

## **ITEM 2**

### **Final High Needs Outturn position for 2021/22**

#### **Schools Forum – 13 June 2022**

##### **Recommendation**

##### **Schools Forum is asked to:**

Note the Final High Needs Outturn position for 2021/22 and agree to the budget allocation for 2022/23.

#### **1. Introduction**

- 1.1 This report highlights the overall 2021/22 outturn position for the High Needs Block, as well as the grant allocation for the 2021/22 and 2022/23 financial year and breakdown draft allocation to provision types.

This block represents one of the four funding blocks within the Dedicated School Grant (DSG) for the Council. This grant is payable to local authorities under section 14 of the Education Act 2002 and therefore expects Local Authorities to ensure value for money and provide subsequent assurance to DfE that the grant is being deployed in accordance with grant conditions.

#### **2. High Needs DSG Allocation for 2021/22**

- 2.1 The initial High Needs grant allocation for 2021/22 was £67.644m. The Education and Skills Funding Agency (ESFA) later reduced the allocation by £591k to £67.053m. Reference ESFA 17 March 2022 Published data. Appendix (A) below shows detailed breakdown of how the budget was allocated.

#### **3. Final Outturn for 2021/22**

- 3.1 Final outturn for 2021/22 is £70.523m with a budget of £67.053m hence a reported variance is £3.468m compared to £5.744m reported last year. The sharp fall in overspend by £2.276m when compared to last year's position represents significant improvement in independent provision cost, support services recharges and growth in places at the special schools as part of the SEND strategy.
- 3.2 The cumulative deficit at the end of 2021/22 is £27.689m which represents the current year overspend of £3.468m plus cumulative overspend brought forward from 2020/21 of £24.221m.

#### **4. Deficit Recovery Plan**

- 4.1 The ESFA current view on the above subject is that Local Authorities with an overall deficit on its DSG Account at the end of the financial year or whose DSG surplus has significantly reduced during the year is expected to submit a plan (DRP) to the ESFA which demonstrates how the LA plans to recovery the deficit within three year or how it intends to manage it. Croydon Council falls within this category hence has a plan in place. Again, the Secretary of State reserves the right to enforce more specific conditions of grant on

individual local authorities that have an overall deficit on their DSG account, where the LA is observed to not taking sufficient action to address the situation.

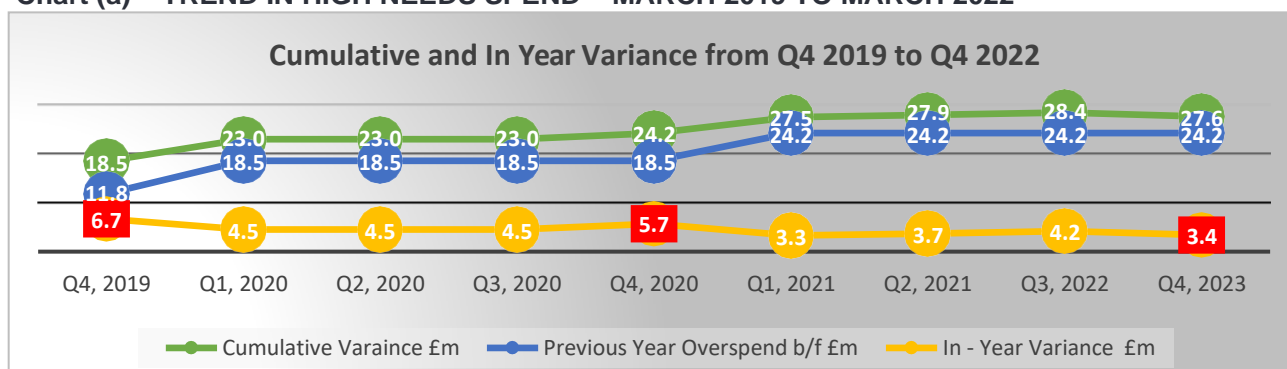
Performance Measurement	2019-20 £,000	2020-21 £,000	2021-22 £,000	2022-23 £,000	2023-24 £,000
Deficit Recovery Plan - Projections	5,635	4,472	4,105	798	0
Actual Outturn	5,434	5,744	3,468	-702	0
Deviation from target	-201	1,272*	-637	-1500**	0

The £1.2m deviation from the plan in 2020/21 was due unexpected historical funding in dispute which was resolved that year and not accrued\*. The £1.5m deviation for 2022/23 is yet to be validated.

