started in 2019, to 5,761 places by 2031/32 (Appendix E). Continuing to increase capacity in the state-maintained specialist education estate is essential to Surrey delivering a sustainable High Needs Block.
16. Table 2 shows the impact of specialist education estate expansion, successfully realising a further £47.7m cost containment to Surrey’s Dedicated Schools Grant High Needs Budget High Needs Block (DSG HNB) between financial years 2024/25-2032/33.

Table 2: Capital Delivery and Sufficiency Impact 2024/25-2032/33

Year	Previous Years	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	GRAND TOTAL
Additional Built Places to be delivered in the period 2024/25-2027/28	1,058	1,346				0					2,404
New Places Available for Use by the Commissioning Authority in the period 2024/25-2031/32	880	261	264	174	261	228	144	96	96	0	2,404
Incremental Cost Containment in the period 2024/25-2032/33 <small>(based on average £30k difference between independent and state-maintained school place costs per pupil per year)</small>	£24.43m	£7.19m	£7.89m	£6.12m	£6.96m	£7.71m	£5.16m	£3.36m	£2.88m	£0.96m	£72.12m
DfE Safety Valve Capital and Sufficiency Strand Targets for the period 2024/25-2032/33	£23.1m	£43.9m									£67m

Benefits of the proposed action for Surrey residents include

17. Surrey resident pupils with additional needs and disabilities who require a specialist school or alternative provision placement can attend their nearest most appropriate state-maintained school close to home and rooted in their local community.
18. Provides residents in identified areas of the county where there are identified shortfall of specialist provision access to the same level of high-quality specialist support as the rest of Surrey.
19. Helps to ensure Surrey’s Local Offer continues to match the identified needs of children and young people who have additional needs and disabilities across the county.

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20. Aligns with Surrey's Preparation for Adulthood programme and strategy for post-16 to create local further education and employment pathways such as apprenticeships and supported internships. This enables Surrey resident pupils who have additional needs and disabilities to make a successful transition to adulthood and secure future employment.
 21. Reduces journey times between home and school and associated transport costs and maximises opportunities for pupils to develop independent travel skills where possible. This will also help to address local congestion around specific school sites as well as traffic flow around the county, which will be of benefit to Surrey's Green Agenda.
 22. The new local mainstream, specialist school and alternative provision places ensure children with additional needs and disabilities have increased access to the right local educational provision that achieves high quality outcomes. Improved and increased provision of specialist provision in mainstream schools enables more Surrey-resident children with additional needs to attend the same schools as their siblings and neighbours, and state-maintained specialist school provision closer to their home.
 23. The SEND and AP Capital Programmes directly support considerable achievement of containment of cost that results in an in-year balance in the DSG HNB by 2032/33, allowing Surrey to continue to deliver services and support for children, young people, and families, whilst remaining financially sustainable.

Consultation:

24. Public consultation continues to be undertaken in line with Department for Education statutory processes for Making Significant Changes to Maintained Schools or an Open Academy by Mutual Agreement processes. This public-facing work has demonstrated that fair and open local consultation has been undertaken with all stakeholders who could be affected by the proposed change, and that the Local Authority or Academy Trust has considered all responses received.
25. The Lead Cabinet Member for Children, Families and Lifelong Learning and the Regional Director approvals for the statutory significant changes on behalf the Secretary of State for Education have been secured where necessary.
26. Public consultation continues to be carried out for each approved project in line with statutory Planning Consultations and Judicial Review periods for Land and Property developments.

Risk Management and Implications:

27. All Council building and refurbishment projects are required to include risk, issue, and quality registers. Identified risks and planned mitigations at Programme-level are outlined below:

	Risk description	Mitigation action/strategy
i.	Change of scope/ technical approach and impact on project costs	<p>Projects have been and continue to be assessed through detailed feasibility and progressed through RIBA (Royal Institute of British Architects) Plan of Work stage boundaries. Capital delivery has rigorous monitoring and change control procedures in place. Final costs have been determined for all schemes and validated against updated benchmarking by SCC’s appointed cost consultants AtkinsRéalis. These include:</p> <ul style="list-style-type: none"> • Construction costs • Professional fees • Inflation • Client costs • Appropriate costs and contingencies associated with improved sustainability standards, new conservation requirements and considerations relating to buildings that are net zero carbon in operation and with additional climate resilience measures.
ii.	Ongoing volatile construction industry market conditions	<p>Appropriate contingency provision has and continues to be determined prior to progression to RIBA stage 5 Construction. The technical approach and scope for individual schemes is defined against capped budgets and updated industry and sector benchmarking. Any risks that may arise during the builds are proactively managed out within approved budget allocations.</p>
iii.	Planning Approval and adherence to statutory determination timescales	<p>Planning approval is secured for projects in contract and due imminent contract start. Planning approval continues to be sought and due process adhered to, as advised by SCC’s appointed Planning Consultants Vail Williams. Mitigated by Land and Property Service Level Agreement agreed and in place, and additional resource for Reg 3 for additional planning officers and ongoing monitoring. Regular monthly meetings set up by Capital delivery portfolios to enable better communications between teams and proactive issue management.</p>
iv.	Procurement timescales	<p>Mitigated by ongoing work to identify most efficient and appropriate procurement routes per scheme between SCC teams and wider consultant team to ensure prompt finalisation.</p>
v.	Meeting the Safety Valve Agreement	<p>The addition of the three DfE Special Free Schools (Betchwood Vale Academy, Frimley Oak Academy and the New Special Free School) beyond the current Safety Valve agreement enables potential cost containment of £72m is achievable overall with proposed changes to the SEND and AP Capital budget allocations. This reduces pressure on other less mature Safety Valve strands by around £5m.</p>

28. Each project's scope must meet statutory and legislative requirements and design guides for SEND and AP education provision (Building Bulletin 104). Designs have been reviewed and value engineered to be restricted to essential requirements for the schools, with cost effective designs and materials selected to ensure efficiency of investment.
29. CPP's endorsement provides assurances of consistency with the Council's Corporate Strategy, Capital and Investment Strategy, Asset and Place Strategy, Highways & Transportation Asset Management Plan and Directorate Strategies.

