

Overview and Scrutiny Management Board Agenda



Date: Monday, 8 April 2024

Time: 5.30 pm

Venue: The Chamber - City Hall, College Green,
Bristol, BS1 5TR

Distribution:

Councillors: Tony Dyer (Chair), Mark Bradshaw (Vice-Chair), Geoff Gollop, Brenda Massey, David Wilcox, Martin Fodor, Steve Smith, Christine Townsend, Andrew Brown, Steve Pearce, Kerry Bailes, Sarah Classick, Katja Hornchen, Sharon Scott, Lisa Stone, Mark Weston and Tim Wye

Issued by: Lucy Fleming, Democratic Services

City Hall, PO Box 3167, Bristol, BS3 9FS

E-mail: scrutiny@bristol.gov.uk

Date: Wednesday, 27 March 2024



Agenda

8. Safety Valve Programme - Capital Funding - 9 April 2024 Cabinet Report

To follow. This report will be made available after publication of the agenda and papers for the Cabinet 9th April 2024 meeting, which will be published here: **(Pages 3 - 23)**

[Cabinet 9th April 2024](#)



Overview and Scrutiny Management Board

8th April 2024



Title: Safety Valve Programme – 9th April 2024 Cabinet Report

Summary:

This paper was published as part of the papers for the Cabinet meeting to be held 9th April 2024. The full agenda can be found here: [Cabinet 9th April 2024](#).



Decision Pathway – Report



PURPOSE: Key decision

MEETING: Cabinet

DATE: 09 April 2024

TITLE	Safety Valve Agreement and High Needs Provision Capital Allocation (HNPCA)	
Ward(s)	All	
Author: Reena Bhogal-Welsh	Job title: Director of Education and Skills	
Cabinet lead: Cllr Craig, Cabinet Member for Children’s Services, Education and Equalities Cllr Cheney, Cabinet Member for City Economy Finance & Performance	Executive Director lead: Stephen Peacock, Chief Executive Officer Hannah Woodhouse, Executive Director for Childrens and Education Tony Kirkham, Interim Finance Director, and Section 151 Officer	
Proposal origin: Other		
Decision maker: Cabinet Member Decision forum: Cabinet		
Purpose of Report: For Cabinet to: <ol style="list-style-type: none"> Note the full terms of the Safety Valve Agreement with the Department for Education (DfE). Accept funding from the DfE’s High Needs Provision Capital Allocation (HNPCA) if the Council is successful in its application. Approve the spending of the HNPCA funding in line with the proposals outlined in this report if the Council is successful in its application. 		
Evidence Base: <ol style="list-style-type: none"> The Safety Valve programme is an agreement between local authorities and the DfE to develop plans for reform to their high needs systems to make them effective and sustainable. To be accepted, authorities must provide evidence that their plans will support improved outcomes for children and young people as well as demonstrate that their Dedicated Schools Grant (DSG) Deficit Management Plans (DMP) are robust and can create lasting financial sustainability. This must include a projection to reach an in-year balance as quickly as possible On 18 July 2023, the Council was invited by the DfE to apply (Appendix A1) to be part of the Safety Valve Programme. Being part of the Safety Valve Programme supersedes the Council’s involvement in the Delivering Better Value in SEND (DBV) Programme. Agreements are subject to Ministerial approval. In August the DfE advised that no public announcements should be made relating to the Safety Valve invitation. As a result, Council officers met in closed sessions with members of the Financial and People Scrutiny task groups and members of the Audit Committee throughout the process. During negotiations Council officers worked with DfE advisors to refine the existing DSG DMP to ensure its robustness and deliverability. This included a full review of the financial modelling underpinning the plan. This process resulted in an updated DSG DMP (Appendix A2), building on the iteration approved by Schools 		

Forum on 27 September 2022, and presented for noting to Cabinet on 3 October 2023.

5. As part of this review process the Council updated the DSG DMP to include workstreams which are currently being delivered or co-designed with key stakeholders. This includes changes to High Needs Block (HNB) funding, Pathways to Independence and a co-designed SEND Inclusion Strategy.
6. Changes to HNB funding, specifically the non-statutory 'Top-Up' funding, were approved by Cabinet on the 5 February following a full city-wide consultation process. This review was linked to the Council's participation in the DBV programme. The current system will be phased out with a final non-statutory 'Top-Up' panel in June. At this panel new non-statutory funding agreements will be limited to one year. Statutory funding linked to an Education, Health and Care Plans (EHCP) will not be limited and will in future be allocated at the point of completion. Existing individual non-statutory 'Top-Up' funding agreements will continue in line with the terms of the existing agreements. It is expected that non-statutory 'Top-Up' funding will be phased out completely by 2027/28.
7. A new targeted funding model and outreach service (combined funding of £2m per annum) is in the process of being co-designed with key-stakeholders, with a launch date scheduled for September 2024. This targeted and outcome focused approach will bring Bristol into line with national best practice.
8. The Council's Safety Valve application was formally submitted to the DfE on 12 January 2024 following engagement with Cabinet Board and the Council's Finance Scrutiny Task Group. The submission was supported by the Chief Executive, the Director Education and Skills and the Council's Section 151 Officer.
9. On 5 March 2024, the Council presented a report to Cabinet under APR16 outlining seven recommendations, which included granting delegated authority to sign the agreement to the Chief Executive Officer on the condition that the terms of an agreement were aligned with the Council's submission. Cabinet was also asked to note an application for additional High Needs Provision Capital Allocation (HNPCA) funding. All seven recommendations were approved by the Cabinet Member for Children's Services, Education and Equalities.
10. On 7 March, the DfE presented to the Council an agreement which was to be signed and returned within three working days. This agreement was signed by the Council's Chief Executive Officer, Executive Director for Children and Education (DCS) and Section 151 Officer and a copy of this agreement can be found in Appendix A3. On 21 March, the DfE announced the Agreement on its [website](#).
11. The agreement summarises the information submitted to the DfE, this includes the mitigations as per the DSG DMP Overview (Appendix A2) and SEND Strategy Overview (Appendix A4).
12. The Council is not able to subsidise activity funded by the DSG from its own resources without the explicit permission of the Secretary of State. It is therefore critical that DSG expenditure is brought within the grant funding made available as soon as is practicably possible.
13. Currently a "Statutory Override" is in place, which means that the Council's DSG deficits can be ring fenced away from core Council budgets and do not have to be cash backed. This Statutory Override is currently due to remain in place until 31 March 2026 but is not guaranteed to be renewed beyond that date.
14. At 31 March 2024, the Council's DSG reserve is forecast to be £56.1m in deficit and this deficit is projected rise to £114.2m by 2027/28 assuming all planned mitigations have been successfully delivered in full up to that date. This can be seen in the DSG DMP in Appendix A2.
15. Currently, the DfE's Safety Valve Programme is the only option that the Council has to reduce and eventually eliminate the cumulative deficit on its DSG Reserve.
16. Under the terms of the Safety Valve Agreement (Appendix A3) the key financial implications are as follows:

