



Committee report

Committee	SCHOOLS FORUM
Date	13 JULY 2023
Title	SAFETY VALVE UPDATE
Report of	DIRECTOR OF CHILDREN'S SERVICES AND DIRECTOR OF FINANCE

EXECUTIVE SUMMARY

1. This report provides background information for the Safety Valve Programme along with the details of the Safety Valve agreement reached in March 2023 and conditions attached. The report also provides an update on the first monitoring report submitted to the Department for Education (DfE) on the progress of the programme.

BACKGROUND

2. In 2020-21, the Department for Education introduced the Safety Valve intervention programme for those local authorities with the very highest percentage DSG deficits, recognising that help would be needed for these authorities to turn things around in a short space of time. The programme required those local authorities to develop substantial plans for reform to their high needs systems and associated spending, with support and challenge from the department.
3. The authorities will be held to account for their reform and deficit reduction targets via regular reporting to the department. The department will help the local authorities with additional funding over time to contribute to their historic deficits, contingent on delivery of the reforms.
4. The programme started in 2021 and to date 34 councils secured funding through this programme totalling £986million.

SAFETY VALVE AGREEMENT

5. Isle of Wight Council was approached by the DfE to participate in the Safety Valve programme. Throughout 2022/23 financial year detailed work was carried out to develop strategies to deliver a sustainable high needs budget. A deficit management plan was produced showing the impact of these strategies, which bring the in-year spend in line with DSG allocations by the 2026/27 financial year.

Mitigated Position £000	2019/20 Outturn	2020/21 Outturn	2021/22 Outturn	2022/23 Forecast	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast
Total DSG Income	93,146	97,742	104,177	107,940	114,361	115,013	115,684	116,375
Total DSG Expenditure	94,726	99,553	106,223	110,159	116,450	116,172	116,624	116,273
NET IN-YEAR POSITION	1,580	1,811	2,046	2,218	2,089	1,159	940	-103
CUMULATIVE DSG DEFICIT	2,488	4,299	6,345	8,563	10,652	11,811	12,751	12,648
Deficit as % of funding	2.7%	4.4%	6.1%	7.9%	9.3%	10.3%	11.0%	10.9%

6. The unmitigated forecast without pursuing the Safety Valve strategies predicts the increase in the DSG deficit by 2026/17 to £18.6million.

Unmitigated Position £000	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast
NET IN-YEAR POSITION	2,534	2,207	2,546	2,772
CUMULATIVE DSG DEFICIT	11,097	13,304	15,851	18,623
Deficit as % of funding	9.7%	11.6%	13.7%	16.0%
CUMULATIVE COST AVOIDANCE / SAVINGS	446	1,494	3,100	5,974

7. The LA is seeking to deliver a total estimated £5,974,000 cost avoidance through a combination of the following approaches

WORKSTREAM MITIGATIONS £000	23/24	24/25	25/26	26/27
Building Capacity	454	1,361	2,286	3,230
Annual Reviews	-	139	385	741
EHCP Process Improvement	45	165	354	603
Sufficiency Strategy	-	-	207	1363
Realigned Alternative Provision	-	-	-	-
Preparing for Adulthood	-	-	-	-
Other (balancing item will reduce as building capacity workstream further develops)	(53)	(172)	(131)	39
TOTAL	446	1,494	3,100	5,974

8. Following a detailed discussion between the Local Authority and the Department the Safety Valve agreement was reached in March 2023.
9. Under the Safety Valve agreement, the authority undertakes to reach a positive in-year balance on its Dedicated Schools Grant (DSG) account by the end of 2026-27 and in each subsequent year. The authority undertakes to control and reduce the cumulative deficit as per table below, not including any contribution made by the department through this agreement:

Year	Forecast DSG Deficit Profile at year end £m
2022-23	£8.6m
2023-24	£10.7m
2024-25	£11.8m
2025-26	£12.8m
2026-27	£12.7m

10. The Department agreed to pay to the authority an additional £5.08 million of DSG before the end of the financial year 2022-23. In subsequent financial years, subject to compliance with the conditions, the Department will pay DSG sums in instalments and subject to continued satisfactory progress. Subject to full compliance, Isle of Wight should therefore eliminate their cumulative deficit no later than 2026-27.