Financial and Value for Money Implications:
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30. The previous approved Medium Term Financial Strategies (MTFS) between 2019/20-2022/23 and 2023/24-2027/28 provided budget allocations of £217m for the SEND Capital Programme and £43m for the AP Capital Programme, totalling £260m overall.

Table 3: Total SEND Capital and AP Capital budget allocations

MTFS Budget Allocations 2019/20-2027/28	
SEND Capital budget	£217m
AP Capital budget	£43m
TOTAL	£260m

31. Between financial years 2019/20 and 2023/24, 43 completed schools construction projects delivered accommodation for 1,058 additional built places at a cost of £71m.

Table 4: Total spend against SEND Capital and AP Capital budget allocations

Spend against approved budget allocations: Financial Years 2019/20-2023/24	
SEND Capital Spend	£68m
AP Capital Spend	£3m
TOTAL	£71m

32. Remaining approved budget allocations, reaffirmed by the Council in February 2024 budget setting for financial years 2024/25-2027/28 are:

Table 5: Remaining approved SEND Capital and AP Capital budget allocations

Remaining approved budget allocations: 2024/25 to 2027/28	
SEND Capital budget	£149m
AP Capital budget	£40m
TOTAL	£189m

33. Although significant progress has been made to improve the Council's financial position, the financial environment remains challenging. The remaining funding available to deliver the SEND and AP Capital Programmes' 2024/25 to 2027/28 delivery tranches is £189m, which includes the 2023/34 carry forward. This is part of the refreshed Capital MTFS (Medium Term Financial Strategy) approved by Cabinet in February 2024.

34. Cabinet’s approval for reprofiling of the budget allocations would provide £143.6m for SEND Capital (reduced from £148.86m) and £45.4m for AP Capital (increased from £40m) against committed and planned projects in the remaining delivery tranches.

Table 6: Remaining approved SEND Capital and AP Capital budget allocations

Revised Approved Budget Allocations: 2024/25 to 2027/28	
SEND Capital budget	£143.6m for the 33 remaining SEND projects
AP Capital budget	£45.4m for the remaining 5 AP projects
TOTAL	£189m

35. Continued investment within the approved budgets will deliver a total of 2,404 additional specialist school places and re-provide 625 existing places which are currently in accommodation that is at end of life and not fit for purpose to meet the changing needs of children with additional needs and disabilities.
36. Table 7 details the profiled spend against the 38 named SEND and AP projects that are affordable within the approved MTFs and will be taken forwards under the SEND and AP Capital Programme’s delivery tranches. All projects have confirmed scopes and capped budgets that the Council’s appointed Cost Consultants, AtkinsRéalis, have advised upon.

Table 7: Capital cost profile and funding

Capex and Funding Profile	2024/25 £'m	2025/26 £'m	2026/27 £'m	2027/28 £'m	2028/29 £'m	2029/30 £'m	Total £'m
Total Scheme cost	47.0	61.8	50.6	29.5	-	-	189.0
Funded by:							
Government Grant	5.4	-	-	-	-	-	5.4
SCC Funding Required	41.6	61.8	50.6	29.5	-	-	183.6
Total Funding	47.0	61.8	50.6	29.5	-	-	189.0

37. The 2024/25 to 2027/28 delivery tranches will realise c£48m per annum total cost containment potential to Surrey’s Dedicated Schools Grant High Needs Budget (DSG HNB) once all 1,524 additional places are filled and the new provision is at full capacity by 2031/32. Appropriate financial governance and reporting continues to be in place, including oversight and assurance through Capital Property Panel. Delivery costs continue to be validated and assessed against benchmarked industry and sector indicators to ensure value for money is being obtained as far as possible.
38. Of the 1,524 additional place availability that can be by the SEND and AP capital programmes between 2024/25-2031/22 within the approved budget allocations, equivalent specialist school places in the independent sector would equate to around £81m per year every year, which is based on an average unit cost of £53k per pupil per annum for independent sector provision. This is compared to the average cost for state-maintained specialist and alternative provision school places at £23k per pupil per annum and equivalent costs for 1,524 places of £35m.
39. Provision of the additional state-maintained specialist school places would generate an approximate saving from 2024/25-2031/32 of £30k per pupil place per year. Placement costs differ according to individual children’s specific additional needs and disabilities.

The figures for independent and state-maintained specialist provision represents an overall average, which we believe to be a fair reflection of the cost containment to be achieved per pupil place per year through increasing state-maintained specialist provision in Surrey.

