

Date Published: 14 September 2023



SCHOOLS FORUM

14 SEPTEMBER 2023

SUPPLEMENTARY PAPERS

TO: ALL MEMBERS OF THE SCHOOLS FORUM

The following item has been added to the agenda for the above meeting.

These were not available for publication with the rest of the agenda.

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Safety Valve briefing

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Schools Forum

14 September 2023

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Agenda Item 7a

Background and context

DfE programmes

The Department for Education has been concerned for several years about the increasing number of councils showing a deficit in their Dedicated Schools Grant (DSG) budget. Through a statutory override to accounting practices, these deficits have been carried forward on local authority balance sheets as a “negative” reserve.

The DfE’s Safety Valve (SV) and Delivering Better Value (DBV) programmes target local authorities with the biggest DSG deficits. These deficits arise because of the high spend on their high needs budget, which is used to support children and young people with Special Educational Needs and Disabilities (SEND).

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The SV programme was introduced in 2020 and targets the authorities with the highest percentage deficits. The DBV programme, introduced in 2022, targets authorities with slightly smaller deficits. In addition, the Education and Skills Funding Agency (ESFA) is working with the remaining authorities that have DSG deficits. The purpose of all three programmes is that participating authorities will establish sustainable high needs budgets.

In June 2022 Bracknell Forest was invited to participate in the first tranche of the DBV programme. In July 2023 Bracknell Forest was invited to move from the DBV programme into the Safety Valve programme.

the council’s acceptance of the invitation to take part in the SV programme means formal reporting to the DfE on DBV will cease and be replaced with monitoring through the SV programme.

Delivering Better Value programme



DBV programme summary

55 local authorities were invited to participate in DBV over three tranches. Bracknell Forest was one of 20 local authorities that participated in the first tranche of the programme. Phase one of the programme involved the council undertaking a diagnostic to identify changes that will have the most impact on improving the outcomes for children and young people with SEND and lead to reducing costs.

The first phase lasted six months and resulted in the development of a plan to reduce the high needs deficit. At the inception of the DBV programme the DfE intended that the plans developed by local authorities, with specialist technical support from Newton Europe and CIPFA, would set out how the local authority will reach a sustainable financial position.

Bracknell Forest's DBV programme identified £1.3m reduction in costs, delivered over five years, against a current annual deficit of c.£7m. While it was recognised that the Council would not reach a sustainable financial position through its participation in DBV alone, £1m DfE grant funding was secured to deliver three projects within Bracknell Forest.

Findings from all tranche one local authorities were consistent in being unable to find the scale of savings required to reach a sustainable financial position.

The Safety Valve programme

SV programme summary



34 local authorities have joined the SV programme. Bracknell Forest is one of a further five local authorities who have been invited to participate in this year's programme. Our intelligence indicates that 4 (including Bracknell Forest) were in Tranche 1 DBV, while the other is in Tranche 3 DBV.

The SV programme requires local authorities to develop ambitious, robust plans for reform to make their budgets sustainable, i.e. where spending matches grant income each year, over typically a 5 year period. The DfE has identified two principal goals that are critical for local authorities' ability to reach sustainable positions:

- Appropriately managing demand for Education, Health and Care Plans (EHCPs), including assessment processes that are fit for purpose; and
- Use of appropriate and cost-effective provision. This includes ensuring mainstream schools are equipped and encouraged to meet needs where possible

The DfE says these objectives should be achieved while maintaining high standards for all pupils.

The DfE provides support and challenge throughout the SV programme, however there is no technical consultancy support provided for local authorities as there was in the DBV programme.

The Bracknell Forest position



Dedicated School Grant deficit

Bracknell Forest Council is one of many local authorities that have had, since the end of the 2019/20 financial year, an overall deficit in the DSG. The cumulative deficit is 'rolled over' into each new financial year.

- BFC's cumulative deficit at 31/03/23 was £15.5m.
- The forecast overspend for 2023/24 is £7.2m (equivalent to 30% of the High Needs Block budget).
- The forecast cumulative deficit by 2025/26 is £42.6m, rising by around £6m per year at that point.

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If the Council is to enter into a Safety Valve agreement with the DfE, we will need to demonstrate a break-even annual position over time. The agreement will attract grant funding to cover part of the accumulated deficit, **but the remainder of the deficit must be cleared by the local authority.** It is common for a % of the Dedicated Schools Grant to be top sliced and set aside for this purpose.

Example SV funding agreement:

An LA with a deficit at 31/3/23 of £17m, forecast to rise by 2028 to £40m. The DfE has agreed to provide £20m funding towards the cumulative deficit. The remaining £20m is to be funded by the LA, who are proposing a 1% DSG top slice to part fund their contribution.

To protect our overall financial position while maintaining a focus on service improvement, we need to address the current overspend while delivering the Written Statement Of Action and SEND strategy.

