

**CHILDREN AND YOUNG PEOPLE SCRUTINY COMMITTEE
23 OCTOBER 2023**

DEDICATED SCHOOL GRANT AND THE SAFETY VALVE

SUMMARY REPORT

Purpose of the Report

1. To provide scrutiny committee with an update on progress made on the council's Safety Valve agreement to address historic deficit in the High Needs Block which supports education provision for young people with Special Educational Needs.

Summary

2. The council has entered into the "Safety Valve" agreement with the Department for Education (DfE), enabling funding over a 5 year period to address the accumulated deficit on the Dedicated Schools Grant (DSG) High Needs Block (HNB). The agreement will require commitment to areas of review and improvement identified by Department for Education (DfE) to bring in year spend in line with the in-year budget by 2023/24.

Recommendation

3. It is recommended that :-
 - (a) Scrutiny committee note the terms of the agreement and progress made to date.

Tony Murphy
Assistant Director of Education and Inclusion

Background Papers

Darlington Safety Valve Agreement

Tony Murphy : Extension 5637

S17 Crime and Disorder	N/A
Health and Wellbeing	Supports improved outcomes for children and young people
Carbon Impact and Climate Change	No implications arising from this report
Diversity	No implications arising from this report
Wards Affected	All wards are affected
Groups Affected	Young people 0-25 with Special Educational Needs
Budget and Policy Framework	Dedicated School Block
Key Decision	No
Urgent Decision	No
Council Plan	Supports SEND priorities in the Council Plan
Efficiency	Supports efficient use of resources and service improvement
Impact on Looked After Children and Care Leavers	Impacts on Looked After Children or Care Leavers with Special Education Needs

MAIN REPORT

Information and Analysis

4. The Department for Education (DfE) as part of its wider SEND reforms, has initiated the 'safety valve' intervention programme. The DfE recognises that over recent years, pressures on high needs budgets have contributed to many local authorities accruing deficits on their Dedicated Schools Grant (DSG). The DfE states that the right response to tackling this is a multi-faceted approach, which looks to the heart of the issues, taking in the significant increases in high needs funding that have been provided nationally; reform from the cross government SEND review; and targeted intervention for the local authorities who have struggled the most.
5. The safety valve intervention programme began in 2020/21 and has continued with further authorities added to the programme in 2021/22 and 2022/23, targeting the local authorities with the highest DSG deficits. The programme requires local authorities to develop substantial plans for reform to their high needs systems, with support and challenge from the department's expert team, to rapidly place them on a sustainable footing. If a local authority can demonstrate sufficiently that their DSG management plan creates lasting sustainability, including reaching an in-year balance as quickly as possible, then the department will enter into an agreement with the authority (subject to Ministerial approval). Darlington entered into an agreement in March 2023.
6. Through the agreement, the local authority is held to account for the delivery of their reforms and savings targets via regular reporting to the DfE. Contingent on delivery of the reforms set out in the agreement, the DfE will help the local authority with additional funding over time to contribute to eliminating the historic deficit.

Reporting Requirements

7. When Darlington were accepted onto the programme this came with the requirement to formally report progress back to the department three times per financial year. These reporting requirements are a condition of receiving the grant. The dates we are required to report back to the DfE for 2023/24 are as follows:
 - (a) Report 1 - 16 June
 - (b) Report 2 - 15 September
 - (c) Report 3 - 15 December

Darlington Position

8. In Darlington our DSG deficit is made up fully of High Needs deficit. The other blocks are in surplus and therefore reduce the overall net High Needs Block deficit position.
9. Our safety valve plan had projected that we will break even in terms of expenditure against grant in 2023/24 (this year). We expected to have an overspend in 2022/23 of £261,939 on the DSG (£460,276 of High Needs overspend), though this projection was lower than in previous years following the commencement of some of the actions in our agreement and additional high needs funding.

10. After receiving the final expenditure accounts for 2022/23, we are however going into our first full year of the Safety Valve agreement from a position of relative strength as the High Needs Block achieved a balance at the end of the 2022/23 financial year. The High Needs Block of circa £18.7m in 2022/23 had a year-end underspend position of £109,382. This has reduced the overall net deficit on the high needs block to £6,423,149 before safety valve payments received. The DSG deficit has therefore reduced to £5,176,899 before safety valve payments and expected claw back of Early Years Block.
11. We received our first Safety Valve payment of £2.48M in March 2023, which has been allocated to our brought forward deficit in line with the terms of the grant. This has reduced the overall DSG deficit to £2,696,899 (before expected claw back of Early Years Block).
12. We cannot be complacent however in terms of our plan. We are still seeing rising demand and increasing tribunal requests which are impacting on our high needs plans. We therefore still have a significant challenge in the year ahead to provide a balanced budget which we outlined in our agreed plan (2023/24 provided for an underspend of £124,618). Following the submission of our report 1 to the Department for Education we received a positive response reflecting that our plans were on track and confirmation that a further Safety Valve payment of £247k will be made this year.
13. The progress made however reflects the effective work of our SEND services and Finance to manage demand and develop accurate growth projections. We have moved from a high needs overspend of circa £1.6m in 2019/20 to an underspend, though the DSG funding has increased significantly in this period.

Darlington Conditions of Agreement

14. The Assistant Director Education and Inclusion, the Assistant Director Resources, the Head of SEND and the Finance manager meet on a monthly basis to manage our safety valve progress. The Head of SEND and Finance Manager also meet frequently to look at day to day budget management. The council's Chief Officer Board are updated regularly on progress.
15. Schools Forum are also updated as to progress against agreement in the regular cycle of meetings.