40. The SEND and AP Capital Programmes' progress and delivery tranches are aligned with the achievement of SCC's Safety Valve Agreement. Table 8 shows the cumulative savings and efficiency across all years once the new places are filled and the associated borrowing costs; for the period up to 2032/33 the total efficiency (net of borrowing costs) is £26.7m. Efficiencies continue for the period each new place is filled by a pupil who would otherwise have been educated in an independent SEND or AP provision.

Table 8: Efficiency savings / Value for Money / Revenue implications

Income and expenditure	2024/25 £'m	2025/26 £'m	2026/27 £'m	2027/28 £'m	2028/29 £'m	Total £'m
Income	-	-	-	-	-	-
Savings	(7.19)	(7.89)	(6.12)	(6.96)	(7.71)	(35.87)
Gross savings/income (input positive)	(7.19)	(7.89)	(6.12)	(6.96)	(7.71)	(35.87)
Revenue Cost						
Revenue costs	-	-	-	-	-	-
Net costs / (efficiencies) before borrowing)	(7.19)	(7.89)	(6.12)	(6.96)	(7.71)	(35.87)
Borrowing Costs	2.08	3.09	2.53	1.47	-	9.17
Net Cost / (efficiency)	(5.11)	(4.80)	(3.59)	(5.49)	(7.71)	(26.70)

41. The revenue efficiencies relating to the financial year the places created are realised from the September. The efficiency is pro-rated across the remaining financial year and continues into future years as full year efficiencies. Borrowing costs are held corporately.
42. Continued investment within the approved MTFs of £189m for the SEND and AP capital budgets realises total cost containment potential to Surrey's Dedicated Schools Grant High Needs Budget (DSG HNB) of up to £72m by 2032/33 (including prior years efficiencies already achieved as shown in Table 2). This is subject to the Commissioning Authority allocating places to children and young people who would otherwise have been diverted to the independent sector, and once all new provisions are at full capacity. The net savings from 2024/25 to 2028/29 (Table 4) will be £26.7m.
43. The future of the DSG HNB achieving the planned Safety Valve trajectory is a significant factor in the Council's medium term financial position. Expanding local state-maintained specialist provision and reducing reliance on the NMI sector is the single biggest contributor to returning the DSG High Needs Block to financial sustainability.

Section 151 Officer Commentary:

44. The Council continues to operate in a very challenging financial environment. Local authorities across the country are experiencing significant budgetary pressures. Surrey County Council has made significant progress in recent years to improve the Council's financial resilience and whilst this has built a stronger financial base from which to deliver our services, the cost-of-service delivery, increasing demand, financial uncertainty and government policy changes mean we continue to face challenges to our financial position.
45. This requires an increased focus on financial management to protect service delivery, a continuation of the need to deliver financial efficiencies and reduce spending in order to achieve a balanced budget position each year.
46. In addition to these immediate challenges, the medium-term financial outlook beyond 2024/25 remains uncertain. With no clarity on central government funding in the medium term, our working assumption is that financial resources will continue to be constrained, as they have been for the majority of the past decade. This places an onus on the Council to continue to consider issues of financial sustainability as a priority, in order to ensure the stable provision of services in the medium term.
As such, the Section 151 Officer supports the capital investment for the provision of additional Local Surrey state funded specialist and alternative provision.

Legal Implications – Monitoring Officer:

47. Cabinet has previously agreed the funding necessary for an ambitious Special Educational Needs and Disabilities (SEND) and Alternative Provision (AP) capital programme. This report is produced following the annual “health check” of the programmes and in response to the conclusion that some projects have become unaffordable and some financial right sizing needs to take place.
48. The Monitoring Officer comments provided at the point that Cabinet approved the programmes remain valid. The programmes as a whole will help the Council to fulfil its’ statutory duty to meet the needs of young people with special educational needs and disabilities. As the programmes progress, site specific legal advice should be taken in relation to land, procurement and any governance issues.

Equalities and Diversity:

49. Surrey’s SEND and AP Capital Programmes are expected to have a positive impact on Equalities and Diversity, because of increasing the number of Surrey children and young people who will have their additional needs better met by local schools and provision in their local area.
50. Individual Equalities Impact Assessments have been undertaken in line with the Department for Education statutory processes for Making Significant Changes to Maintained Schools or an Open Academy by Mutual Agreement and Establishing a New Academy: Special Free School Presumption and Central Routes.

Other Implications:

51. The potential implications for the following council priorities and policy areas have been considered. Where the impact is potentially significant a summary of the issues is set out in detail below.

Area assessed:	Direct Implications:
Corporate Parenting/Looked After Children	The programmes of capital investment directly support the Surrey Corporate Parenting Strategy 2023-2025. Increasing the sufficiency of state-maintained provision in Surrey for children and young people who require specialist school places and/or who are looked after will enable better long-term outcomes, with children closer to home and more connected to local communities and support services. Local capital investment improves value for money through the strengthening of collaboration with local providers, as well as other local authorities to manage the market more effectively.
Safeguarding responsibilities for vulnerable children and adults	The Council has a duty to promote and improve safeguarding in education as well as educational outcomes for all children and young people who are vulnerable or disadvantaged. The creation of additional specialist capacity closer to home supports highly effective joint agency monitoring to safeguard children and reduced demand on care services.
Environmental sustainability	The provision of additional state-maintained specialist provision closer to home will reduce the average journey times for learners. This also supports the development of sustainable and independent travel skills for pupils with additional needs and disabilities learning needs, which is aligned with Preparation for Adulthood outcomes.
Compliance against net-zero emissions target and future climate compatibility/resilience	Design philosophy that has been adopted to create new or refurbish and extend existing buildings will support low energy consumption, reduce solar gain, and promote natural ventilation. Any proposals will be in line with this policy and any new building will be to the standards in the local planning authority's adopted core planning strategy. Commitment to drive forward the transition to a zero-carbon built environment, through the pursuit of lower operational energy use, increased supply of renewable energy to Surrey's buildings and reduced embodied carbon – the GHG emissions associated with non-operational phases like construction.

