

<b>REPORT TO:</b>	<b>SCRUTINY SUB COMMITTEE – CHILDREN AND YOUNG PEOPLE</b>  <b>5 February 2019</b>
<b>SUBJECT:</b>	<b>EDUCATION BUDGET – 2019/20</b>
<b>LEAD OFFICER:</b>	<b>Kate Bingham, Head of Finance – Children, Families and Education</b>
<b>CABINET MEMBER:</b>	<b>Councillor Alisa Flemming – Cabinet Member for Children, Young People and Learning</b> <b>Councillor Simon Hall, Cabinet Member for Finance and Resources</b>

<b>ORIGIN OF ITEM</b>	<b>This item is contained in the Sub-Committee’s work programme</b>
<b>BRIEF FOR THE COMMITTEE</b>	<b>To scrutinise the proposed 2019/20 Education Budget</b>

## **1. INTRODUCTION AND BACKGROUND TO FUNDING**

- 1.1 The report sets out the various components of the 2019/20 Education Budget to enable this committee to review the proposals for the coming year.
- 1.2 The Education budget can broadly be split into two areas, which are:
  - Revenue expenditure, funded via the **Dedicated Schools Grant** (DSG), for the day to day running costs of schools, the provision for children and young people with special educational needs and disabilities as well as two, three and four years olds in addition to the services to fulfil the statutory services of the council; and
  - Capital expenditure in relation to the requirement to provide school places and essential maintenance.
- 1.3 The report will cover each area in turn.

## **2. DEDICATED SCHOOLS GRANT**

- 2.1 In March 2016 the Department for Education (DfE) announced the National Funding Formula (NFF) proposals and in the two consultations that followed set out the intentions for school funding going forward. The intention was to

implement the NFF by December 2016, however due to delays the government announced in May 2017 that the NFF would be in place from April 2018 with a soft implementation of the NFF being available to Local Authorities (LAs) for 2018/19 and 2019/20. A further announcement in July 2018 extended this implementation period by an additional year, in light of the significant progress in the first year of the NFF, and to continue to support a smooth transition, LAs will continue to determine local formulae in 2020/21.

- 2.2 This option allows LAs, following Schools Forum authorisation, to apply local rates / amounts to each of the factors that determine the allocation (such as Minimum Funding Guarantee and income deprivation affecting children) prior to the distribution of funding to schools. Croydon's School Forum finalised those decisions on 21<sup>st</sup> January 2019.
- 2.3 The majority of funding for education in Croydon comes from the DfE in the form of the DSG - a grant that is received by the local authority on a financial year basis and funds all aspects of education that relate directly to children. The grant is split into four blocks: a schools block, a high needs block, an early year's block and a central schools services block. The 2019/20 DSG allocation was published on the 17th December 2018.
- 2.4 Funding for mainstream and special Academies is included within the DSG allocation for the LA for transparency but is not actually paid to the LA as it is passed directly to academies by the Education and Skills Funding Agency (ESFA). The removal of funding from the DSG allocation for academies is known as recoupment and it is anticipated the 2019/20 DSG allocation will be recouped by more than £166 million against the schools and high needs block allocation.
- 2.5 The total 2019/20 DSG allocation for Croydon is £341.667 million and is detailed in table 1 below.

**Table 1 - DSG allocation**

Financial Year	Schools block (before recoupment)	Early years block	High needs block (before recoupment)	Central Services Schools block	Total DSG allocation
	(£million)	(£million)	(£million)	(£million)	(£million)
<b>Final 2018/19</b>	243.874	26.697	60.211	6.177	336.959
<b>2019/20</b>	247.512	26.691	61.347	6.117	341.667
<b>Movement between 2018/19 and 2019/20</b>	<b>3.638</b>	<b>-0.006</b>	<b>1.136</b>	<b>-0.060</b>	<b>4.709</b>

- 2.4 In 2019/20, Croydon will see an increase in the level of DSG funding of £4.709 million compared to 2018/19. Reasons for the increases are detailed below:

### **2.5.1 Schools Block (before recoupment) net increase of £3.638 million**

There has been an increase in pupil numbers by 260 to 51,037 in 2019/20. As a result there is an increase in funding of £5.999 million offset by a reduction in the growth, premises and mobility factors of £2.361 million, the latter two due to changes in the local formula allocation in 2018/19 and the growth element now being allocated on observed differences of changes in pupil numbers as opposed to being based on previous year's allocation amounts.