The Bracknell Forest position (2)

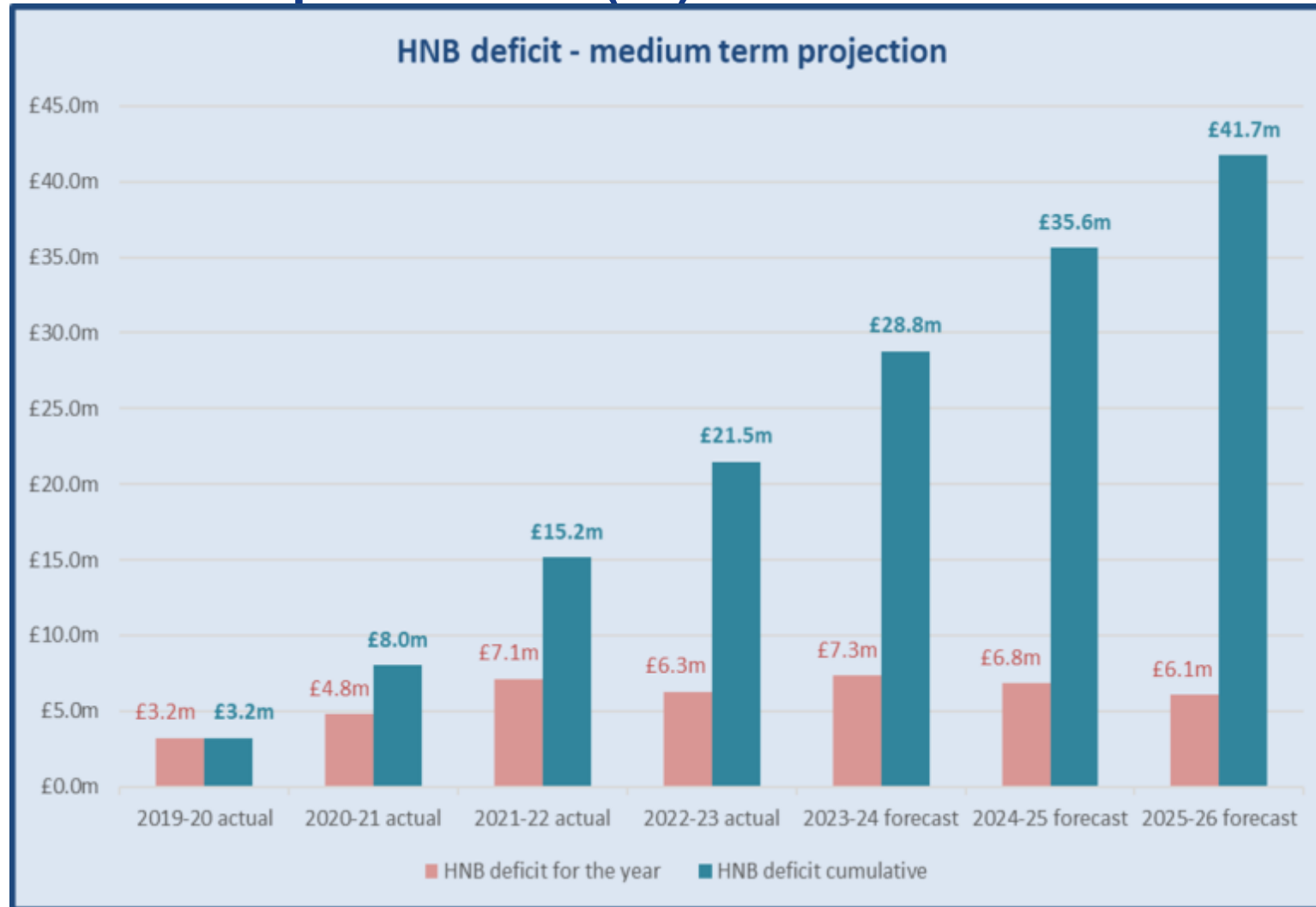
Changes since 2018/19

| HIGH NEEDS BLOCK ELEMENT OF THE SCHOOLS BUDGET | | | | |
|---|-------------------|---------------------|---------------|------------|
| | 2018-19 Actual | 2023-24 Forecast | Change | |
| | £000 | £000 | £000 | % |
| High Needs Block | | | | |
| Kennel Lane Special School | 4,009 | 5,636 | 1,627 | 41% |
| BF schools - Top Ups for SEND pupils | 1,008 | 4,170 | 3,162 | 314% |
| BF schools - SRPs | 1,022 | 1,796 | 774 | 76% |
| Other LA schools - special, mainstream, SRP | 1,553 | 3,206 | 1,653 | 106% |
| Non Maintained Special Schools and Colleges | 5,149 | 10,841 | 5,692 | 111% |
| PRU and other Education out of school | 1,629 | 2,904 | 1,275 | 78% |
| Other SEN provisions - Therapies, medical support etc | 1,541 | 2,503 | 962 | 62% |
| Total spend | 15,911 | 31,056 | 15,145 | 95% |
| DSG Funding | -15,999 | -23,740 | -7,741 | 48% |
| Over + / under | -88 | 7,316 | | |
| EDUCATION HEALTH AND CARE PLANS (EHCPs) | | | | |
| January 2018 numbers | 683 | | | |
| January 2023 numbers | | 1,248 | 565 | 83% |

The Bracknell Forest position (2)

HNB actual and forecast performance 2019-20 to 2025-26

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Addressing the DSG deficit

Clearing the deficit

Analysis of all Safety Valve agreements from 2022/23 (scaled to Bracknell Forest's size) indicates the level of additional DfE grant may be c.£15m. We may, therefore, be required to secure c.£30m match funding (if the deficit grows to no more than £45m).