- The DfE will make available an additional £53.8m of DSG allocation payable over the next six years which is only to be allocated to reduce the accumulated deficit on the Council’s DSG reserve. Of this amount, 40% (£21.5m) will be paid to the Council before or on 31 March 2024. Subsequent payments will be made quarterly in arrears with the annual totals being as identified in paragraph 5 of the agreement.
- The additional DSG funding to be made available by the DfE is subject to continued satisfactory progress in implementing the Safety Valve plan over the six-year period and achieving the savings identified in the DSG DMP (Appendix A2)
- The Council will contribute up to £46.5m from its own resources with £42.8m of this amount to be allocated to reduce the accumulated deficit on the DSG reserve and £3.7m to provide additional funding for the associated costs in delivering the programme of change.
- For 2024/25, the Council’s initial contribution of £12m is included within the 2024/25 Budget agreed by Full Council at the meeting on 28th February 2024 and the balance is incorporated in the Council’s current Medium Term Financial Plan that was presented to the meeting on that date.

The table below identifies the source of £46.5m Council funding supporting the Safety Valve Agreement:

Source of funds	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m	Total £m
General Fund revenue – costs of delivery	0.663	1.218	0.649	0.399	0.399	0.399	3.727
General Fund revenue – contribution towards deficit	3.500	3.500	3.500	3.500	3.500	3.500	21.000
General Fund reserves – contribution towards deficit	7.837	7.282	6.655	-	-	-	21.773
Total	12.000	12.000	10.804	3.899	3.899	3.899	46.500

- Subject to annual approval at Schools Forum, and in addition to the contributions from the Council, a transfer from the Schools Block to the High Needs Block of 0.5% will also be required in each of the first five years of the agreement. This is projected to average £1.8m per annum and total £9.1m over those five years.
- The Council will undertake not to exceed maximum levels of deficit on its cumulative DSG reserve (before any additional DSG allocation) at the end of each of the seven financial years 2023/24 through to 2029/30 as identified in paragraph 2 of the Safety Valve Agreement (Appendix A3). This is to be achieved by implementing the plans required to deliver the savings as shown within the DSG DMP (Appendix A2) and thereby reaching and sustaining an in-year balance on the Council’s DSG account by 2028/29.
- The Council has also agreed to ongoing monitoring of its performance in fulfilling the Safety Valve Agreement and will:
 - Report tri-annually (as a minimum) in writing to the DfE on its progress towards implementing the plan as per the conditions set out in paragraphs 2 and 3 of the Safety Valve Agreement (Appendix A3);
 - Include progress against the conditions of grant and a financial dashboard detailing various metrics relating to demand and cost in its monitoring reports;
 - Inform the DfE 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;
 - Meet with the DfE at any time when deemed necessary to discuss progress towards the agreement.

For the capital position these are:

- A bid has been made to the DfE for an additional £28.2m of HNPCA to support the programmes of work required to deliver the Safety Valve Agreement. The outcome of this bid has yet to be announced. Further information can be found in paragraph 23 and 24.
- Following any announcement of a successful bid for additional HNPCA, a review and replanning process

will take place to optimise the use of such capital funding to best support the delivery of the Safety Valve Agreement.

- Any proposed schemes resulting from this replanning process will require business cases to be developed and reports to be brought to committee for decision making before these plans are taken forward.