### **2.5.2 Early Years Block – £0.006 million decrease**

There is a slight reduction in the indicative funding levels for 2019/20 from the 2018/19 final grant and work is continuing on the allocation Early Years Block and could be subject to further adjustment following the finalisation of the January 2019 census.

### **2.5.3 High Needs Block – £1.136 million increase**

There is a net increase of £1.14 million in the High Needs Block.

The funding for High Needs through the NFF for 2019/20 is based on three elements; the NFF allocation, the basic entitlement factor and the import/export adjustments.

#### NFF allocation

There has been an increase in the NFF allocation of £0.949 million (based on population increases and proxy indicators including a free school meals (FSM) factor; an income deprivation affecting children index (IDACI) factor; a bad health factor; a disability factor and Key Stage 2 and 4 low attainment factors.

#### Basic entitlement

There is also additional growth in the basic entitlement as, whilst the per pupil element remains the same as that in 2018/19 at £4,348.33, there is an increase of 43 in the number of pupils at special schools/academies, resulting in additional funding of £0.187 million.

#### Import/export adjustments

The import/export adjustments element currently remains the same as that calculated in 2018/19 and will be updated in May/June 2019 with the January 2019 Census data and the February 2019 Individualised Learner Record data. The intention is to reflect more precisely the movement of pupils and students, and therefore the funding.

#### Additional funding

The Education Secretary announced, on 16 December 2018, an additional £250 million for high-needs funding for LAs over the next two years. The additional funding is split evenly over the current (2018/19) and next (2019/20) financial year.

Croydon is the recipient of £0.998 million in both 2018/19 and 2019/20, receiving an additional £1.966 million over the two years.

Prior to this announcement, the Schools Forum (November 2018) agreed to transfer funding of 0.5% in 2019/20 from the schools block to the high needs block. This equates to £1.235 million (based on the notional DSG allocation, full allocations confirmed December 2018). This decision will be implemented and the top slice applied against the high needs carry forward overspend.

#### **2.5.4 Central Services Schools Block – £0.060 million decrease**

In 2018/19, the NFF created a fourth block within the DSG called the Central Services Schools Block (CSSB). This block is made up of two parts –Reported spend on Ongoing Functions and Reported spend on Historic Commitments.

##### Ongoing Functions

The Reported spend on Ongoing Functions includes services such as School Improvement and Education Welfare, totals £2.905 million.

The 2019/20 allocation for ongoing functions has reduced by £0.059 million (despite pupil numbers increasing by 260) based on a reduction in the CSSB unit of funding decreasing from £58.37 per pupil in 2018/19 to £56.91 in 2019/20.

##### Historic Commitments

The Reported spend on Historic Commitments consists of the prudential borrowing costs for a PFI contract and historic teacher pension costs, totals £3.21m, which remains unchanged from 2018/19

## **2.6 Recovery plans for DSG deficits**

- 2.6.1 Following a brief consultation period the DfE has introduced, as a condition of the 2019/20 DSG, the requirement to provide recovery plans for DSG deficits.
- 2.6.2 Where a LA has an overall deficit on DSG of one per cent or more at the end of the 2018/19 financial year, it must by 30<sup>th</sup> June 2019 submit a recovery plan to the DfE, setting out how it plans to bring the overall DSG account into balance within a maximum of three years. In exceptional cases the authority may propose to leave some of the accumulated deficit outstanding, where it is not practicable to do otherwise. The recovery plan should be discussed and, if possible, agreed with the Schools Forum, and will require Chief Finance Officer sign off prior to submission to the DfE. Further guidance on the process and format for submitting the recovery plan will be issued in early 2019.
- 2.6.3 For these purposes, a deficit should be calculated against gross DSG for 2018/19 before recoupment, as most recently notified to the authority by the DfE. For Croydon, one percent of the gross 2018/19 DSG allocation (as set out in Table 1) equates to £3.370 million. Table 4 illustrates the current projected deficit as at the end of the 2018/19 financial year as £12.643 million.
- 2.6.4 Croydon has set out a five year strategy for its high needs with key areas to be targeted. The intention is to improve the provision while reducing the expenditure in order to ensure that we can fulfil our statutory duty to be meet the needs of all pupils with special education needs.

