

Update: Safety Valve, DSG Deficit Recovery, SEND Transformation**June 2021****Dedicated Schools Grant 'Safety Valve' Agreement: Bury Local Authority**

1. This agreement is between the Department for Education and Bury Local Authority, and covers the financial years from 2020-21 to 2024-25.
2. The authority undertakes to reach a positive in-year balance on its Dedicated Schools Grant (DSG) account by the end of 2022-23 and in each subsequent year. The authority undertakes to control and reduce the cumulative deficit as follows:

Year	Maximum Forecast DSG Deficit Profile at year end £m
2020-21	25.5
2021-22	25.6
2022-23	25.0
2023-24	21.9
2024-25	16.0

3. The authority agrees to implement the action plan that it has set out. This includes action to:
 - (1) Strengthen their Special Educational Needs assessment and placements process, including clarifying assessment thresholds for Education Health and Care Plans (EHCP) by March 2022. This should include reviewing transition arrangements for children and young people throughout 2021-22.
 - (2) Ensure robust planning for future provision, including reducing the use of independent school placements by increasing the availability and suitability of local provision within Bury. This should include developing a model for forecasting future needs by March 2022.
 - (3) Improve quality and timeliness of management information to enable evaluation of impact of central services.
 - (4) Support and drive schools in Bury to meet a higher level of need in a more cost-effective way within mainstream settings, while maintaining the quality of provision. Develop a culture in which demand is more effectively managed

throughout the authority.

- (5) Remodel financial practice to ensure accurate contributions from appropriate funding sources, by December 2021.
4. The authority also agrees to ongoing monitoring of its performance in fulfilling this agreement. The authority will:
- (1) Report quarterly (as a minimum) in writing to the Department (Funding Policy Unit) on its progress towards implementing the plan as per the conditions set in paragraphs 2 and 3.
 - (2) Inform the Department (Funding Policy Unit) of any unforeseen difficulties or impacts of carrying out the agreement, or any significant risks to reaching the agreed financial position, as soon as they arise.
 - (3) Meet with the Department in the last quarter of each financial year covered by this agreement to discuss progress, and update on detailed plans for the subsequent financial year.
 - (4) Meet with the Department at any other time when the Department deems it necessary to discuss progress towards the agreement.
 - (5) Provide the Department with relevant Schools Forum papers as soon as they are issued.
5. The Department agrees to pay to the authority an additional £6 million of DSG before the end of the financial year 2020-21. In subsequent financial years, subject to compliance with the conditions set out in paragraphs 2 and 3, the Department will pay DSG sums as follows in addition to the authority's formulaic allocation: £4 million in 2021-22, £4 million in 2022-23, £3 million in 2023-24 and £3 million in 2024-25. This funding will be provided in instalments and subject to continued satisfactory progress. Subject to full compliance, Bury should therefore eliminate their cumulative deficit no later than 2024-25.
6. The Department will send a commission relating to capital plans to Bury in 2021-22. This commission will seek to understand the authority's future plans for capital investment in new school places for pupils with special educational needs (SEND) and for those requiring alternative provision (AP), focusing on projects which support wider deficit reduction aims. The Department will assess and review plans against set criteria which will be outlined in the commission. Subject to that assessment, the Department will consider making a capital contribution to these plans in 2021-22 as an adjustment to the local authority's High Needs Provision Capital Allocation (HNPCA).
7. This agreement is subject to review at any time, for example as a result of the following events:
- (1) Higher or lower DSG formula funding levels for the authority in future financial years than those the authority has assumed.
 - (2) Significant changes to national SEND policy, for example as a result of the government SEND Review, which impact on elements of the plan.
 - (3) Insufficient progress being made towards the authority reaching and sustaining an in-year balance on its DSG account as set out in the plan.

- (4) Whether Bury is awarded additional capital funding support following the capital plan commissioning process.

The review process will include an assessment of the impact of the change in circumstances.

DSG 'SAFETY VALVE' AGREEMENT MONITORING

Following the publication of your Dedicated Schools Grant 'Safety Valve' agreement in March 2021, this letter sets out the arrangements for the quarterly reporting on Bury's progress. The agreement committed Bury to report to the Funding Policy Unit (FPU) at the department in writing at least quarterly on the progress towards the savings targets and conditions set in the agreement.

Purpose

The department will use this quarterly reporting to monitor the progress of all local authorities with 'safety valve' agreements. As set out in the agreement, we will also hold monitoring meetings in the last quarter of each financial year covered by the agreement, as well as additional meetings if deemed necessary. The agreement also commits Bury to highlight to FPU any difficulties in carrying out the agreement as soon as they arise.

The quarterly reports will also be used to trigger the release of funding to be put towards eliminating Bury's historic deficit (including the sum relating to transformation support). The total amount of funding for your authority in each financial year is stipulated in your agreement. As you know, payment of this funding will be subject to satisfactory progress towards the savings targets and conditions. Funding will be split into four payments across the financial year, and triggered by satisfactory quarterly progress reports.

