

Wiltshire Council

Children's Select Committee

24th January 2024

Safety Valve Update

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 31st 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, Cabinet agreed the submission of the draft High Needs Block Sustainability Plan which happened on December 15th. An amended version of the plan was submitted on January 12th.
9. These amendments, which reflect comments from the DfE and Stakeholders during the drafting process, do not substantively change the plan. The amendments are as follows:

- a) The unmitigated pupil number forecast has been updated to include the children and young people currently awaiting assessment. Built into this is the assumption that the assessment backlog can be cleared within two years. This does not change the end position, but it does bring through a bulge of pupils in the 2024/25 and 2025/26 years.
- b) The unmitigated financial forecast has been updated to reflect the settlement and the updated 23/24 position. These changes have been rippled through the future years to provide a better financial forecast.
- c) The mitigated position has been updated in line with the above changes. This does not substantively change the outcome but does increase the final deficit balance by £1.2m to £137.2m. The contribution from the DfE will be a fixed figure so this rise increases the Local Authority contribution to the deficit. The previously reported range of £70-90m still reflects the expected contribution from Wiltshire Council.
- d) Milestones have been added to the plan to give more assurance that it is deliverable. Following advice from the DfE, some of these milestones have been brought forward so the benefit is realised more quickly, this is especially important for some of the early help projects.
- e) The narrative within the plan has undergone minor amendments to reflect comments received during the drafting process and to clarify terminology.

10. In addition, a request to the Secretary of State has been submitted for a block transfer above 0.5% from the Schools Block to the High Needs Block. For 2024/25 this figure is 0.55% and was submitted with support from Schools Forum.

11. A capital request to support this plan was also submitted to the DfE on 5th January 2024. This bid is for £5.7m to expand special schools places in the south of the county and will directly contribute towards delivery of Workstream 2.

12. The profile of the mitigated deficit is summarised as follows:

Provision Type	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000
Plan Year	1	2	3	4	5	
Mainstream Provision	22,875	24,019	25,254	20,379	16,112	11,896
Resourced Provision	4,249	5,353	6,295	6,390	6,169	6,325
Special Schools	27,026	32,364	34,952	37,110	38,325	40,229
Independent and Non-maintained Special School Provision	20,207	19,705	19,024	15,110	6,100	4,143
Post 16 Provision	10,881	11,491	11,958	12,107	12,044	12,506
Alternative Provision	10,198	9,464	8,912	8,808	8,623	9,708
Therapies	560	560	773	782	792	801
Other High Needs Block expenditure	1,103	786	810	834	859	885
Total Expenditure	97,098	103,744	107,977	101,520	89,024	86,494
High Needs Block	-70,798	-73,465	-75,669	-77,939	-80,277	-82,685
Block Transfers	-1,797	-2,000	-3,754	-3,867	-3,983	-4,102
In Year Surplus (-)/Deficit(+)	24,504	28,280	28,555	19,715	4,765	-293
Surplus/Deficit from other DSG Blocks	-3,470	0				
Surplus/Deficit Brought Forward from Previous years	35,214	56,247	84,527	113,081	132,796	137,561
Total Deficit Balance	56,247	84,527	113,081	132,796	137,561	137,267

13. The decision to enter the Safety Valve deal will crystallise the requirement of a contribution from the council's resources which will in effect be the balance of the cumulative deficit set out in the plan less any contribution from the DfE. The council will be taking an approach of maximising all opportunities to set money aside in a specific earmarked reserve to fund the contribution required.