17. There are key risks to the Council that arise from entering into the Safety Valve Agreement with the DfE. For the revenue position these are:

- a. If, for any reason, the Council or DfE are forced or required to terminate the Safety Valve Agreement and a deficit remains on the DSG Reserve at the date the current DSG Statutory Override ends, which is 31 March 2026 and assuming that the DSG Statutory Override is not renewed, the Council will need to fund the DSG deficit at that date from its own reserves. This would result in the need to reallocate resources and may require significant reductions in expenditure on other Council funded services, the scale of which would be dependent on the size of the DSG deficit at that date. Assuming all of the planned mitigations are delivered in full, this is currently projected to be £96.0m which is equivalent to 17% of the Council's projected net expenditure in 2026/27.
- b. There is a risk of not being able to deliver the required savings as planned. Whilst this can be mitigated by identifying and delivering other savings, there is a risk that these prove to be inadequate and hence the Safety Valve Agreement could be terminated by DfE.
- c. There is a risk that the Council may be required to find further resources to support the delivery of the Safety Valve Agreement conditions relating to the year end deficit balances (paragraph 2 of the Safety Valve Agreement) if insufficient savings have been achieved.
- d. There is a risk that the Council may not be able to fund the future years of contributions required under the Safety Valve Agreement which could result in the Agreement being terminated the DfE.
- e. There is a risk that the application for HNPCA of £28.2m is either rejected or scaled down. This would make some of the savings identified in the Safety Valve plan extremely difficult to achieve. Available HNPCA would need to be reviewed and prioritised to maximise short term benefits. Whilst further mitigations could reduce this risk, it is possible that these are insufficient and result in the DfE terminating the agreement. It is not known if the DfE would be prepared to negotiate the terms of the Safety Valve Agreement under these circumstances.

18. Whilst the Corporate Risk Register 15 (CRR15) risk outlines the overall risk to the council of in year financial deficit, consideration as to a specific separate risk on the DSG deficit management will now need to be given in light of the recently confirmed Safety Valve Agreement and any subsequent announcement regarding additional HNPCA allocation.

19. As of the 25 March 2024, the DfE has yet to approve the Council's HNPCA application of £28.2m. The application for HNPCA funding is linked directly to savings outlined in A2 of the DSG DMP (Appendix A2). It is unknown whether the DfE will approve all, or some of the funding.

20. If this application is successful, this additional HNPCA can only be used to address specific barriers to unlocking savings or support new projects that can be delivered quickly to help bring spending back into in-year balance. This funding is not intended to cover the breadth of demographic demands in Bristol, nor to fund all the High Needs capital projects which are planned in future years.

21. Bristol was unable to submit a funding request to cover capital projects currently being built or for reimbursements of projects already delivered – these were considered out of scope. Any additional investment in new places will be in addition to the following two workstreams as outlined in the DSG DMP (Appendix A2):

- A1 – Specialist Provision - In the financial years 2022/23 and 2023/24 Bristol was allocated £14.8m of HNPCA funding. This funding allocation is being used to deliver 118 additional specialist and resource places as part of the SEND Phase 2 Capital Programme.
- A4 – SEND Free School - In 2023 the DfE approved a new SEND Free School in Bristol. This is a DfE led

build which is due to open in September 2026, with an initial capacity for Bristol based children of 36, increasing year on year to a full capacity of 129 students by September 2032. As this is currently a DfE led development, it is not included in the Council's own capital programme.

22. Both the additional Specialist Provision and the SEND Free School are critical dependencies in delivery against the terms of the Safety Valve Agreement. If either of the capital schemes are delayed or undeliverable as planned, it will become necessary to re-evaluate the Safety Valve programme of work and develop alternative options. This may include the need for the Council to allocate further capital resources to support successful delivery under the terms of the Safety Valve Agreement.
23. If Bristol's HNPCA application is fully successful it is proposed that the Council will use up to £15m of HNPCA to invest in the existing education estate to improve the accessibility of mainstream schools, create inclusive environments and future proof buildings. Funding will be allocated to schools via a grants programme that will be co-designed with key stakeholders and aligned with design frameworks for inclusive buildings.
24. Additionally, the Council is seeking approval to allocate an additional £13.2m of new HNPCA funding to rebuild the Claremont Special School primary site and amalgamate both the primary and secondary sites into one building with an increased capacity up from 77 to 97 children. It is proposed that Claremont's current secondary school site be repurposed into a circa 50-place resource base.
25. The primary building is in Henleaze, and the secondary building adjoins Redland Green Secondary School both in North Bristol. The primary school site is nearing end of life and requires significant investment to keep operational. Without this it is likely that it will become unusable within 5-10 years. The Council has recognised that it must address the risk that losing this essential provision would cause in terms of significant disruption for pupils and families. Furthermore, children would likely need to be placed in Independent Non-Maintained Schools further increasing the pressure on the DSG.
26. Cabinet approved spend of up to £15m to deliver the Claremont project on 1 September 2020. £6.5m was allocated from existing DfE capital grants immediately, the remaining capital was due to be supported through future grant funding or prudential borrowing. Financial pressures on the Council have meant that this has not been viable. The total build cost for this project is currently estimated to be in the region of £19.7m. The increase is due to changes to increase school capacity and inflation in the interim period. The project has planning approval and can be moved into final design and construction phase quickly in order to deliver the projected savings once funding has been identified either through HNPCA or alternative funding sources.
27. If the Council is unsuccessful in its application for HNPCA funding this will result in the Council and the DfE needing to renegotiate the Safety Valve agreement, specifically in relation to mitigation A2 although it should be noted that the DfE have not confirmed that such re-negotiation would be possible. This is therefore a critical risk to the programme as outlined in 17(e).
28. If the Council is only partially successful in its application for HNPCA funding, mitigation A2 will be reviewed to maximise the short-term impact of the available funding against the financial targets set out in the Safety Valve agreement. In addition, the Council will need to identify and develop further mitigations to make up any projected shortfall in achieving those financial targets.
29. New capital projects will be subject to the capital lifecycle and best practice delivery framework. Full governance will be implemented including engagement with the Education Capital Board and DSG Programme Board. Where proposed budgets are more than Director and Executive Director decision thresholds, a key decision will be required via the new decision pathway at the relevant Committee(s).
30. All projects are planned to be fully funded using external grant funding (HNPCA) from the DfE with no match funding required from the Council and therefore no impact on Council resources earmarked for existing projects.