- 2.6.5 Both the consultation proposal and the final conditions of the 2019/20 DSG are silent on any sanctions that may be imposed as a consequence of non-compliance or, in fact, what non-compliance would look like.
- 2.6.6 The full consultation question and Croydon's response to the consultation is included in Appendix 1 of this report where it should be noted that a case was put forward for the recovery plan to be based on a more realistic and strategic time frame of five years.

## **2.7 DSG Funding Formula**

- 2.7.1 The DSG funding formula is maintained by the finance function of the LA and agreed by the Schools Forum and its working groups. The Schools Forum is actively involved in working with the LA to agree the principles of the DSG local funding formula and there are dedicated working groups for schools, early years and high needs funding blocks. These working groups are attended by representatives from all education establishments in the borough.
- 2.7.2 From 2018/19 the NFF provides two per pupil funding rates, one for primary pupils and one for secondary pupils. The 2018/19 rates per pupil were £4,238.50 for primary pupils and £5,317.93 for secondary pupils. In 2019/20, the respective funding rates are £4,293.34 and £5,460.88.
- 2.7.3 The above rates are multiplied by the number of primary and secondary pupils on roll to determine the LA's schools block allocation shown in Table 1 above. The LA then applies local factors that have been set by Schools Forum in order to determine the actual allocation per pupil and the individual schools budgets. Local factors include growth, de-delegation and deprivation. Therefore the amounts set out above will change to smooth out the transition to NFF rates as per the decisions made by Schools Forum.

### Schools block

- 2.7.4 The Schools Block funding formula was submitted to the DfE on the 21<sup>st</sup> January 2019 using the budget principles authorised by the Schools Forum over the autumn period. Once agreed by the DfE the detailed school budgets will be finalised and these will be issued to schools in March 2019.
- 2.7.5 Tables 2 and 3 below set out the 10 highest and 10 lowest schools block funded LAs in London on a per pupil basis for primary and secondary pupils, with Croydon ranked 25<sup>th</sup> out of 32 London boroughs. Whilst the all ten boroughs within the bottom 10 have remained the same, Croydon's ranking has slipped one place since 2018/19 – mainly due to the changes introduced to the calculation of the growth element of the Schools Block.
- 2.7.6 Although Croydon has seen an increase in its funding allocation the amount which other boroughs have received has increased and this results in the continuation of the gap between how much extra a pupil in one of our nearest neighbours for example Lambeth is funded compared to Croydon. The tables starkly illustrate the funding differentials between inner and outer London boroughs with the latter experiencing many of the same cost, provision and recruitment pressures as the former.

**Table 2 - DSG 2019/20 Schools block allocations per pupil – Highest Funded London Authorities**

Rank	Local Authority	2019/20 schools block primary unit of funding (£s)	2019/20 schools block secondary unit of funding (£s)
1	Tower Hamlets	5,922.81	7,861.06
2	Hackney	5,908.79	7,872.97
3	Southwark	5,537.79	7,756.04
4	Lambeth	5,471.45	7,394.57
5	Camden	5,389.25	6,928.20
6	Islington	5,250.48	6,962.29
7	Newham	5,363.43	6,711.34
8	Hammersmith and Fulham	5,208.92	7,011.63
9	Westminster	5,283.58	6,775.56
10	Kensington and Chelsea	5,324.58	6,749.35

**Table 3 - DSG 2019/20 Schools block allocations per pupil – Lowest Funded London Authorities**

Rank	Local Authority	2019/20 schools block primary unit of funding (£s)	2019/20 schools block secondary unit of funding (£s)
23	Harrow	4,137.79	5,637.69
24	Hillingdon	4,278.46	5,697.71
25	Croydon	4,293.34	5,460.88
26	Havering	4,054.28	5,494.97
27	Redbridge	4,037.49	5,372.22
28	Sutton	4,104.09	5,141.16
29	Bromley	4,200.43	5,183.14
30	Bexley	3,961.51	5,317.31
31	Kingston upon Thames	4,057.44	5,172.17
32	Richmond upon Thames	3,853.54	5,289.35

2.7.7 The minimum funding guarantee (MFG) will continue to be applied, hence no school or academy will see a reduction of more than minus 1.5% per pupil compared to its 2018/19 budget (this excludes sixth form funding). MFG protects schools' budgets from large changes in funding based on factor changes. It protects school funding on a £ per pupil basis. This means it will not protect a school against falling roll numbers.