What Happens Next:

52. Next steps include:

- a. Following conclusion of Cabinet's calling-in period on Tuesday 2 July, Education and Property hold face to face meetings with and send written communications to potentially impacted schools and Trusts to confirm next steps for individual SEND and AP schemes.
- b. Wider internal and external stakeholder communications week commencing Monday 8 July.
- c. Formal project closure of five SEND Capital Projects. Standing down of Technical Consultancy Teams and archiving of project documentation.
- d. Revision of Cabinet Member for Children, Families and Learning Decision Forward Plan for 2024/25.
- e. Progression of planning submissions, consultation and engagement activities for statutory significant changes for schools and academies, and financial/ Cabinet Member decisions on individual project budgets for committed and planned SEND and AP projects, held back from April 2024 and onwards.
- f. Continued delivery of committed and planned SEND and AP projects in progress and in development.
- g. Initiation of competitive process by SCC and DfE to identify prospective sponsors (Trusts) for the New Special Free School and Secondary Mainstream Centres.
- h. Ongoing regular progress update communications to internal and external stakeholders prior to SEND and AP Programme formal closure in 2027/28.

Report Author: Emilie Williams-Jones, Programme Manager SEND and AP Capital Programmes, emilie.williamsjones@surreycc.gov.uk

Consulted:

Internal

- Cabinet Member for Children, Families and Lifelong Learning, Clare Curran
- Cabinet Member for Property and Waste, Natalie Bramhall
- Cabinet Member for Finance and Resources, David Lewis
- Executive Director Children, Families and Learning, Rachael Wardell
- Executive Director Environment, Infrastructure and Growth, Katie Stewart
- Director Finance Insights and Performance, Rachel Wigley
- Director Corporate Finance and Commercial, Anna D'Alessandro
- Director Education and Learning, Julia Katherine
- Director Commissioning for Transformation, Suzanne Smith
- Interim Director Land and Property, Simon Crowther
- Interim Director Law and Governance, Asmat Hussain
- Principal Lawyer Legal Property, Kate Patel
- Principal Lawyer Legal Contracts and Special Projects, Greta O'Shea
- Strategic Finance Business Partner Corporate Finance, Nicola O'Connor
- Strategic Capital Accountant, Joe Stockwell
- Strategic Finance Business Partner Improvement & PPG, Louise Lawson
- Strategic Finance Business Partner CFLL, Kay Goodacre

- Senior Finance Business Partner Improvement & PPG, Vena Kaur Bhakar
- Assistant Director AND Transformation, Suzi Stern
- Assistant Director Capital Delivery, Elaine McKenna
- Head of Education, Carrie Traill
- Assistant Director Commissioning AN&D and Social Care, Eamonn Gilbert

External

In line with Statutory Consultation for [Making significant changes \('Prescribed Alterations'\) to maintained schools](#) and [Making significant changes to an academy](#) Parents, Carers, School Staff, School Governors, local schools, Department for Education, Local Voluntary and Charitable Organisations for children with additional needs and disabilities, Parent Carer Forum, District, Borough & County Councillors, Divisional Members, Trusts, Unions and other Local Authorities.

In line with statutory Planning Consultation for Land and Property development (Surrey County Council Planning Authority): Reg 3, General Public, Neighbours, Key Consultees.

Appendices:

Appendix A: Surrey High Needs Trends: Department for Education High Needs Benchmarking Tool 2023/24

Appendix B: SEND and AP Capital Programmes Additional Built Places and SCC Capital Investment 2019/20 to 2027/28

Appendix C: SEND and AP Capital Programmes Year on Year Additional Place Availability 2019/20 to 2031/32

Appendix D: Proposed changes to SEND Capital Programme Scope, affordable within the approved MTFS

Appendix E: State-Maintained Specialist Education Estate Growth 2019/20 to 2032/33

Part 2 report

Sources/background papers:

SEND and AP Capital Strategies

[SEND Capital Programme Phase 1 Cabinet Reports 24/09/2019](#)

[SEND Capital Programme Phase 2 Cabinet Report 29/09/2020](#)

[SEND Capital Programme Phase 3 Cabinet Report 26/01/2021](#)

[SEND Capital Programme Phase 4 Cabinet Report 25/01/2022](#)

[SEND Capital Programme 2023 2024 Delivery Tranche Report 28/03/2023](#)

[AP Capital Programme Cabinet Report 25/10/2022](#)

Cabinet Decisions

[SEND Capital Programme Phase 1 Cabinet Decision 24-Sep-2019](#)

[SEND Capital Programme Phase 2 Cabinet Decision 29-Sep-2020](#)

[SEND Capital Programme Phase 3 Cabinet Decision 26-Jan-2021](#)

[SEND Capital Programme Phase 4 Cabinet Decision 25-Jan-2022](#)

[SEND Capital Programme 2023 2024 Delivery Tranche Cabinet Decision 28-Mar-2023](#)

[AP Capital Programme Cabinet Decision 25-Oct-2022](#)