31. The financial terms set out in the Safety Valve agreement and the targets outlined in the DSG DMP (Appendix A2) form part of the Council's budget framework and closely align with other key aspects of the financial planning process, including the Council's Medium Term Financial Plan (MTFP) and Capital Strategy. As a living document the DSG DMP will remain subject to frequent review and revision, be responsive to changing national factors, local priorities, and conditions, and take account of emerging pressures, risks and opportunities, as it builds on the annual budget approved by Schools and Council each year.

Cabinet Member / Officer Recommendations:

That Cabinet:

1. Note the full terms of the Safety Valve agreement with the Department for Education (DfE) (Appendix A3).
2. Authorises the Chief Executive in consultation with Cabinet Member for Children's Services, Education and Equalities and the Cabinet Member City Economy Finance & Performance to take all steps required to, if successful, accept and spend the funding from the DfE's High Needs Provision Capital Allocation (HNPCA), including procuring and awarding contracts which may be over the key decision threshold, as outlined in this report.
3. Authorises the Chief Executive in consultation with Cabinet Member for Children's Services, Education and Equalities and the Cabinet Member for City Economy Finance & Performance Authorises to invoke any subsequent extensions/variations specifically defined in the contract(s) being awarded, up to the maximum budget envelope outlined in this report.
4. Authorises the Head of Strategic Procurement & Supplier Relations to approve appropriate procurement routes to market where these are not yet fully defined in this report, or if changes to procurement routes are subsequently required

Corporate Strategy alignment:

CYP3: Equity in education.

Over the course of this Corporate Strategy, the Council expects SEND provision to continue improving by co-designing appropriate support with children and families to meet their needs. The Council want to create the right conditions that will enable more young people with SEND and from disadvantaged backgrounds to enter further education, employment, or training. Supporting children and young people to experience an inclusive education that meets their academic, health, social and emotional needs is a crucial step to entering employment and becoming independent and economically active within the city, which supports their lifelong wellbeing.

The Council's ambition is that children and young people have access to an education that develops their potential both in what they learn and who they become, so that they have skills for life and work. Additionally, an education that is inclusive and values diversity, and that provides opportunities where they learn from each other and benefit from understanding their different experiences is important. In achieving this, the Council will work both directly and with partners across the entire system to maximise opportunities for all. This includes access to further education, higher education, and other training providers to help people find pathways to employment; acknowledging and building upon much existing work by the Council and partners in these sectors to address the educational disadvantage in the city.

City Benefits:

Improvements to the way the DSG is used to support provision for pupils and students with SEND, ensuring it is spent in a fair, transparent, and sustainable way.

Consultation Details:

1. Audit Committee, 20/11/23
2. Cabinet Board, 08/01/24
3. Scrutiny - Finance Task Group, 23/11/23, 05/01/24

4. School's Forum Meeting, 16/01/24
5. Cabinet member Briefings 01/03/24
6. Department for Education meetings, 31/08/23, 15/12/23, 05/01/24

Background Documents:

1. Bristol City Council Cabinet Meeting 2 July 2019 - [Education Capital Programme – SEND Capital Proposals](#)
2. Bristol City Council Cabinet Meeting 1 September 2020 - [SEND Sufficiency & Capital Proposals](#)
3. Schools Forum 27 September 2022 - [The Dedicated Schools Grant \(DSG\) Management Plan Update including mitigations](#)
4. Bristol City Council Cabinet Meeting 3 October 2023 - [Dedicated Schools Grant \(DSG\) High Needs Block Recovery Plan](#)
5. Bristol City Council Cabinet Meeting 7 February 2024 - [Review into the effective and sustainable use of statutory and non-statutory high needs block \('Element 3'\) funding \[Delivering Better Value in SEND, Workstream 2\]](#)
6. Bristol City Council Cabinet Meeting 5 March 2024 – [Safety Valve Programme](#)
7. Department for Education – [Bristol City Council Safety Valve Agreement](#)

Revenue Cost	General Fund £46.5m Dedicated Schools Grant £53.7m Schools Block transfer £9.1m	Source of Revenue Funding	General Fund Dedicated Schools Grant
Capital Cost	£28.2m	Source of Capital Funding	Grant: High Needs Provision Capital Allocation
One off cost <input checked="" type="checkbox"/>	Ongoing cost <input checked="" type="checkbox"/>	Saving Proposal <input checked="" type="checkbox"/>	Income generation proposal <input type="checkbox"/>

Required information to be completed by Financial/Legal/ICT/ HR partners:

1. Finance Advice: The financial implications are as identified within this paper and the related appendices. Further details of the revenue financial implications can be found in paragraphs 12 to 16 and the capital implications in paragraphs 19 to 30.

Given the risk to the Council created by the DSG deficit and the related Safety Valve Agreement, consideration as to a specific separate risk in the Corporate Risk Register is recommended.

Finance Business Partner: Guy Marshall, Finance Business Partner 14 March 2024

2. Legal Advice: The procurement process must be conducted in line with the 2015 Procurement Regulations and the Council's own procurement rules. Legal services will advise and assist officers with regard to the conduct of the procurement process and the resulting contractual arrangements.