#### Early years

2.7.8 The Early Years block allocation for Croydon is based on a nationally set rate of a:

- £5.13 hourly rate for three and four year olds; and
- £5.66 for two year olds

The allocation will be updated following the January 2019 census. Based on the indicative 2019/20 allocation, the following components of the draft budget for 2019/20 will be proposed to the Schools Forum on 21st January 2019:

- £5.66 for two year olds
- A (provisional) increase in rate for three and four year olds in 2019/20 to £4.73 (£4.50 in 2018/19).

#### High needs

2.7.9 The 2019/20 High Needs allocation is £61.35 million based on the October 2018 census, with further adjustments expected for January 2019 census data, February 2019 Individualised Learner Record data and adjustments for hospital education funding. The budget for 2019/20 was authorised by the Schools Forum on the 21<sup>st</sup> January 2019.

2.7.10 At Q1 2018/19, the High Needs block forecast overspend was £12.202 million (including previous years overspends). Based on this forecast, on the 28th November 2018, Schools Forum agreed to transfer funding of 0.5% in 2019/20 (from the 2019/20 funding to be used for the 2018/19 overspend) from the provisional Schools Block to the High Needs Block. At that time, the 0.5% equated to £1.235 million.

2.7.11 The Q2 position has increased the High Needs Block forecast overspend to £12.643 million. In addition, as the final allocation of the Schools Block was slightly higher than that of the provisional allocation – the 0.5% top slice would increase to £1.238 million, resulting in an overall projected DSG overspend for 2018/19 of £11.405 million.

2.7.12 Table 4 illustrates previous year's movements between the schools block and the high needs block and year end overspend.

Description	Amount £ million
2015/16 High Needs Outturn	2.568
2016/17 DSG Top Slice	1.466
2015/16 Overspend Carry Forward	1.102
2016/17 High Needs Outturn	5.721
2017/18 DSG Top Slice	2.246
2016/17 Overspend Carry Forward	3.475
2017/18 High Needs Outturn	8.650
2018/19 DSG Top Slice	1.219
2017/18 Overspend Carry Forward	7.431
2018/19 High Needs Outturn	12.643
2019/20 DSG Top Slice	1.238
2018/19 Overspend Carry Forward	11.405

2.7.13 The above transfer to the High Needs Block is in addition to the funding allocation of £1.966 million received for 2018/19 and 2019/20.

- 2.7.14 The budget pressures are principally attributable to the increase in demand, which has led to an over-reliance on the independent / non-maintained sector, due to shortage of local state funded special schools and / or resourced provision. This is being addressed and a strategy developed to move to a more sustainable framework.
- 2.7.15 Croydon Council has a long term plan to increase special schools, Enhanced Learning Provision and post 16 specialist places, including a new free special school with 150 places opening in September 2020. Through this strategy the intention is to provide an effective pathway of local education provision for young people which is an efficient use of resources and supports young people in becoming independent in or near their local community.
- 2.7.16 Management of the high needs block and reducing the overspend requires that together there is an approach that manages reliance on EHCP plans for children with lower levels of SEN, reduces demand and ensure placements of children are delivered through the continuum of state-funded education provision at efficient values.

## **2.8 Academies**

- 2.8.1 Academies are funded directly from ESFA on an academic year basis.
- 2.8.2 As stated previously, mainstream and special academies funding is included within the DSG allocation for the LA for transparency and is not actually paid to the LA but passed directly to academies. The removal of funding from the DSG allocation for academies is known as recoupment.
- 2.8.3 This amount will be subject to change depending on the number of schools that convert to academies during the year. Of the 56,826 pupils on roll full time and part time at main point of registration in October 2018, 37,886 (67%) are in academy schools. This is an increase of 4% since October 2018.
- 2.8.4 Croydon currently has four open free schools, two primary and two secondary. The existing free schools (The Harris Invictus Free, Paxton Academy Sports and Science, Krishna Avanti Primary school and Coombe Wood School) are all funded by the ESFA in the same manner as academies are funded. Funding for non-mainstream free schools (e.g. special or alternative provision free schools) are funded differently.
- 2.8.5 Croydon has plans to open the Addington Valley Academy a special free school for 150 pupils aged from 2-19, with Autism Spectrum Disorder and learning difficulties in September 2020.