Surrey Inclusion and Additional Needs Partnership Strategy

[Surrey Inclusion and Additional Needs Partnership Strategy 2023 to 2026](#)

Surrey Local Area CQC Ofsted SEND Inspection Reports

The Local Area SEND Inspection outcome [report](#), published on Friday 24 November 2023

Surrey Local Area SEND Strategic Improvement Plan, January 2024

[Local Area SEND Strategic Improvement Plan](#)

DfE Safety Valve Agreement

Surrey County Council Safety Valve Agreement (Mar 2022) [Surrey SV Agreement](#)

DfE Special Educational Needs and Disabilities (SEND) and Alternative Provision (AP) Improvement Plan

[SEND and Alternative Provision improvement plan - GOV.UK \(www.gov.uk\)](#)

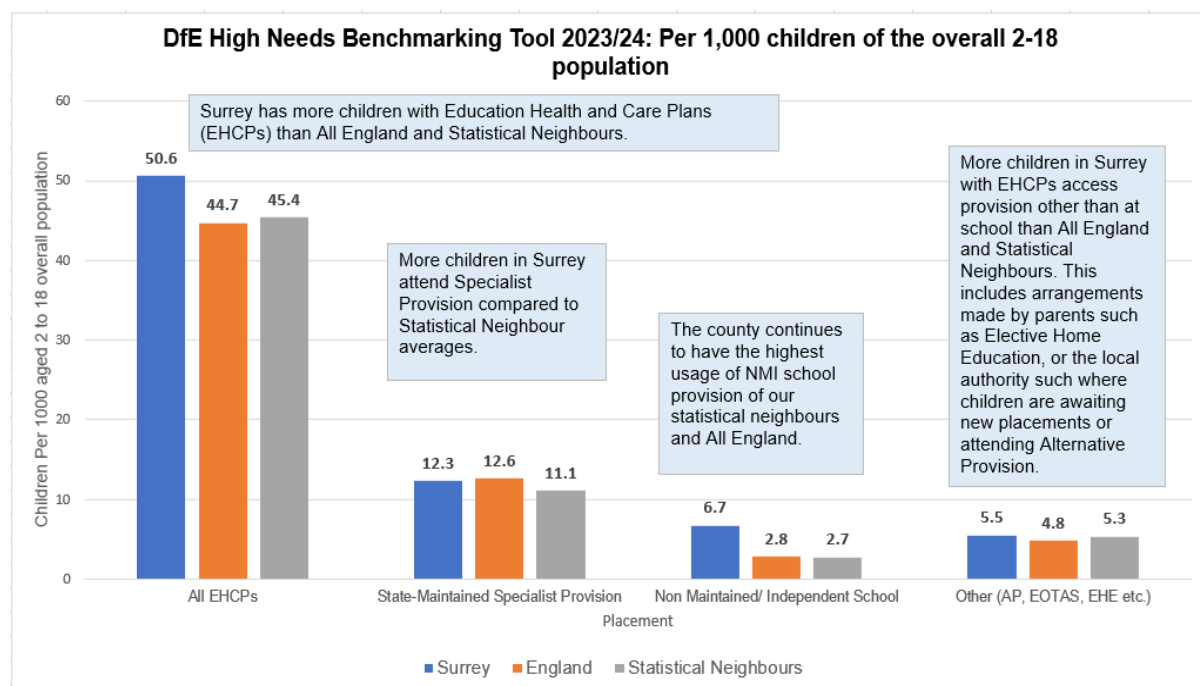
Appendices:

KEY	
Code	School Designation
Alternative Provision	Alternative Provision School
ASD	Autism/ Autistic Spectrum Disorder
Mainstream School	Mainstream School
MLD/SpLD	Moderate/Specific Learning Difficulties
SEMH	Social, Emotional, Mental Health Needs
SLCN	Speech, Language and Communication Needs
SLD/PMLD	Severe/Profound and Multiple Learning Difficulties
VI	Visual Impairment

Appendix A: Surrey High Needs Trends: Department for Education High Needs Benchmarking Tool 2023/24

The Department for Education High Needs Benchmarking Tool is comparative tool designed to help local authorities plan for future high needs spend and provision. This table sets out Surrey's High Needs Trends as compared to ten closest statistical neighbours and all England per 1,000 children of the overall 2-18 population.

Graph 1: Surrey High Needs Trends: Department for Education High Needs Benchmarking Tool 2023/24