Year	The Department agrees to pay to the authority an additional £m of DSG by year end
2022-23	£5.08m
2023-24	£1.52m
2024-25	£1.52m
2025-26	£1.52m
2026-27	£3.05m

SAFETY VALVE CONDITIONS

11. The authority agrees to implement the DSG management plan that it has set out. This includes action to:
 1. Create greater clarity of 'Ordinarily Available Provision' (OAP) through further dissemination of recently produced Special Educational Needs (SEN) support guidance and offering training to headteachers and Special Educational Needs Co-ordinators (SENCOs) about what constitutes OAP

2. Improve the quality of Education Health and Care Plans (EHCPs) annual reviews through training, greater Local Authority (LA) engagement and improved processing to ensure timescales are met, so that children and young people meet the outcomes in their EHCPs, which should lead to a step-down in provision over time
 3. Ensure more robust oversight of decision making during the assessment and co-production of EHCPs, so that children are placed in most suitable provision that can meet their needs
 4. Increase maintained/academy specialist placements available on the Isle of Wight to minimise the need for more expensive placements
 5. Create an early intervention 'Primary Behaviour Service' to replace the primary provision at the Pupil Referral Unit (PRU) on the island, to reduce the number of permanent exclusions and meet needs earlier
 6. Improve the Post-16 offer on the island, encouraging take up of supported internships and supported apprenticeships, improving preparation for adulthood outcomes, and reducing demand on High Needs funds
 7. Review the governance of the Transforming SEND Programme Board (previously High Needs Performance and Oversight Board) with the intention to include a reference group which will include stakeholders, partners, and children and young people, to help inform planning in the local area
12. The Local Authority is required to report tri-annually to the Department (Funding Policy Unit) on its progress towards implementing the plan as per the conditions. The monitoring reports should include progress against the conditions of grant and a financial dashboard detailing various metrics relating to demand and cost.

CAPITAL BIDS

13. In conjunction with the Safety Valve programme the Local Authority submitted capital bids to support the delivery of the programme for the following:
 - a) New Special Free School
 - b) Creation of a Primary Behaviour Service
 - c) Creation of 1-2 employability hubs
 - d) Development of independence hub for Post-16
14. New Special Free School bid was approved; however, the remaining bids for funding were unsuccessful.

SAFETY VALVE MONITORING REPORTS UPDATE

15. The first quarter one Safety Valve monitoring reports were submitted to the Department for Education on the 16 June 2023 and, as per requirements, included a progress report against the conditions set out in the agreement and monitoring dashboard.
16. The Local Authority reported the progress on 5 out of 7 conditions, as listed in paragraph 5, as being on track.
17. The two remaining conditions, relating to Primary Behaviour Service and the Post-16 offer were reported as not being off target, predominantly due to the refusal of the two capital bids which has had an impact on the delivery of both workstreams.
18. In mitigation, the Council has now identified limited alternative capital funding for the PBS workstream and reduced the scope of the Post-16 offer.
19. Quarter one monitoring dashboard tracks activity and cost as at the end of financial year 2022/23, against the Safety Valve baseline. The submission is in Appendix A and the main changes to the Safety Valve plan can be summarised as follows:
 - The number of EHCPs increased by 1.96% compared to the baseline position.
 - Final 2022/23 DSG position is £531,000 worse than the Safety Valve forecast of which £523,000 relates to the High needs block.
 - The main factors that impacted on the final outturn position were the increase in the average cost and number of Educated Other Than at School/College (EOTAS/C) and an increase in activity at the Island Learning centre.
 - The average cost of EOTAS has gone up to from £29,550 to £34,410. A complex high-cost case, costing £345,000 per annum contributed towards this increase.
 - Average cost of mainstream EHCPs increased from £4,547 to £4,898 and this was due to an increase in discretionary funding for mainstream schools as well as the average cost of mainstream top-up.
 - The discretionary spend which provides support to children in mainstream schools, academies, resourced provision units and PRU has increased from the baseline forecast of £798,727 to £935,200.
 - Average cost of resourced provisions increased from £15,051 to £17,566 and at PRU from £19,562 to £20,802, due to the increase in the complexity of needs.
 - Average cost of an EHCP increased from anticipated £14,045 to £14,428 per year.