## **2.9 Pupil Premium**

- 2.9.1 Pupil Premium funding is awarded in addition to the DSG and is allocated on a per pupil basis for pupils who meet the criteria. The aim of the funding is to raise the attainment of disadvantaged pupils and close the gap between them and their peers. Funding is currently awarded on a per pupil basis for any pupil who has:-
- been eligible for Free School Meals in the last 6 years.



- children (aged 4 to 15) who have been looked after for one day or more, adopted from care or leave care under a special guardianship or residency order, and
  - children whose parents are in the armed forces are also eligible.
- 2.9.2 The 2019/20 funding allocation is yet to be announced (anticipated in mid-2019) and rates per pupil remain the same as 2018/19. The 2018/19 allocation was updated in December 2018 to take account for the October 2018 census data. This resulted in an allocation of £21.424 million for Croydon, based on per pupil rates of £1,320 for children in reception year 1 to year 6, and £935 for pupils in year 7 to year 11 and £2,300 for looked after children (LAC) and £300 for children whose parents are in the armed forces being distributed to the schools fully. The 2018/19 allocation was higher than the 2017/18 allocation, mainly due to the increased per pupil rate for LAC (from £1,900 to £2,300).

## **2.10 Revenue Funding**

- 2.10.1 The Council is required to provide some education functions as a statutory duty. These include statutory education welfare, the Virtual School for Looked After Children, exclusions, children who are electively home educated, the commissioning of Alternative Provision, and intervention in schools causing concern. In addition, the School Improvement team has oversight of standards in primary, secondary, special schools and pupil referral units. They generally focus on improving service delivery, raising standards, narrowing the gap, enriching the curriculum and building learning communities. Other services include 16-19 services (NEET tracking), the schools music service, and commissioning of Octavo (the school improvement mutual).
- 2.10.2 In 2018/19, a new DSG block i.e. the Central School Services block (CSSB) was created with the aim of funding LA's for statutory duties they hold for both maintained schools and academies. It brings together:
- Funding for ongoing responsibilities such as admissions
  - Funding previously allocated through the retained duties element of the education services grant (ESG)
  - Residual agreed funding for historic commitments
- 2.10.3 The CSSB was resourced by virement from the School block which is where the above commitments have to date been funded from. Please note the CSSB does not include (and is not intended to) funding for any central front line budgets and commitments held in the Early Years and High Needs blocks
- 2.10.4 The aim of the CSSB is to improve transparency and recognise the continued need to use DSG funding (within laid out parameters) to fund centrally managed commitments which support front line and support service functions.
- 2.10.5 The Council faces financial challenges in the coming years as a result of reductions in funding and grants provided by central government. Over the medium-term to 2019/22 the Council has a projected funding gap of £26 million.

2.10.6 The focus of the work to date has been to get to a balanced position for 2019/20 that will be presented to Cabinet in February and Council in March. No additional savings are expected from within the Education budget.

2.10.7 It is assumed that capital receipts will continue to be allocated where appropriate to fund transformation programmes and projects that support the assumptions made in the MTFs, this includes the transformational activities in the Children's Services Improvement Plan.

## 2.11 Capital Funding

2.11.1 The four year education capital programme, along with the necessary funding required for the supply of these places, was presented to Council in January 2019 as part of the council's Croydon's Education Estates Strategy.

2.11.2 Based on Croydon's recent School Capacity (SCAP) Survey and forecasts of pupil numbers submitted to the DfE in July 2018, our latest estimates suggest that there will be sufficient places in Croydon primary and secondary schools to accommodate children for the next three years. Currently, there is a higher level than necessary of spare capacity / surplus places in some of the primary school planning areas and council staff are currently working with the relevant schools to manage this spare capacity / surplus places.