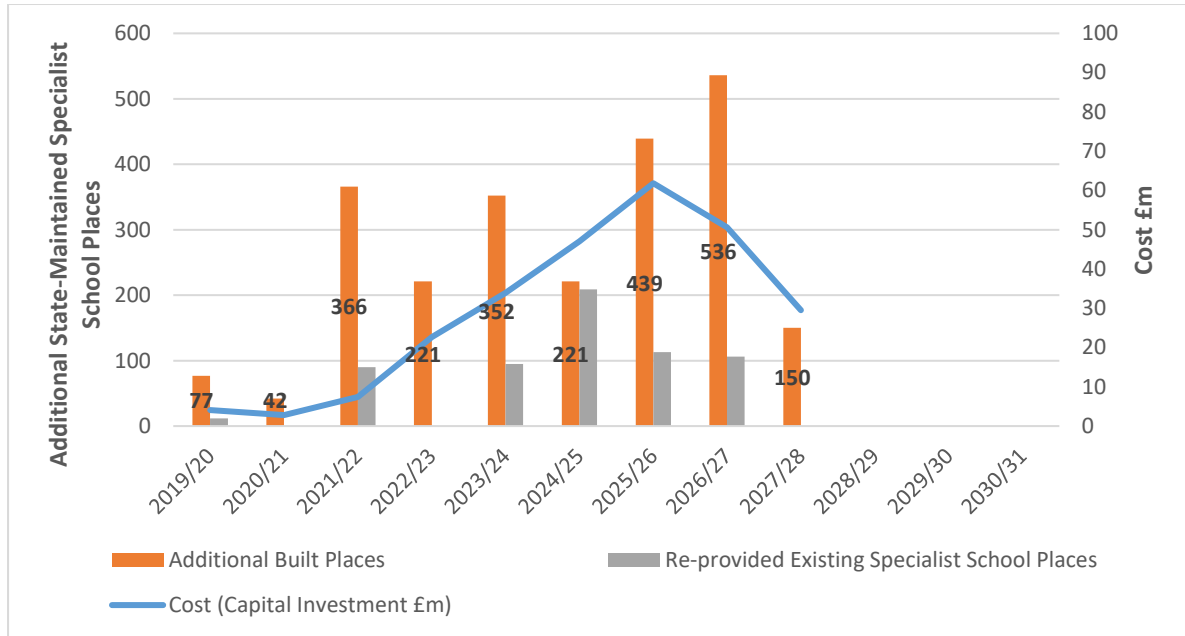
Surrey's ten closest statistical neighbours are:

- Cheshire East
- Cambridgeshire
- Hertfordshire
- Bracknell Forest
- Buckinghamshire
- Hampshire
- Oxfordshire
- West Berkshire
- Windsor and Maidenhead
- Wokingham

Appendix B: SEND and AP Capital Programmes' Built Places and SCC Capital Investment

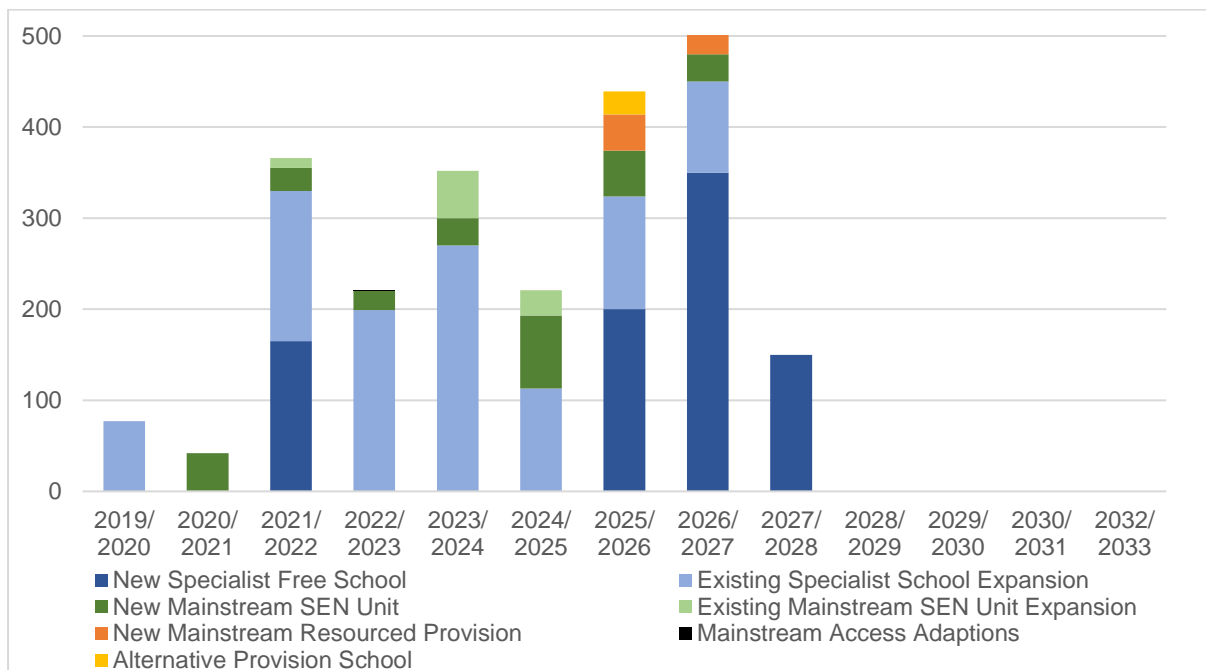
Graph 2 sets out the number of additional built places and reprovided places that have and will continue to be delivered between 2019/20 and when the SEND and AP capital programmes close at the end of 2027/28.

Graph 2: Additional built places by Provision Type per Year



Graph 3 shows the split of built places by types of new provision created. For example, 79% of the additional places will be delivered through expansions of existing specialist schools and the opening of new specialist Free Schools, and 19% through the creation of new Centres in mainstream schools and 2% through the relocation, consolidation and rebuild of existing Alternative Provision schools.