4.2 As shown in Chart (a), below, there is significant improvement over both 2019/20 and 2020/21 outturn variance of £6.7m and £5.74m respectively.

The cumulative overspend position reached a new peak of £29.689m at the end of 2021/22 financial year. This represents a movement of £3.468m.

Chart (a) – TREND IN HIGH NEEDS SPEND – MARCH 2019 TO MARCH 2022



## 5. Reasons for overspend in key areas:

### 5.1 Maintained Special Schools:

The reported £2.020m overspend in maintained special schools is due to the planned investment and increase by 96 places to 912 pupils at the end of spring 2022.

The number of pupils across the six special schools increased as a result continued expansion by the schools including Bensham Manor, St Nicholas and Addington Valley Academy to meet the increased demand. Most pupils placed at these provisions have severe needs hence additional funds allocated which is value for money when compared to independent special schools. Appendix (A) line 5 under independent provision showing almost £739k underspend.

### 5.2 Out of Borough placements:

The population of Croydon pupils in other borough maintained schools has gone up significantly over the last few years. Reasons for external placement are varied and due in part to postcode/parental preference and in some cases a lack of space within the borough to support these pupils with EHCPs. This has resulted in considerable number of pupils placed out of borough with significant cost and showing an overspend of £2.224m.

On a positive note placement within independent specialist provision is stabilising showing that the strategic investment and expansion of local provision is having a positive impact. Hence the reported £739k underspend as well as last year.

### 5.3 FE Colleges:

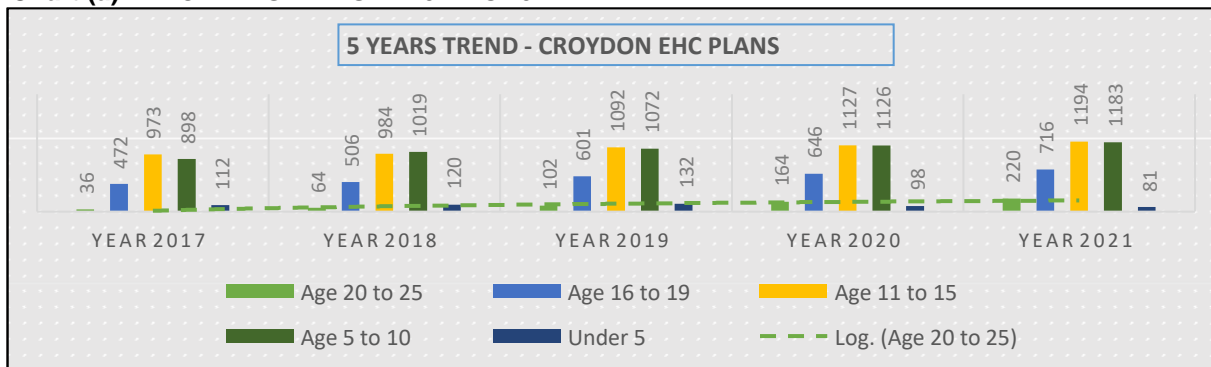
Again, there is increased spend in the FE sector due to the continued increased in pupil numbers as more cohorts reaches the extended post 16 age range. The reported figure below is yet to be reconciled with LA data base. A recent report from the local government statistical data shows that the post-16 cohort currently makes up almost 23 per cent of EHCPs. Table (1) below shows the key FE Colleges with estimated pupil numbers. Much work has been done on FE Colleges recently which now gives finance confidence in the forecast.

**Table 1 SIGNIFICANT FE COLLEGES**

Ref.	FE Colleges	Number of Students
Line 1	Carshalton College	93
Line 2	Croydon College	81
Line 3	North East Surrey	37
Line 4	Bromley College	36
Line 5	John Ruskin College	30
Line 6	East Surrey	29
Line 7	Croydon College - Pathway	28
Line 8	Orchard Hill College	17
Line 9	Merton College	11
Line 10	Hereward College and other colleges	44
	Total *	406

\*Data obtained from colleges.