Local area funding can be secured through a mixture of the following:

- ⇒ • Use of Council reserves [will materially affect future financial flexibility]
- Setting aside sums in future years' Council budgets [will require compensating savings]
- Top slice of schools funding – within the National Funding Formula guidelines a LA can transfer up to **0.5%** from the Schools Block (= £475k) to the High Needs Block with schools forum approval.
- A disapplication request to the ESFA is required for transfers above 0.5%, or for any amount without school's forum approval
- Options of 0.5%, 1% (and possibly 1.5%) of schools grant funding will be considered for presentation to the schools forum. The top slice will apply across all primary and secondary schools including maintained, free and academies but not to special schools.
- Consultations with schools will need to be carried out before any formal proposal is made.

Achieving a sustainable DSG position

Developing our Safety Valve programme

Our newly approved SEND strategy builds on the work that has already been delivered through the Written Statement of Action. We are in the process of developing a comprehensive action plan to deliver the strategy.

To work towards achieving a sustainable DSG position, we will need to focus on the following areas, all of which link to our new strategy:

- ⇒ 1. Demand management – requires significant shift in culture, behaviour and systems
- 2. Supporting schools to develop skills, knowledge and understanding to support children and young people with SEND without the need for an EHCP where appropriate
- 3. Sufficiency of places – increase in SRP and special school places in borough
- 4. Early intervention – front loading the system at early years, ensuring pathways for support are clear
- 5. Joint commissioning – including across areas
- 6. Robust processes in place – including ceasing of EHCPs where appropriate

Whilst we have a strategy, we lack the capacity to finalise plans in relation to the above at pace, evaluate specific savings or cost avoidance potential for all activities and for implementation. We have therefore secured specialist consultancy support support with the development of Bracknell Forest's programme, our negotiations with the DfE and the submission of the final plan.

Target Future Position

Effective high needs systems

DfE guidance on sustainability in high needs systems draws directly on ten recommendations from research into the features of effective high needs systems*. These recommendations are:

| | | |
|----|---|--------|
| 1 | local authorities should invest properly in SEND leadership; | Green |
| 2 | local authorities should review their joint commissioning arrangements; | Green |
| 3 | local authorities should ensure joint accountability for those with SEND and finance responsibilities; | Yellow |
| 4 | local authorities should review their capacity for SEND support; | Green |
| 5 | local authorities should review their current staffing levels and structures for SEND casework; | Yellow |
| 6 | local authorities should review and further develop their approaches to partnership with key stakeholders; | Yellow |
| 7 | when creating new specialist provision, local authorities should be clear about the expected range and levels of need that this will cater for; | Yellow |
| 8 | investment should be targeted at strengthening inclusion in mainstream provision; | Green |
| 9 | local authorities should set out more clearly their expected pathways for young people; and | Yellow |
| 10 | local authorities should learn from positive examples of innovative approaches to mainstream funding | Yellow |

Our Written Statement of Action and new SEND strategy already support delivery of improvements to address all of these recommendations (RAG rated in table). The Safety Valve programme will support us to quantify the potential savings from both current and new activity and to accelerate pace of delivery.

Key milestones

Next steps

| Activity | Deadline | Lead officer |
|--|---------------------------------|---|
| Submit DSG management plan, SEND strategy and DBV information to DfE [completed] | 31/08/23 | Chief Executive |
| Member briefing on Safety Valve at Executive Briefing | 05/09/23 | ED People |
| Consultancy company to begin work with the council ω | w/c 11/09/23 | ED Resources |
| Public announcement of BFC's involvement in Safety Valve [when September Executive papers are published] | 11/09/23 | Chief Exec / Leader / Exec Member(s) |
| Senior leaders to have initial meeting with DfE reps | 2 nd October 2023 | Chief Exec / EDs for Resources / People |
| Submit initial proposal consisting of DMG management plan and accompanying narrative to DfE for review | 31/12/23 | Chief Executive |
| Submit final proposal to DfE | 12/01/24 | Chief Executive |
| Enter into formal agreement with DfE, subject to our proposal being accepted by the secretary of state | March 2024 | Chief Exec / EDs for Resources / People |

Governance arrangements

BFC governance arrangements

Work on the SV programme will be consistent with, and will build upon, the work that is already being delivered as part of the Written Statement of Action (WSOA) and new SEND strategy. The governance arrangements outlined below cover the local authority governance only. Wider partnership governance arrangements are also in place.

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