| **Date: 29 September 2022 Item8 Type of report:** Item for discussion |
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| **Report title: Safety Valve Intervention Programme**  **(DSG Management Plan)** |
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# **Executive Summary**

This report outlines the Safety Valve Intervention Programme and the Council’s response to the invitation to participate in the programme. The intervention is the Department for Education’s (DfE) response to the significant accumulation of Dedicated School Grant (DSG) deficits by the majority of English Local Authorities (LAs), almost in entirety because of continuing to meet statutory responsibilities for children and young people (CYP) with Special Educational Needs and Disabilities (SEND).

Southwark Council is currently involved in discussions with the DfE to secure £23m in ‘Safety Valve’ funding to eliminate the cumulative DSG deficit in return for delivering a more efficient and effective high needs service.

# **Schools Forum Actions**

That the Schools Forum

* Comment on the Initial Safety Valve proposal, submitted to the DfE on 15 September 2022;
* Note the Final Safety Valve proposal is due to be submitted by 6 October 22; and
* Note the Local Authority’s proposal to enter into a Safety Agreement with the DfE to secure £23m additional / conditional funding to eliminate the current DSG deficit.

# 1. **Background**

# 1.1 At the end of March 2022, there was a SEND funding deficit in England of £1.3bn, an increase of £465 million from the previous year. Three quarters of LAs now have SEND funding deficits.[[1]](#footnote-1)

# 1.2 The *Children’s and Families Act* *2014* (the Act) introduced significant SEND reforms, extending LA’s statutory responsibilities to provide SEND support to CYP from birth to 25 years of age and introducing Education, Health and Care (EHC) plans replacing SEN Statements.

1.3 LA’s receive Dedicated Schools Grant (DSG) High Needs Block funding to meet the statutory duties under the *Act*. Since the reforms, significant pressures on high needs budgets have resulted in many LAs accruing DSG deficits.

# **2. Safety Valve Intervention Programme**

# 2.1 Since 2021, the DfE has entered into ‘Safety Valve’ agreements with 14 LAs with the highest DSG deficits.

# 2.2 The actions and outcomes, as set out in a five-year DSG management plan, form the basis of the agreement. Each LA that signs up to an agreement receives sufficient funding from the DfE, paid out over the life of that plan, to eliminate the deficit projected at the end of the plan.

# 2.3 In return, each LA must agree to to bring the DSG deficit back into balance and reduce or eliminate their deficit within five years.

# 2.4 Key areas of focus of Safety Valve agreements:

* + Early intervention focus
  + Increased SEN support offer
  + Review EHCP assessment processes and thresholds
  + Culture change and work with school leaders
  + Appropriate and thorough provision mapping, with potential development of more local provision

# **3. The Southwark Safety Valve Agreement**

# 3.1 Southwark’s DSG cumulative deficit at the close of the 2021-22 financial year was £21.7m, primarily due to the High Needs Block. The Council is currently forecasting an in year overspend of £2.2m. In order to deal with the situation Education Budget Recovery Board was (BRB) set up to provide a platform for more structured way of creating and monitoring departmental savings options.

# 3.2 In addition to the BRB process, discussions are currently under way with the DfE regarding Southwark becoming a safety valve funded authority, where the DfE will potentially meet some of the cost of the cumulative deficit in return for the delivery of the savings.

# 3.3 The service transformation vision in the Southwark SEND Strategy 2022-2025 (approved by Cabinet on 13/09/2022) forms the foundation for a delivery plan to enable a more efficient high needs system.  The Council has developed and is refining savings proposals to reach an in-year balance on their DSG by 2024-25 and over time, supported by a successful application for Safety Valve funding, to eliminate that deficit.

# 3.4 The SEND Strategy has four main areas of focus:

Priority 1: Improving provision for complex/multiple needs, including Autistic Spectrum Disorder (ASD)

Priority 2: Provision of more timely, high-quality identification and provision

Priority 3: Development of greater confidence skills and competencies in all settings

Priority 4: Development of pathways into adulthood for young people with SEND

Priority 5: Resource allocation reviews and enablers (the essential actions required to ensure an efficient and effective system is in place to secure the successful delivery of the SEND strategy).

# 3.5 A summary of the current management plan is attached at Appendix A.

# 3.6 Whilst the DSG Management Plan only relates to DSG funded revenue expenditure, the refreshed plan also addresses council funded high needs revenue expenditure and the need for potential additional investment from other specific external grants or council funds.

# 3.6 The Council is seeking £23m from the DfE to eliminate the deficit by the end of 2026-27 and the Annex’s to the report illustrates the details of the current management plan.

# 3.7 The additional investment proposed takes the form of revenue and capital and in the case of the former, will include transfer of funding from the DSG Schools Block and the latter, an application for additional SEND capital grant alongside the DSG Management Plan with match funding from the Council of up to £3m.

# **4. Strategic Risks**

# 4.1 There are three significant risks attached to this programme:

(a) Not securing a Safety Valve agreement and £23m additional DSG. This may undermine the financial sustainability of the Council and/or lead to cuts to general fund expenditure that will result in the Council failing to meet its statutory duties.

(b) Higher inflation over the life of the plan than the current rates applied to projected expenditure in the DSG management plan. The Council has used Treasury rates (as at July 2022) for expenditure applied at 6% / 4% / 2% in 2022-23; 2023-24; 2024-25 & 2025-26 and beyond. The annual inflation rate in the UK increased to 10.1% in July of 2022.

(c) Accurate forecasting of the future number of EHCPs in the DSG management plan is critical to the ability to deliver the plan and recover the DSG deficit by 2026-27. Current projections are based on manually captured historical data, with the pandemic possible affecting the trend data over the previous two financial years.

# **5. Future Actions**

# 5.1 The Council submitted an initial proposal for Safety Valve funding to the DfE on the 15 September, with critical discussions taking place before the final submission due on 6 October 2022.

# 5.2 Schools Forum will receive updates and detailed plans emanating from Safety Valve discussions and agreement.

# 5.3 Schools Forum High Needs Sub-Group will have a key role in driving action linked to our management plans forward.

# 5.4 Engagement and co-production of future areas of development across stakeholders will be essential in maximising opportunities against Safety Valve Agreement.

# **6. Conclusion**

# 6.1 The suite of documents that formed the complete initial proposal for Safety Valve funding is attached (annex’s) and School Forum is asked to note and comment on the application.

1. Cover Sheet
2. Presentation
3. Accompanying narrative, with
   1. DSG Management Plan
   2. Send Strategy
   3. Risk Register

# 6.2 The DfE expects the DSG management plan to be updated and presented at Schools Forum meetings and any High Needs subgroups regularly and at least on a termly basis.

# 6.3 We will update the Schools Forum on the outcome of the Safety Valve discussions, the conditions of the agreement (if successful) and the timeline for monitoring and coming back to the Forum in time for budget planning discussions for 2023-24.

**Decorative**

1. [Cornwall to Newcastle: children with disabilities forced to travel hundreds of miles for school — The Bureau of Investigative Journalism (en-GB) (thebureauinvestigates.com)](https://www.thebureauinvestigates.com/stories/2022-04-28/cornwall-to-newcastle-children-with-disabilities-forced-to-travel-hundreds-of-miles-for-school) [↑](#footnote-ref-1)