**Chart (a) – EHCP BY AGE RANGE – 2017 TO 2021**



Analysing the above data shows that more than half of these fall into the 20 to 25 age range. This again growth rate of approximately additional 60 pupils per year since 2017 represents £10k\* 64 new cohorts each year = £640k additional cost to the block.

### 6.0 Updates on SEND Transformation strategies:

6.1 The SEND team will continue to work thoroughly with their finance in assessing current SEND service transformation strategies to ensure it is delivering the expected savings targets reported in the plan.

## **7 Budget Risks:**

7.1 The following are some notable budget risks:

- (a) Demand for SEND support increased since 2014 and continues to rise year-on-year with significant number of children and young people with an Education, Health and Care Plan (EHCP) in England. Post-16 cohort was the most cited factor contributing to rising demand and costs for councils.
- (b) New government legislation (SEND review – Green paper) highlights some proposals with cost implications. This includes:
- New national SEND and alternative provision system setting nationally.
  - Consistent standards for how needs are identified and met at every stage of a child's journey across education, health, and care.
  - Proposal to make alternative provision (AP) an integral part of local SEND systems and that their focus should be on ensuring that as many children as possible stay in or return to mainstream education as soon as possible
  - introducing a standardised and digitised EHCP process and template to minimise bureaucracy and deliver consistency
  - establishing new local SEND partnerships, bringing together education (including alternative provision), health and care partners with local government and other partners to produce a local inclusion plan setting out how each local
- (c) Increase in top up funding for special schools or change in their funding methodology and budget cap on the locality model to forestall creating additional funding stream to mainstream schools.

## **8 Budget Allocation for 2022/23:**

- 8.1 The budget allocation for the 2022/23 has been drafted based on the historical trend levels and future demands. This takes into consideration recent price variance and proposed changes to funding methodology. This includes PRUs whose premises cost (split site) are expected to be funded from the High Needs block based on the same qualifying conditions set at school's forum.
- 8.2 Special Schools and AP were excluded from the recent (ESFA Schools Supplementary Grant 2022/23) to cover the Health and Social Care Levy and wider cost pressures in special schools and alternative provision. The LA has applied 5% on the top funding for the above provisions in line with the delayed change in funding methodology as well as meeting the above request from the ESFA.
- 8.3 As part of the review of the overall High Needs budget, the school's budget has remained the same at £149k. The budget support small schools with EHCP Numbers. The payment is based on number of EHCP pupil a school has. The amount payable is a lump sum of £3,000; plus a pro rata allocation of the remaining amount based on the proportion of the total number of Croydon pupils on roll. The last data we have on record is approximately 70 pupils and payment amount remained the same. All small schools will therefore be asked to submit their pupil number information to SEND Team by the end of May.  
Eligibility for funding is as follows:

The school has 1 or more pupils with an EHC Plan; and

1. It has only 1 form of entry; and/or
2. Fewer than 180 pupils on roll.

Nursery schools will be asked to also submit / provide number of pupils (identified as special needs) to the SEND team to be considered for additional funds based on the above methodology for schools.

Recommendation that Schools Forum note the Final High Needs Outturn position for 2021/22 and agree the budget for 2022/23.