2.11.3 The cost of this programme over the 4 year period is estimated at £62.967m over the period 2019/20 – 2021/22. This is predominantly funded from a combination of council borrowing and other funding grants, as detailed in Table 5 below.

2.11.4 Full details of the programme are included in Appendix 2 of this report.

**Table 5 – Education capital programme (to be updated)**

Funding Source	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m
School Condition Funding	3.715	0	0	0
Basic Needs	0	6.833	0	0
Special Provision funding	0	0.969	0.969	0
ESFA – Addington Valley School	0	10.000	3.510	0
Borrowing	17.184	23.636	11.182	5.020
<b>Total Cost of Education Programme</b>	<b>20.899</b>	<b>41.438</b>	<b>15.661</b>	<b>5.020</b>

### **3. CONSULTATION**

- 3.1 All Departments have been consulted during the preparation of this report. Individual projects and programmes within the budget will also be subject to necessary consultation as required.

### **4 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS**

- 4.1 The report is submitted by Lisa Taylor – Director of Finance, Investment and Risk (Deputy S151 Officer).

### **5 COMMENTS OF THE COUNCIL SOLICITOR & MONITORING OFFICER**

- 5.1 The Solicitor to the Council comments that the Council is under a duty to ensure that it maintains a balanced budget and to take any remedial action as required in year.

Approved by: Sandra Herbert, Head of Litigation and Corporate Law on behalf of Jacqueline Harris-Baker Director of Law and Governance and Monitoring Officer

### **6 HUMAN RESOURCES IMPACT**

- 6.1 There are no direct Human Resources considerations arising from this report, but items from savings packages and action plans that need to be developed in response to the report are likely to have an HR impact. Where that is the case, the consultation and planning must be in line with HR policies and procedures and HR advice must be sought from the assigned provider. Council HR should be kept informed of proposals.

Approved by: Sue Moorman Director of Human Resources

### **7 EQUALITIES IMPACT**

- 7.1 The funding allocations and formulae are set nationally and are therefore already subject to an equality assessment.
- 7.2 In setting the Education Budget 2019/20, the Council has taken into account the need to ensure targeted funding is available for work on raising the attainment of disadvantaged pupils who are likely to share a “protected characteristic” (as defined in the Equality Act 2010) and close the gap between them and their peers. This will help the Council meet its equality objective to improve attainment levels for white working class and Black Caribbean heritages, those in receipt of Free School Meals and Looked After Children, particularly at Key Stage 2 including those living in six most deprived wards

Approved by: Yvonne Okiyo Equalities Manager

### **8 ENVIRONMENTAL IMPACT**

- 8.1 There are no direct implications contained in this report.

## **9 CRIME AND DISORDER REDUCTION IMPACT**

9.1 There are no direct implications contained in this report.

## **10 REASONS FOR RECOMMENDATIONS/PROPOSED DECISION**

10.1 The recommendations are to scrutinise and note the budget position for education funding. There is no direct action requested at this point.

## **11 OPTIONS CONSIDERED AND REJECTED**

11.1 Given the current budget position there is no requirement for additional action at this time.

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<b>CONTACT OFFICER:</b>	Lisa Taylor, Director of Finance Investment and Risk (Deputy S151 Officer)
<b>BACKGROUND DOCUMENTS:</b>	None
<b>APPENDICES:</b>	
Appendix 1	Croydon LBC Response to the Consultation on the implementation of new arrangements for reporting deficits of the dedicated schools grant
Appendix 2	Capital Programme Budget Summary

## **Croydon LBC Response to the Consultation on the implementation of new arrangements for reporting deficits of the dedicated schools grant**

The Department for Education (DfE) is consulting on new arrangements for reporting deficits of dedicated schools grant (DSG)

The response deadline is the 7<sup>th</sup> December 2018

### **Overview of proposal**

Any authorities that propose to leave part or all of their accumulated DSG deficit outstanding will need to provide a clear explanation as to why their deficits could not be recovered in the short term and provide thorough evidence to support their proposals. They will also need agreement from their Chief Finance Officer (CFO).