20. In mitigation and to bring the DSG spend in line with Safety Valve target in this financial year and beyond, the Local Authority has explored other options to reduce High needs spend. The options currently considered are an increase in the availability of therapies to prevent escalation to EHCP and the introduction of the SENCO helpline and toolkit which could have a bigger impact than initially anticipated.
21. The Department for Education has not yet contacted the Local Authority following the quarter one submission with any support or challenge. The next submission is due on 15 September following initial discussion with the Department on progress achieved to date.

RECOMMENDATIONS

1. That Schools Forum notes the update on the Safety Valve Programme

APPENDICES ATTACHED

Appendix A – Safety Valve Monitoring Dashboard

BACKGROUND PAPERS

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APPENDIX A – Safety Valve Monitoring Dashboard

Ref		Baseline (anticipated year end 22/23)	Actual year end position 22/23) As of 31st March 2023 Q1 (June) data return)	Target 31st March 24
1	Actual EHCPs	1476	1505	1429
2	% increase in EHCPs	0	1.96%	(-5.05%)
3	Net EHCPs @ Jan projected	N/A	1398	1429
4	% increase	N/A	8%	0%
5	New EHCPs	0	29	
6	Ceased EHCPs	N/A	0	
6a	Movers in	N/A	9	
6b	Movers out	N/A	3	
7	% of EHCP per head of population	N/A	5.40%	5.40%
8	% of pupils with SEN support	N/A	15%	15%
9	HNB in-year surplus / deficit - before safety valve funding	£2,240,809	£2,772,018	£2,088,732
10	HNB spend	£22,364,974	£22,896,183	£23,814,439
11	HNB spend - direct (includes recoupment and future demand)	£20,253,295	£20,900,192	£21,336,603
12	HNB spend - central	£2,111,679	£1,995,991	£2,477,836
13	In Year DSG surplus/deficit - before safety valve funding	£2,218,342	£2,741,750	£2,088,732
14	Cumulative DSG surplus/deficit - before safety valve funding	£8,563,094	£9,086,671	£10,651,825
15	Cumulative DSG surplus/deficit - after safety valve funding	£3,483,094	£4,006,671	£5,571,825
16	Funding gap as % of HNB allocation	11.25%	13.92%	9.61%
17	Early years outturn surplus/deficit	£-6,806	£38,750	£0
18	HNB DSG allocation	£19,913,610	£19,913,610	£21,725,707
19	Block transfers	£210,555	£210,555	£0
20	General Fund	£0	£0	£0
23	Average cost - all HNB 2 - 18	£909	£930	£976
24	Savings /mitigation - all HNB	NA	NA	£445,556
27	Average cost of an independent and ISP < 16	£39,053	£39,367	£40,107
28	Average cost of maintained / academy special school - in borough	£22,519	£22,583	£24,498
30	Average cost of an independent and ISP > 16	£56,017	£66,013	£52,528
31	Average cost of FE colleges	£12,392	£11,557	£12,006
33	Average cost of in borough special school > 16	N/A	£20,481	£21,466
34a	Average placement cost - alternative provision PRU	£19,562	£20,802	£21,724
34b	Average placement cost ILC Primary	N/A	£23,930	£24,546
34c	Average placement cost PBS Primary	N/A	NA	NA
34d	Average placement cost ILC Secondary	N/A	£20,084	£21,074
34e	Average placement cost - alternative provision EOTAS	£29,550	£34,410	£37,908
35	Savings / mitigation - alternative provision	N/A	N/A	N/A
36	Annual Review Savings / mitigation all age	£0	£0	£0
37	Average cost of an Education, Health and Care Plan (EHCP)	£14,045	£14,428	£14,931
38	% of spend in: the independent, non-maintained special school and independent college sector	17.94%	16.61%	16.58%
39	Average cost of mainstream EHCP	£4,547	£4,898	£4,598
40	Total discretionary spend	£798,727	£935,200	£753,674
41	Average cost of resource provision	£15,051	£17,566	£14,953