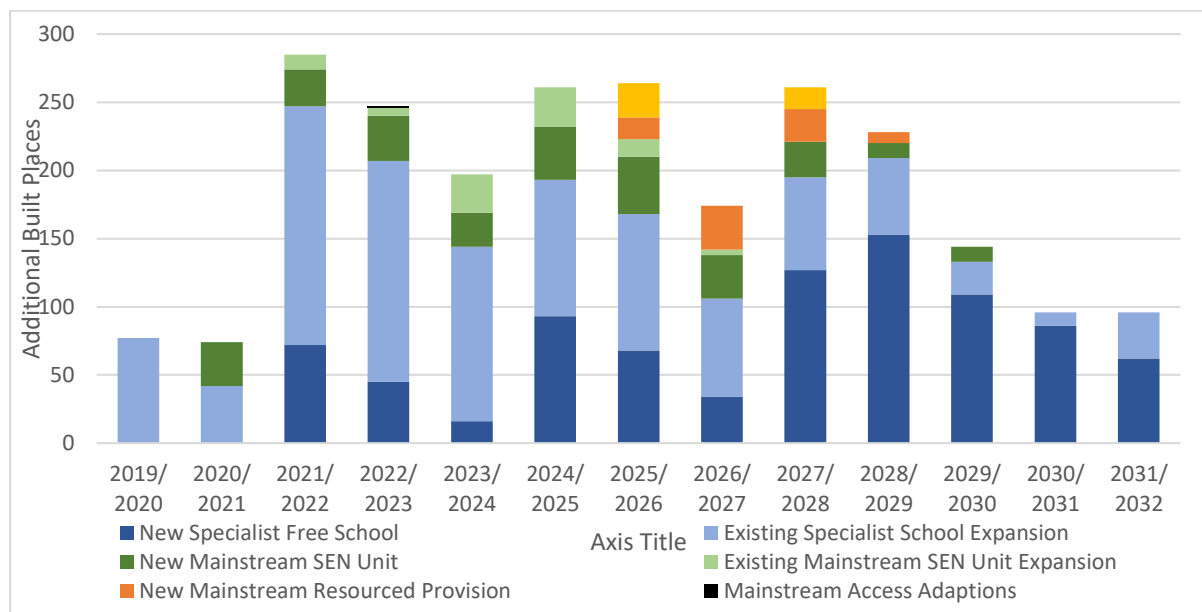
Graph 3: Additional built places by Provision Type per Year



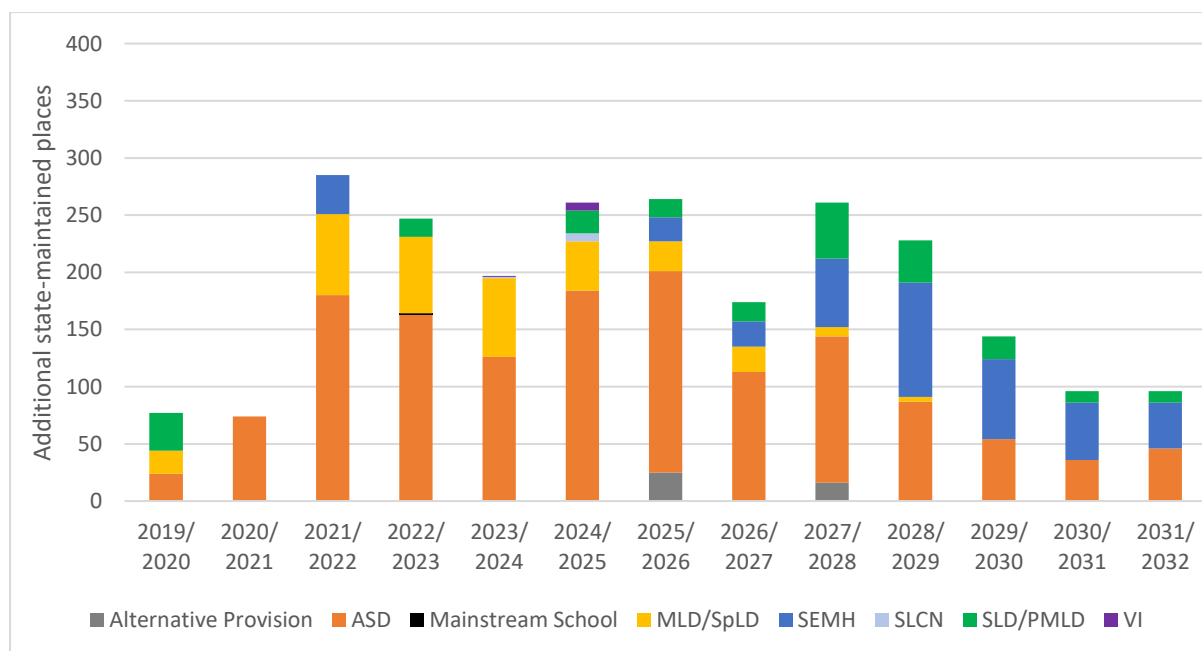
Appendix C: SEND and AP Capital Programmes Year on Year Additional Place Availability 2019/20 to 2031/32

Graphs 4 and 5 set out the 'phasing in' of the total of 2,404 additional built places being created by showing when they will become available to use by the Commissioning Authority to allocate to Surrey resident children and young people with additional needs and disabilities. Graph 4 breaks those places down by provision type and Graph 5 shows the designation of the new provision in terms of the pupil needs they are designed to meet.

Graph 4: SEND and AP Capital Programmes Additional Annual Place Availability by Provision Type



Graph 5: SEND and AP Capital Programmes Additional Annual Place Availability by School Designation and Children and Young People's Needs



Appendix D: Proposed changes to SEND Capital Programme scope 2024/25 to 2027/28

Table 9 and Table 10 show the proposed changes to the SEND Capital Programmes's scope. This includes proposed withdrawal of six planned projects which are not affordable within the MTFs, and addition of five new projects which would achieve delivery within the Cabinet approved capital budget allocation for SEND.