Legal Team Leader: Husinara Jones, Team Manager/Solicitor 12 March 2024

3. Implications on IT: I can see no implications on IT in regard to this activity.

IT Team Leader: Alex Simpson – Lead Enterprise Architect 21 March 2024

4. HR Advice: The report is seeking Cabinet to note the full terms of the Safety Valve agreement, to accept the funding the DfE's High Needs Capital Allocation (HNCA) and approve the spending of the funding as outlined in the report. This report has no significant HR implications arising from these requests for Bristol City Council employees.

HR Partner: Lorna Laing, HR Business Partner Adults & Communities, Children's & Education 13 March 2024

EDM Sign-off	Hannah Woodhouse	20 March 2024
Cabinet Member sign-off	Cllr Craig Cabinet Member for Children's Services, Education and Equalities	26 March 2024
For Key Decisions - Mayor's Office sign-off	Mayor's Office	26 March 2024

Appendix A – Further essential background / detail on the proposal A1 - Invite to Round 4 of the 'Safety Valve' intervention programme letter – Bristol A2 - Overview – DSG Deficit Management Plan A3 – Signed Safety Valve Agreement A4 - SEND Strategy Overview	YES
Appendix B – Details of consultation carried out - internal and external	NO
Appendix C – Summary of any engagement with scrutiny	NO
Appendix D – Risk assessment	NO
Appendix E – Equalities screening / impact assessment of proposal	YES
Appendix F – Eco-impact screening/ impact assessment of proposal	YES
Appendix G – Financial Advice	NO
Appendix H – Legal Advice	NO
Appendix I – Exempt Information	NO
Appendix J – HR advice	NO
Appendix K – ICT	NO
Appendix L – Procurement	NO



Department
for Education

Date: 18/07/2023

By email: stephen.peacock@bristol.gov.uk

Cc: abi.gbago@bristol.gov.uk, John.Smith2@bristol.gov.uk

Dear Stephen Peacock,

‘SAFETY VALVE’ INTERVENTION PROGRAMME 2023-24 FOR LOCAL AUTHORITIES WITH HIGH DSG DEFICITS

I am writing to invite your authority to take part in the Safety Valve intervention programme with the DfE this year. The aim of the programme is to agree a package of reform to improve the performance of your high needs system and ensuring it is delivered in a sustainable way, for the benefit of children and young people, whilst bringing your dedicated schools grant (DSG) deficit under control. This will build on the work already completed through the Delivering Better Value in SEND (DBV) programme.

Context

We are aware that, over recent years, pressures on high needs budgets have contributed to many local authorities accruing deficits on their Dedicated Schools Grant (DSG). The right response to tackling this is a multi-faceted approach which looks to the heart of the issues, building on the significant increases in high needs revenue and capital funding that have been provided nationally; targeted intervention for the local authorities who have struggled the most; and future change arising from the special educational needs and disabilities (SEND) and Alternative Provision (AP) Improvement Plan.

We began the Safety Valve intervention programme in 2020-21 and continued with further authorities in 2021-22 and 2022-23, targeting the local authorities with the highest DSG deficits. We have now signed 34 agreements in total, which can be viewed [here](#). We are expanding the programme to 5 further local authorities in 2023-24.

The programme requires local authorities to develop substantial plans for reform to their high needs systems, with support and challenge from the department, to rapidly place them on an effective and sustainable footing. If the authorities can demonstrate sufficiently that their DSG management plans create lasting sustainability, including reaching an in-year balance as quickly as possible, and will provide improved support for children and young people, then the department will enter into an agreement with the authority, subject to Ministerial approval.

If an agreement is reached, local authorities are held to account for the delivery of their plans via quarterly reporting to the Department. So long as we

are confident that adequate progress is being made, authorities will receive incremental funding to eliminate their historic deficits, spread out over the lifetime of the agreement (generally five financial years).

Participation

We are expanding the programme in 2023-24 to work with 5 additional local authorities. Bristol has been selected as one of the local authorities to take part in the programme in 2023-24 on account of the size of your 2022-23 DSG deficit, so I am writing to invite your participation and set out the next steps.

We are aware that your authority has taken part in the DBV programme. Your transition into the Safety Valve programme will mean that your engagement with DBV ceases, although your authority will continue to have your check in meeting if scheduled in July. The work your authority has completed through DBV will form the basis of your Safety Valve engagement, and advisers will work with you on further developing a DSG management plan. We strongly encourage you to continue to develop your DSG management plan over the summer, in preparation for your participation in the Safety Valve programme.

Timelines and Process

During this process, your authority should be working towards submitting a proposal to the department setting out:

1. How you will control your deficit and reach an in-year balance (as a minimum) on your DSG, and how quickly. We request that this be set out in the DfE DSG management plan template, which can be viewed [here](#). Your DSG management plan should also indicate any planned block transfer requests, which will be handled through the Safety Valve programme where required.
2. How Bristol will contribute to the reduction of the historic deficit through use of DSG surpluses, in addition to reaching an in-year balance.
3. How Bristol will ensure that the plan is deliverable, how it will be managed as it is implemented, and how this plan will improve support for children and young people with SEND. This includes agreeing who will be responsible for the ongoing monitoring of progress towards the agreement, which is discussed below.
4. A clear explanation of the financial support Bristol needs from the DfE to eliminate the historic deficit over the period of the agreement. This could include, if necessary, a request for some funding to help implement the proposal, as well as funding to eliminate the deficit directly, although we would not expect this to constitute a significant element of the total financial support requested.