We expect a range of evidence to support local authority recovery plans. We would expect this to have already been presented to schools forums. We are aware that DSG deficits are usually caused by high needs pressures, and in these cases the evidence required in the recovery plans will typically include what we already look for in block movement disapplication requests. Authorities will, however, need to address whatever the main causes of overspending on the DSG have been.

The evidence should include:

- A full breakdown of specific budget pressures locally that have led to the local authority incurring a cumulative DSG deficit of over 1%. Where this has resulted from high needs pressures, information should include the changes in demand for special provision over the last three years, how the local authority has met that demand by commissioning places in different sectors (mainstream and special schools, further education and sixth form colleges, independent specialist provision and alternative provision), and if there have been any reductions in the provision for mainstream school pupils with high needs
- Where the deficit has resulted from high needs pressures, an assessment and understanding of the specific local factors that have caused an increase in high needs costs to a level that has exceeded the local authority's high needs funding allocations; and a plan to change the pattern of provision where this is necessary, as well as to achieve greater efficiency and better value for money in other ways; together with evidence of the extent to which the plan is supported by schools and other stakeholders
- A detailed recovery plan showing how the authority intends to bring its DSG reserve back into balance within three years, showing clearly how expenditure will be contained within future funding levels
- If the authority judges that it cannot recover the whole of its cumulative DSG deficit within three years, it must explain the reasons for this. If the authority wishes to defer recovery of some of the cumulative deficit, it must show in its recovery plan that it is able to at least contain its expected in year expenditure

within its expected in year DSG income by the end of the three-year period

- Details of any previous movements between blocks, what pressures those movements covered, and why those transfers have not been adequate to counter the new cost pressures
- Assumptions on assumed future transfers between blocks of the DSG, if permitted in future years, and evidence of support from the schools forum and wider school community for these

### **Response to proposal**

Croydon along with other Local Authorities across the country has experienced an increase in demand on the High Needs (HN) DSG budget. This demand has outweighed the resources available from national government. The impact on Croydon with its rapidly increasing school-age population can be measured in the increase of over 800 children with an Education Health and Care Plan (EHCP) over the past 3 years, there are now approximately 2500 EHCP's in the borough. This increase is not reflected in the funding received as 45% of the HN funding is based on historic costs. Consequently, the HN DSG budget has moved from a position of being almost £3m in surplus in 2012/13 to a £8.6m deficit at the end of 2017/18 financial year.

Croydon welcomes the above proposal as it signals that national government is recognising the serious issue of funding not matching the demand within the HN block. We would also strongly request that the formula used to calculate the HN funding be reviewed and updated following on from this consultation.

Croydon has set out a 5 year strategy for its HN with key areas to be targeted. The intention is to improve the provision while reducing the expenditure in order to ensure that we can fulfil our statutory duty to be meet the needs of all SEN pupils.

We would therefore propose:

1. A detailed recovery plan showing how the authority intends to bring its DSG reserve back into balance within **five** years, showing clearly how expenditure will be contained within future funding levels
2. For the cumulative deficit, the recovery plan should be on a more long term view beyond the five year plan, with support from national government.