Table 9: Proposed withdrawal of six planned capital projects from the SEND Capital Programme

Capital Programme	Reference	School / Project	Target Practical Completion	Additional Places	Reprovided Places
SEND	1	Project 1 (Specialist School expansion)	Dec-25		
	2	Project 2 (Specialist School expansion)	Jun-26		
	3	Project 3 (Specialist School expansion)	Aug-25		
	4	Project 4 (Specialist School expansion)	Apr-28		
	5	Project 5 (New mainstream SEN Unit)	Jul-25		
	6	Project 6 (New mainstream SEN Unit)	Jul-25		
		Total		317	140

Table 10: Proposed addition of five new projects to the SEND Capital Programme

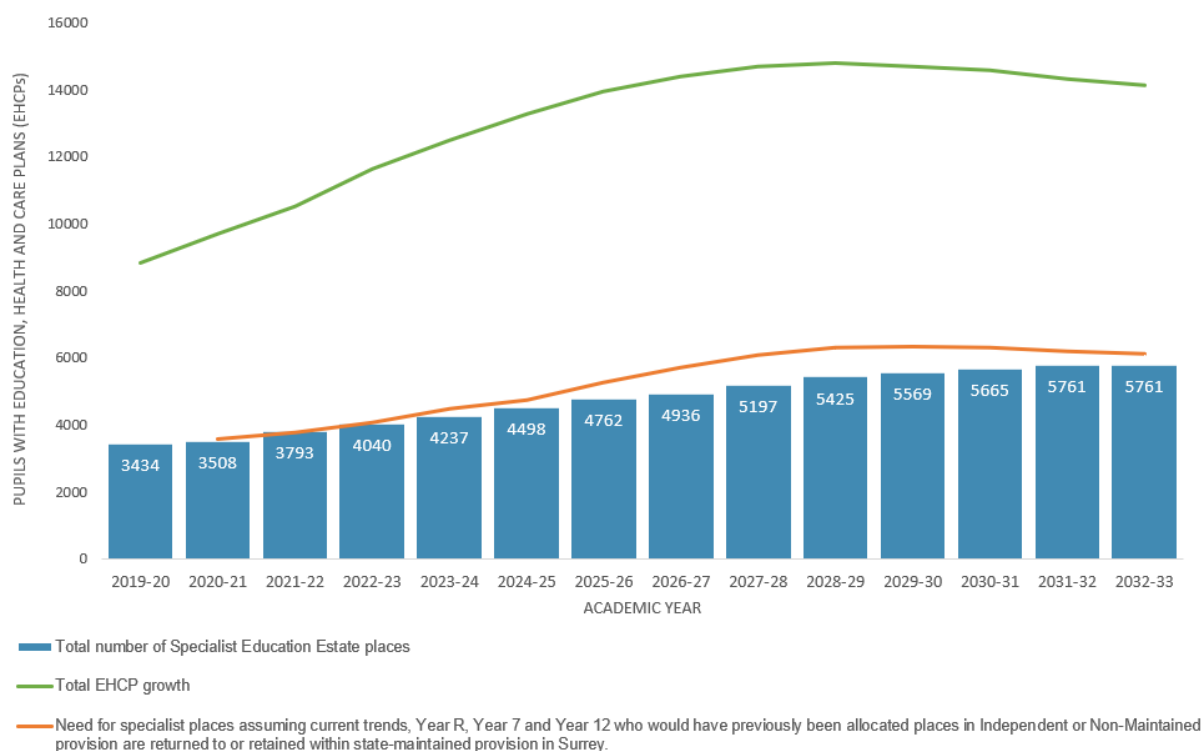
Capital Programme	Ref	School / Project	Practical Completion Date	Additional Places	Reprovided Places
SEND	1	Mainstream Resourced Provision 1	Sep-25	20	0
	2	Mainstream Resourced Provision 2	Sep-25	20	0
	3	Mainstream Resourced Provision 3	Sep-26	20	0
	4	Mainstream Resourced Provision 4	Sep-26	20	0
	5	New SEMH Specialist Free School (DfE Delivery)	Aug-28	150	0
		Total		230	0

Appendix E: Surrey State-Maintained Specialist Education Estate Growth 2019/20 to 2032/33

Planned changes to the SEND and AP Capital Programmes budget allocations within the approved MTFs and the SEND Capital Programme's scope creates the following benefits:

- Increasing the availability of specialist provision and the right support in mainstream and specialist schools to create an appropriate continuum of provision, increasing local provision in local areas.
- Bringing Surrey into alignment with national reform, which is best for children's long-term outcomes, increasing inclusion, independence and successful transition to adulthood.
- Represents the best value for money, meeting the needs of communities in the long term.
- Achievement of SCC's Safety Valve Agreement compliance enabling the embedding of financially sustainable practices to work within the level of funding available.

Graph 6: Surrey State-Maintained Specialist Education Estate Growth and Capacity to 2031/32



Earlier identification and intervention of children's needs and broader Additional Needs and Disabilities (AND) Transformation activity aims to reduce need for specialist places and specialist services through achieving greater inclusion opportunities for more children in local mainstream provision. This addresses the gap between specialist education estate capacity and current projected need to 2031/32 and beyond.

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