The process will run as follows. We will invite you to an initial meeting by early October to discuss your current situation and plans with our Chief adviser

Tony McArdle, SEND adviser, financial advisers and DfE colleagues. We will ask you to give a short presentation on your existing DSG management plan and areas of focus, which we encourage you to develop as far as possible in advance of this meeting. This will enable the advisers to support you most effectively. This meeting should be attended by your Chief Executive, Director of Children's Services and Chief Finance Officer (section 151 officer) as a minimum.

Thereafter, we will ask you to work on your DSG management plan and proposals for reform over a period of 3 months, which we will discuss and challenge in regular meetings. This process will require significant time commitment from your officials.

- You will be required to submit an initial proposal consisting of a DSG management plan and accompanying narrative by **15 December** for review. This must clearly meet the four criteria listed above. The team will review this and provide feedback to you by early January.
- You will have an opportunity to make any final amendments before submitting your final proposal on **12 January**. The team will hold a final meeting with you and confirm whether your final proposal is sufficient for a recommendation to be made to the Secretary of State advising an agreement.
- If the proposal is approved by Secretary of State, we will enter into an agreement.

We will publish all agreements made in 2023-24 in **March 2024**. You will need to factor into the above timetable political clearance of the proposal within your authority, which we will be happy to discuss further with you.

Discussions regarding any potential DSG block transfers also form part of the Safety Valve process, rather than separate submission of a block movement request to the ESFA. The same applies to other disapplication requests that are directly relevant to the agreement. The Safety Valve team will explain this process clearly in the introductory meeting with your authority.

There will be an opportunity to request additional capital funding through the Safety Valve programme, in cases where investment in local infrastructure will result in the availability of more appropriate provision and therefore significant revenue savings. Further information and a detailed commission will be sent to your authority in the autumn.

Next steps

On receipt of this invitation, we are requesting, **no later than 7th August 2023**, that you confirm your authority's intention to participate in the Safety Valve intervention programme to the above timetable. As you do so, please provide times and dates that your leadership team can accommodate a 1.5hr meeting in the last week of September or first two weeks of October. Please prioritise this meeting as far as possible, given the tight timescales.

Subsequently, by 31st August, we request that you:

1. Submit your **latest** DSG management plan.
2. Submit your SEND strategy and any other relevant data. This should include any relevant work generated through the DBV programme.

If you have any queries, please do get in touch with the Safety Valve team at Safetyvalve.programme@education.gov.uk.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Tom Goldman', written in a cursive style.

Tom Goldman - Deputy Director, Funding Policy Unit



Inflation Forecast	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%

Scenario shows the cumulative deficit position with the Schools Block Contribution 0.5% to HNB, backlog, inflation, project resource cost of delivery & stretched targets from financial year 2024-25 to 2029-30

Scenario	2022-23 £,000s	2023-24 £,000s	2024-25 £,000s	2025-26 £,000s	2026-27 £,000s	2027-28 £,000s	2028-29 £,000s	2029-30 £,000s
Mitigated Planned DSG position (surplus)/deficit	£39,577	£56,077	£76,179	£96,023	£108,444	£114,213	£111,184	£100,290
Unmitigated Planned DSG position (surplus)/deficit	£39,577	£58,189	£90,505	£133,110	£181,483	£236,554	£296,577	£360,661
Total DSG Grant Allocations (Based on 2024-25 Allocations Published December 2023)		(£452,302)	(£490,014)	(£502,978)	(£516,331)	(£530,085)	(£544,251)	(£560,838)
Unmitigated expenditure forecast		£470,915	£518,211	£537,084	£552,810	£569,386	£584,268	£600,598
Uncontainable Inflation		£0	£3,455	£7,282	£11,245	£15,371	£19,607	£23,926
Project Resource - Cost of Delivery		£0	£663	£1,218	£649	£399	£399	£399
Total Unmitigated Expenditure		£470,915	£522,329	£545,584	£564,704	£585,156	£604,274	£624,923
Revised Unmitigated expenditure forecast		£18,612	£32,315	£42,606	£48,373	£55,071	£60,023	£64,084
Other Income Allocations								
Schools contribution of 0.5% (subject to annual Budget approval)		£0	(£1,722)	(£1,773)	(£1,826)	(£1,881)	(£1,938)	£0
Additional Funding for new Maintained Specialist Provision Places		£0	(£933)	(£1,358)	(£1,878)	(£2,225)	(£2,537)	(£2,699)
Total Other Income		£0	(£2,655)	(£3,131)	(£3,704)	(£4,106)	(£4,475)	(£2,699)
Savings forecast		(£2,112)	(£9,491)	(£17,883)	(£28,148)	(£38,540)	(£49,190)	(£60,361)
Stretched Target - Optimistic Scenario		£0	(£69)	(£1,748)	(£4,100)	(£6,656)	(£9,387)	(£11,918)
Total Savings Forecast		(£2,112)	(£9,560)	(£19,631)	(£32,247)	(£45,196)	(£58,577)	(£72,279)
Total Scenario (Annual Deficit) excluding LA Contributions		£16,500	£20,101	£19,844	£12,421	£5,769	(£3,029)	(£10,893)
Additional Council Contributions								
Council General Fund contribution Project Resource - Cost of Delivery		£0	(£663)	(£1,218)	(£649)	(£399)	(£399)	(£399)
Council General Fund contribution		£0	(£3,500)	(£3,500)	(£3,500)	(£3,500)	(£3,500)	(£3,500)
Council General Fund contribution - Reserves		£0	(£7,837)	(£7,282)	(£6,655)	£0	£0	£0
Total Council Contributions		£0	(£12,000)	(£12,000)	(£10,804)	(£3,899)	(£3,899)	(£3,899)
Grand Total Scenario (Annual Deficit)		£16,500	£8,101	£7,844	£1,617	£1,870	(£6,928)	(£14,792)
Cumulative Mitigated Planned DSG position (surplus)/deficit after Council Contribution		£56,077	£64,179	£72,023	£73,640	£75,510	£68,582	£53,790