## Appendix A – High Needs Final Outturn for 2021/22

Ref.	0-25: Schools Provisions / Service	Final Outturn 2020/21 £,000	Current Budget 2021/22 £,000	Final Outturn 2021/22 £,000	Outturn Variance 2021/22 £,000
Line 1	EHCP Pupils: Croydon Mainstream Schools + Academies	5,657	6,176	6,686	510
Line 2	Croydon Enhanced Learning Provision	2,258	2,684	3,026	342
Line 3	Croydon Special Schools (including 6th forms)	21,858	20,437	22,457	2,020
Line 4	Small schools' factor	144	149	144	-5
Line 5	Pre & Post16 Independent & Non-Maintained Provision	11,099	11,180	10,441	-739
Line 6	Croydon pupils in out of borough-maintained schools	3,679	3,649	5,873	2,224
Line 7	Early Years (0-5)	966	1,131	651	-480
Line 8	FE colleges	5,272	3,203	5,571	2,368
Line 9	Out of borough Hospital Education cost	110	385	102	-283
Line 10	Croydon Pupil Referral Units	3,396	3,395	3,395	0
Line 11	Alternative Provision (including Home Tuition & Fair Access)	1,070	1,361	1,120	-241
Line 12	Beckmead Group (Special School)	5,584	5,251	4,728	-523
Line 13	Commissioned Outreach	175	40	80	40
Line 14	Additional Grant allocated to SEN Transformation Model	-	166	-	-166
Line 15	Cluster of Schools Project	301	1,368	1,424	56
Line 16	Teachers' Pension	0	1,037	924	-113
	Sub Total (a)	61,569	61,612	66,622	5,010
Line 17	SEN Admissions and Support	1,745	1,507	885	-622
Line 18	Virtual School	670	720	520	-200
Line 19	Communication Support C	1,338	1,320	1,344	24
Line 20	Primary PRU Intervention Programme	-	-	-	-
Line 21	SEN Transport cost	250	250	250	-
Line 22	Therapies. Speech and Language	884	868	495	-373
Line 23	Inclusion support	350	450	47	-403
Line 24	Perip-Hearing Impairment Team	342	326	358	32
	Sub Total (b)	5,579	5,441	3,899	-1,542
Line 25	Total in-year Position	67,148	67,053	70,521	3,468
Line 26	Cumulative Overspend B/f				24,221
Line 27	Forecast Cumulative Deficit				27,689
Line 28	Deficit Recovery Plan - Target Deficit				27,721
Line 29	Total in-year Position	67,148	67,053	70,521	-32

## Appendix B – High Needs Budget Allocation for 2022/23

Ref.	0-25 :Schools Provisions / Service	Current Budget 2021/22 £,000	Current Budget 2022/23 £,000	Draft Budget change 2022/23 £,000
Line 1	EHCPPupils:CroydonMainstreamSchools+Academies	6,176	6,176	-
Line 2	Croydon Enhanced Learning Provision	2,684	2,984	300
Line 3	Croydon Special Schools (including 6th forms)	20,437	23,950	3,513
Line 4	Small schools' factor	149	149	-
Line 5	Pre & Post16 Independent & Non-Maintained Provision	11,180	10,800	-380
Line 6	Croydon pupils in out of borough-maintained schools	3,649	4,350	701
Line 7	Early Years (0-5)	1,131	1,131	-
Line 8	FE colleges	2,753	4,401	1,648
Line 9	Out of borough Hospital Education cost	385	385	-
Line 10	Croydon Pupil Referral Units	3,395	3,395	-
Line 11	Alternative Provision (including Home Tuition & Fair Access)	1,361	1,361	-
Line 12	Beckmead Group (Special School)	5,251	5,259	8
Line 13	Commissioned Outreach	40	40	-
Line 14	Additional Grant allocated to SEN Transformation Model	166	2,485	2,319
Line 15	Cluster of Schools Project	1,368	1,958	590
Line 16	Teachers' Pension	1,037	1,037	-
	Sub Total (a)	61,162	69,861	8,699
Line 17	SEN Admissions and Support	1,957	1,506	-451
Line 18	Virtual School	720	720	-
Line 19	Communication Support C	1,320	1,320	-
Line 20	SEN Transport cost	250	250	-
Line 21	Therapies. Speech and Language	868	868	-
Line 22	Inclusion support	450	450	-
Line 23	Perip-Hearing Impairment Team	326	326	-
	Sub Total (b)	5,891	5,440	-451
Line 24	Total in-year Position	67,053	75,301	8,248
Line 25	Cumulative Overspend B/f			
Line 26	Forecast Cumulative Deficit			
Line 27	Deficit Recovery Plan - Target Deficit			
Line 28	Total in-year Position	67,053	75,301	8,248