Planning Area	Provision Location	APPENDIX 2				
		2018/19 Revised Budget Q2	2019/20	2020/21	2021/22	Totals 2018/19 to 2021/22
		£	£	£	£	£
	Table 1 - Primary School Places					
	<b>Permanent Expansions</b>					
North West	2FE West Thornton Academy, Canterbury Road	3,668,537	159,596	70,000	35,241	3,933,374
North West	3FE Chestnut Park Academy	187,453	45,000	53,338		285,791
North West	3FE Ark Bayes New Free School (2019-20)					-
Central	3FE Harris Academy, Purley Way	854,417	149,756	50,000	43,520	1,097,693
Central	2FE Heathfield Academy, Aberdeen Road	491,000	94,958	65,000	63,467	714,425
Central	1FE Ark Oval Academy	78,924	-			78,924
East	1FE St John's C of E	103,845	57,000	57,000	47,000	264,845
East	1FE Heavers Farm		47,000	47,000	47,130	141,130
South	1FE Christ Church	288,562	47,000	47,000	67,667	450,229
South	2FE Collegiate New Free School (2019-20)					-
South West	1FE Chipstead Valley	160,316	47,000	47,000	63,381	317,697
South West	1FE Woodcote	211,101	-			211,101
South West	1FE Smitham	3,567,812	72,000	72,000	32,000	3,743,812
	Additional Educational Projects	1,138,743				1,138,743
	<b>Bulges</b>					-
Central	1FE Krishna Avanti Free School 18-19					-
East	1FE The Robert Fitzroy Academy 2019-20		300,000			300,000
	Additional Educational Projects	1,753,095				1,753,095
Various	Contingency Provision	250,000	600,000	336,173	-	1,186,173
	<b>Table 1 Sub-Totals</b>	<b>12,753,805</b>	<b>1,619,310</b>	<b>844,511</b>	<b>399,406</b>	<b>15,617,032</b>
	Table 2 - Secondary School Places					
North	6FE School at Arena	150,000	-	-	-	150,000
North	2.3FE Archbishop Lanfranc - (PSBP2)	1,581				1,581
North	6FE Ark Blake New Free School Morland Road (2019-20)					-
North	6FE New Free School - Harris Academy (Site TBC)					-
South	6FE Coombe Wood Free School (2018-19)					-
	<b>Table 2 Sub-Totals</b>	<b>151,581</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>151,581</b>
	Table 3 - SEN Places					
South	2FE St Nicholas Special School	4,135,493	13,240,000	7,201,986	472,825	25,050,304
South	1FE(Bulge) Red Gates Special School	347,098	20,000	-		367,098
South	ELP for Boys and Girls with ASD (TBC)	900,000	100,000	-		1,000,000
South	Enhanced Learning Provision for MLD (14 places) (TBC)	900,000	100,000	-		1,000,000
South	New Free Special School (150 places) for ASD	100,000				100,000
South	John Ruskin College/Springboard	700,000	5,000			705,000
South	Post 16 SEN Temp. Modular - Coulsdon College Site		-	-		-
East	Beckmead School (Forest Academy)		-			-
North	Beckmead School	702,749	-			702,749
North	Priory School	58,071	-			58,071
South East	Girls Provision at Salcott Crescent	41,957				41,957
Various	Nurture Provision in 4 Primary Schools					-
Various	Invest to Save Projects – Red Gates Primary School	968,855	968,855	968,854	-	2,906,564
Central	Post 16 SEN Centre of Excellence with Croydon College	1,750,000	1,550,000	-		3,300,000
South East	Addington Valley Academy ESFA funded project		10,000,000	3,510,000		13,510,000
	HARRIS FEDERATION SEN RB (25 place ASD resource base) Riddlesdown	408,379				408,379
	HAZELGLEN PKA VICTORIA HOUSE	38,070				38,070
	OASIS ARENA SEN RB	101,000				101,000
South East	Timebridge SEN School (LA Support) feasibility		100,000	-		100,000
	<b>Table 3 Sub-Totals</b>	<b>11,151,672</b>	<b>26,083,855</b>	<b>11,680,840</b>	<b>472,825</b>	<b>49,389,192</b>
	Table 4 - Major Maintenance					
Various	Major Maintenance Works	3,653,440	2,000,000	2,000,000	2,000,000	9,653,440
Various	Fire Safety Works	2,000,000	1,000,000			3,000,000
	<b>Table 4 Sub-Totals</b>	<b>5,653,440</b>	<b>3,000,000</b>	<b>2,000,000</b>	<b>2,000,000</b>	<b>12,653,440</b>
	Table 5 - Other Education Schemes					
North	Elmwood Juniors Kitchen Replacement		325,000			325,000
South	Kenley Internal Re-modelling Works		120,000			120,000
South	St Giles Internal Re-modelling Works		110,000			110,000
Various	Actual and Planned Expenditure on Other Education Programme Capital Projects	1,206,421	147,000	272,000	206,588	1,832,009
Various	Basic Need Allocation (Remainder)		4,233,299			4,233,299
	<b>Table 5 Sub-Totals</b>	<b>1,206,421</b>	<b>4,935,299</b>	<b>272,000</b>	<b>206,588</b>	<b>6,620,308</b>
	<b>Totals</b>	<b>30,916,919</b>	<b>35,638,464</b>	<b>14,797,351</b>	<b>3,078,819</b>	<b>84,431,553</b>