Bristol City Council Deficit Management Plan Savings Proposals & Mitigations Schemes Summary

Key Mitigations/Savings	Mitigations/ Savings forecast						
	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
SCHEME A1 Specialist Provision Create 380 specialist places in special and mainstream schools to meet current and future projected demand	£2,017,725	£7,265,348	£11,272,987	£14,963,043	£16,819,893	£17,324,489	£17,844,224
SCHEME A2 New Capital Request to increase specialist provision	£0	£883,709	£2,677,639	£5,521,598	£9,447,089	£14,486,557	£19,935,809
SCHEME A3 Expansion of Supported Living (Project Rainbow) To build an education residential centre to support preparation for adulthood.	£94,275	£233,048	£240,039	£247,240	£254,658	£262,297	£270,166
SCHEME A4 Bristol Special Free School The new Bristol Special Free School will create an additional 129 spaces between September 2025 to September 2031.	£0	£0	£0	£775,832	£2,019,625	£3,007,886	£3,555,894
SCHEME B1 Review of HNB Element 3 Non-Statutory 'top-up' Funding	£0	£202,731	£1,716,971	£3,688,690	£5,660,410	£7,632,129	£9,603,848
SCHEME C4 Belonging with SEND Programme	£0	£209,520	£697,131	£1,482,240	£2,585,123	£4,326,961	£6,479,871
SCHEME G1 Review and reform of the Alternative Learning Provision model and funding to improve outcomes and ensure best value provision	£0	£684,049	£1,193,176	£1,228,972	£1,265,841	£1,303,816	£1,342,931
DBV Stretched Confidence Benefits INCLUDING Inflation For schemes A1, G1, C4a & C4b	£0	£68,891	£1,747,814	£4,099,838	£6,655,997	£9,387,019	£11,917,630
Impact of Inflation on Scheme B1 & C4	£0	£12,368	£84,791	£239,918	£487,284	£846,057	£1,328,569
Total savings	£2,112,000	£9,559,663	£19,630,548	£32,247,372	£45,195,920	£58,577,212	£72,278,944



Dedicated Schools Grant ‘Safety Valve’ Agreement: Bristol

1. This agreement is between the Department for Education and Bristol City Council, and covers the financial years from 2023-24 to 2029-30.
2. The authority undertakes to reach a positive in-year balance on its Dedicated Schools Grant (DSG) account by the end of 2029-30 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 ¹ £m
2023-24	£56.1m
2024-25	£64.2m
2025-26	£72.0m
2026-27	£73.6m
2027-28	£75.5m
2028-29	£68.6m
2029-30	£53.8m

3. The authority agrees to implement the action plan that it has set out. This includes action to:
 - 3.1 Co-produce and implement a city-wide SEND Inclusion Strategy to improve partnership working, joint accountability, planning, commissioning, and delivery, ensuring that SEND services are needs led;
 - 3.2 Enhance early intervention, effective outreach, school improvement and targeted funding to enable increased numbers of children and young people with EHCPs to be successfully supported in mainstream settings;
 - 3.3 Use a ‘Test and Learn’ approach to support the development of creative and dynamic ways to retain young people in quality mainstream provision, meeting

¹ This profile includes contributions that the council will make from its own resources to reduce the DSG deficit.

their needs, improving their educational outcomes and reducing the risk of exclusion;

3.4 Co-design, with schools, a standard practice of excellence in supporting children and young people with SEND through LA-commissioned SEND School Improvement Officers;

3.5 Improve the EHCP process through measures including speeding up time taken for assessments, plans and reviews;

3.6 Ensure effective joint governance of SEND improvement across the city, including improving quality and use of data for management performance and service planning, leading to improved accountability and speed of change;

3.7 Build provision to meet current and future demand with a focus on creating a flexible education estate that can adapt to changes in need.

4. The authority also agrees to ongoing monitoring of its performance in fulfilling this agreement. The authority will:

4.1 Report tri-annually (as a minimum) in writing to the Department (Funding Policy Unit) on its progress towards implementing the plan as per the conditions set out in paragraphs 2 and 3;

4.2 The monitoring reports should include progress against the conditions of grant and a financial dashboard detailing various metrics relating to demand and cost. DfE will provide a template for this;

4.3 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;

4.4 Meet with the Department at any time when the Department deems it necessary to discuss progress towards the agreement.

5. The Department agrees to pay to the authority an additional £21.52 million of DSG before the end of the financial year 2023-24. In subsequent financial years, subject to compliance with the conditions set out in paragraph 3, the Department will pay DSG sums as below. This funding will be provided in instalments and subject to continued satisfactory progress. Subject to full compliance, Bristol City Council should therefore eliminate their cumulative deficit no later than 2029-30.

Year	The Department agrees to pay to the authority an additional £m of DSG by year end
2023-24	£21.52m
2024-25	£4.61m
2025-26	£4.61m
2026-27	£4.61m
2027-28	£4.61m
2028-29	£4.61m
2029-30	£9.22m

6. This agreement is subject to review at any time, for example as a result of the following events:

6.1 Higher or lower DSG formula funding levels for the authority in future financial years than those the authority has assumed.