Content

Given the variation in local authorities' 'safety valve' agreements, we are not providing a set format for these reports. We appreciate that the reports may become more detailed as local authorities progress through the implementation of their plans.

We would expect, however, that each quarterly report will cover the following questions:

- Is your authority still on track to meet the deficit control or reduction targets as set out in the agreement? Please demonstrate evidence of your answer.
- What progress has been made towards implementing the conditions set in the agreement, and are the timelines set in your detailed proposals still on track?
- What are the current risks to implementation, and how are you mitigating these?
- Have there been any unforeseen difficulties or setbacks in implementing the agreement? How have you mitigated these?

Please also provide the department with:

- Any relevant Schools Forum papers as soon as they are issued, as set out in your agreement.
- Details of any substantial changes to the senior staff at the LA responsible for implementing your agreement.

Schedule

- Quarter 1: 18 June
- Quarter 2: 17 September
- Quarter 3: 17 December

We will process the release of quarterly safety valve payments upon receipt of these reports. Without receipt of a quarterly progress report, we will be unable to arrange allocation of funding. Please do get in touch as soon as possible if there will be any difficulty in meeting these deadlines. We will be in touch separately about quarter 4 and arranging the monitoring meeting.

Unforeseen circumstances

Should any unforeseen circumstances arise which indicate that Bury will not meet the savings targets and conditions, please notify us immediately. Depending on the circumstances, we will work with you to identify a solution and advise you about the impact on your 'safety valve' agreement.

Capital

Invitation to apply for additional High Needs Capital

You will have received a letter from Baroness Berridge on the 25th February setting out how the DfE plans to allocate £300 million for new school places for children with special educational needs and disabilities in 2021-22. In this letter the DfE confirmed that £280 million will be allocated to local authorities through formulaic allocations, and you will have subsequently received a communication with further information on this.

We have set aside up to £20 million to support High Needs capital proposals in support of ongoing work with some of the local authorities facing the highest Dedicated Schools Grant (DSG) deficits. I am now writing to you as one of these local authorities.

In March, you entered into an agreement with the DfE to support deficit reduction against your Dedicated Schools Grant. As part of this 'safety valve' agreement we advised we would return to consider capital funding. We are now inviting you to apply for additional capital funding as a contribution towards your proposals for developing your local high needs provision offer.

The Department will consider providing a one-off contribution to capital proposals as a top-up to the main High Needs Provision Capital Allocations (HNPCA). Proposals will need to demonstrate how investment will improve the local provision offer in the short to medium term and how proposals will meet identified gaps in local provision. Furthermore, proposals will need to demonstrate how capital investment is aligned to or further develops the reform plans and savings targets committed to as part of your 'safety valve' agreement.

If you are interested, we ask that you complete the application form attached. You are one of five local authorities we are inviting to submit an application. Please note that this letter does not guarantee a funding contribution towards your proposal(s). Our decision on this will be subject to the outcome of the application process. Only proposals that meet our criteria (detailed in the attached guidance) will be approved for funding.

We also invite you to apply for pre-approval for a free school in the next special free

schools wave. This is subject to the outcomes of the next spending review and future policy direction of the programme, which is still to be determined. Local authorities interested in pre-approval will need to complete the attached application form which asks some initial basic details about the free school required.

Bury's Current Position

SEND Transformation

The Safety Valve Agreement (Section 3) outlines the priorities for SEND transformation.

Work has been going on behind the scenes in order to prepare for the next phase of the programme and go live with the transformation programme. To date we have been working on:

- Developing the governance arrangements for the delivery of the transformation programme
- Developing a robust communication strategy and plan, mapping out key partners and stakeholders
- Developing a resource plan, aimed at building internal capacity and capability in key areas including SEND, data and specialist posts.
- Developing a new banding system for allocating high needs funding
- Developing project briefs for each of the workstreams to enable us to move towards the next phase of the SEND transformation programme.

DSG Deficit Recovery

The Safety Valve Agreement and Monitoring requirements outline the commitment required by Bury to address the deficit through SEND transformation and the review of all associated financial aspects.

The following highlights the current position on the DSG deficit:

- DSG Deficit as at end 2019/20 £20.067m
- DSG Deficit as at end 2020/21 £20.636m
- DSG Deficit as at end 2021/21 £21.673m forecast and subject to in-year review

A commitment to ensure no further increases to the deficit from 2022/23 is included in the DSG Safety Valve Agreement with the DfE.

Capital

The Local Authority welcomed the opportunity to apply for additional High Needs Capital funding and has submitted a request for £6.1million to support the developments required to increase capacity and sufficiency of SEND provision within Bury. The DfE will respond in the Summer Term.

Bury also submitted a pre-approval application for a Special Free School to provide additional capacity for Social Emotional Mental Health (SEMH) needs

Communications and Engagement

We will continue to share updates regarding Project Safety Value and the SEND transformation programme at each Schools' Forum meeting, and with all stakeholders