

## **Wiltshire Council**

### **Children's Select Committee**

**12<sup>th</sup> March 2024**

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#### **Safety Valve Update**

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##### **Background**

1. The Dedicated Schools Grant (DSG) is funding which local authorities in England receive to support schools. The DSG is split into four blocks which support different parts of the schools system.
2. One of these blocks is the High Needs Block which is used to support children and young people with Special Educational Needs and Disabilities (SEND). Since 2018/19 the High Needs Block has been under increasing pressure. This growth in expenditure has been seen in every council in England, and Wiltshire is no exception.
3. In Wiltshire from 2018/19 to 2022/23, this equated to a 51% growth in the number of children supported by an EHCP, and a 46% growth in the amount of money being spent from the High Needs Block. Over the same period, the money received into the High Needs Block from government only grew by 36%.
4. While High Needs Block income has not kept pace with the growth in demand, there are also changes that councils can make to respond to the changing strategic context.
5. The government introduced a statutory override which allows councils to hold their DSG deficit as a negative reserve on their balance sheet, walled off from the rest of the council's finances. This statutory override, however, is due to expire 31<sup>st</sup> March 2026 and at that point the cumulative unmitigated deficit could be £117.0m while the current forecast total general fund and earmarked reserves are £90m.
6. Safety Valve is a DfE programme to support councils that have a significant financial challenge with their High Needs Block. The invitation to join Safety Valve was received in August 2023 and if a deal can be successfully negotiated, and receives Secretary of State approval, the implementation phase begins in April 2024.
7. The High Needs Block Sustainability Plan for Wiltshire has been developed with stakeholders to identify improvements in our SEND system that will create better support for children and young people and their families, while addressing the financial challenges.

##### **January update**

8. Since the last Children's Select Committee meeting, further negotiations were held between the council and the DfE in an attempt to ensure a mutually agreeable deal.
9. The outcomes from those negotiations and the status of all Safety Valve Deals in this tranche are currently embargoed. As soon as the embargo is lifted, the council will make it public. This is expected before Cabinet on the 19<sup>th</sup> March as the DfE need to publicise the deals before the pre-election period for local elections in England.

10. There is no reason to expect that the deal will not be agreed and signed, based on the positive feedback that the High Needs Block Sustainability Plan received. That plan was submitted in January with endorsement from Children's Select Committee, Wiltshire Schools Forum, and a cross-sector board including membership from Wiltshire Parent Carers Council (WPCC) and the Integrated Care Board (ICB).
11. Given this, work has begun to ensure that projects are moving forward and the governance and reporting arrangements are in place to provide assurance to the council that the financial risk of the DSG is being managed effectively and in line with the likely shape of the deal.
12. The Programme Highlight Report (Appendix 1) sets out the top-line monitoring information, including key measurables and finance information. This will be regularly reported to Children's Select Committee.
13. Work on priority projects has begun. At this stage, these have been defined as ones which will have a significant early impact or ones which will have a big impact but need longer to develop. The programme team will be happy to report on progress made against these at the next Children's Select Committee.
14. The Secretary of State has approved a disapplication request for a block transfer above 0.5% from the Schools Block to the High Needs Block. For 2024/25 this figure is 0.55%. The council is still waiting to hear about the capital request of £5.7m that was submitted to bring forward the provision of special school places in the south of the county.
15. As reported in January, at the end of the plan period, the cumulative mitigated deficit is forecast to be £137.2m. It is expected that the council will need to cover £70-90m from other funding sources to completely remove the deficit.
16. The decision to enter the Safety Valve deal will crystallise that requirement which will in effect be the balance of the cumulative deficit set out in the plan less any contribution from the DfE. The council approved the creation of an earmarked reserve as part of the budget and will be taking an approach of maximising all opportunities to set money aside to fund the contribution required.