6.2 Significant changes to national SEND policy, for example as a result of the government SEND Improvement Plan, which impact on elements of the plan.

6.3 Insufficient progress being made towards the authority reaching and sustaining an in-year balance on its DSG account as set out in the plan.

6.4 Whether Bristol City Council is awarded additional capital funding support following the capital application process.

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

On behalf of Bristol City Council, signed by:



[Stephen Peacock, Chief Executive (08/03/2024)]



Hannah Woodhouse, Director of Children's Services (08/03/2024)



Denise Murray, Director of Finance and S151 Officer (08/03/2024)

On behalf of the Department for Education, signed by:

[insert signature here]

Tom Goldman – Deputy Director, Funding Policy Unit

Appendix A4 SEND Strategy Overview

Need for Change

Bristol City Council recognise that although there are pressures within the local systems of High Needs, children and young people with Special Educational Needs and Disability (SEND) deserve to have better experiences to enrich their lives. As a local authority, our aim is to reform SEND services by listening to partners, leaders and families and implementing an effective plan, rapidly whilst creating a sustainable financial future for children, young people (CYP) and families.

We know to achieve a sustainable future it will take good partnership and leadership that is both ambitious and bold in its plans to reform SEND services in Bristol. Through genuine collaboration across Education, Health, Care and Finance we will be able to identify innovative and appropriate solutions to the ever-growing deficit within the dedicated schools grant (DSG). To tackle the deficit, it is important to understand that a multi-faceted approach is needed, SEND systems need to be consistent, high quality, integrated, co-produced, shared and financially sustainable. Bristol's approach is outcomes focused, evidence based and rooted in co-production.

We want to ensure our local offer meets the needs of all our children and young people with SEND, in the right provision, at the right time. This means working collaboratively across all phases from Early Years through to Post – 16 and then into adulthood. Support needs to be available to ensure early systematic identification of need, effective use of resources for children and young people in mainstream settings and equitable experiences for families. We value the voices of families, partners and most importantly CYP.

By galvanising the leadership through a city wide SEND Inclusion Strategy, Bristol City Council will be able to ensure there is full, unwavering support and commitment to address the high needs deficit. Our vision of genuine reform and improvement to services will enable us to successfully collaborate, innovate and change the future of SEND for the benefit of all CYP.

Strategy for Change

To be successful we must make decisions that require courage, creativity, and resilience. The scale of the problem is huge, but it is not insurmountable. Successful SEND systems require a culture of shared responsibility, accountability, and learning – underpinned by trust. We intend to build a system where good education outcomes and sustainable finances are balanced.

As outlined in our Safety Valve application and Deficit Management Plan our aim is to:

1. Create a SEND system where more CYP with SEND can remain in mainstream provision for longer, by providing schools with the support to strengthen practice and improve physical spaces.
2. Ensure we have the right mix and level of provision to meet the needs of all children and young people when a specialist place is required.
3. Design efficient and effective systems ensuring CYP with SEND receive timely support, and that schools receive the right level of funding to meet those needs.
4. Continue to build, strengthen, and sustain relationships with key stakeholders engaging them in genuine collaboration and co-design.

We will achieve this for Bristol by focusing on the following four themes, which have influenced our mitigations as outlined in our Safety Valve application.

Demand

- Focus on early identification and prevention – starting in early years working and with all of our partners,

- Target timebound funding into evidence and outcome-based interventions – to support more C&YP in mainstream schools,
- Provide supportive and challenging outreach services, and training to develop practice in schools,
- Provide families with the support to help their children become independent adults,
- Create a school improvement offer which supports schools to provide consistent and high quality ordinary available provision.

Sufficiency

- Build enough provision to meet current and future demand,
- Capital investment in mainstream schools to improve accessibility and inclusion (DfE Capital Investment Application Submitted)
- Reduce the need for out of authority placements and independent non-maintained special schools (INMSS)
- Create a flexible education estate that can adapt to changes in need.

Efficiency

- Improve the EHCP process speeding up time taken for assessments, plans and reviews,
- Align EHCP funding with decision making,
- Ensure effective use of High Needs Block funding,
- Improve quality and use of data for management performance and service planning,
- Implement a new operating model reducing case transfers and putting staff closer to children, young people, families, and carers.

Partnerships

- Coproduce and implement a city wide SEND Inclusion Strategy to improve partnership working joint/coordinated accountability, planning, commissioning, and delivery,
- Ensure effective joint governance of SEND improvement across the city improving accountability and speed of change,
- Co-produce services ensuring they are needs led.

Key Performance Indicators

1. Over the next 7 years more children and young people with EHCPs will be attending mainstream settings and receive an inclusive education.
2. Over the next 6 months, we will work with families, partners and young people to develop and publish our new co-produced local area SEND strategy.
3. We will work with partners and Bristol Parent and Carer Forum to complete our co-produced charter that will make clear what coproduction looks like. This will provide the basis for a refreshed approach to a way of working together for the benefit of children and young people with SEND.
4. In line with our 'Test and Learn' approach with Delivering Better Value we will support creative and dynamic approaches to retaining young people in quality mainstream provisions whilst meeting their needs and reducing the risk of exclusion and improving their educational outcomes.
5. Over the next 12 months, we will continue to develop an agreed rigorous and robust process following the non-statutory top-up funding consultation; and implement an Exceptional Needs Grant for children and young people in Bristol mainstream schools where their needs have been well identified and they are eligible.
6. We will co-design, with schools, a standard practice of excellence in supporting children and young people with SEND through LA-commissioned SEND School Improvement Officers.