

Date: 09/06/2022

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Dear Neil Davies,

**‘SAFETY VALVE’ INTERVENTION PROGRAMME 2022-23 FOR LOCAL AUTHORITIES WITH LARGE DSG DEFICITS**

I am writing to thank you and your colleagues at Medway for taking part in introductory discussions with the team led by Tony McArdle and set out the next steps for your authority.

As the team will have set out in the introductory meeting, there is a clear process for your authority to submit a proposal to the department for consideration for a safety valve agreement. Any decision the negotiation team take will be subject to sign-off from the Secretary of State.

**Safety Valve Proposal**

You should be working towards submitting a proposal which clearly sets 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. 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 Medway will contribute to the reduction of the historic deficit through use of DSG surpluses, in addition to reaching an in-year balance.
3. How Medway will ensure that the plan is deliverable, how it will be managed as it is implemented and how this plan will continue to ensure the appropriate 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 Medway 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 timetable will be as follows:

* From the period of your introductory meeting to the initial proposal deadline in September, you will need to work within your leadership team, with the support and challenge from SEND and financial advisers, to revise your DSG management plan, prioritising sustainability, and effectiveness of your high needs system.
* You will then be required to submit an initial proposal consisting of a DSG management plan and accompanying narrative by **15th September 2022** for review. This must clearly meet the four criteria listed above. The team will review this and provide feedback to you before the end of September.
* You will have an opportunity to make any final amendments before submitting your final proposal on **6th October.** 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 regarding an agreement.
* If the agreement is approved by Secretary of State, we will enter into an agreement – you will be notified by **December.**
* During this process you will be invited to apply for additional capital to support with proposals included in your ‘safety valve’ agreement. You will receive the relevant documents regarding this in the same email. Please keep on-going contact with your financial advisers and consider capital funding whilst revising your proposal.

We will publish all agreements made in 2022-23 in **March 2023.** You will need to factor into the above timetable political clearance of the proposal within your authority.

**Funding Assumptions**

It is for the authority to determine the contents of its management plan and other proposals. However, in order for us to compare authorities’ plans fairly and ensure they are based on a realistic position, we have set a standard assumption to be used for future high needs funding.

These funding assumptions are not guarantees of future funding levels, and exact funding for all authorities will be decided as part of the usual annual process of setting allocations.

Please use the following in your proposals:

|  |  |  |  |
| --- | --- | --- | --- |
| Year | 2023-24 | 2024-25 | 2025-26 and thereafter |
| Year on year uplift (this includes the supplementary grant for 2022-23) | 5% | 3% | 3% |

These funding assumptions are informed by the spending review and follow the expected trajectory of future high needs funding. We expect that the additional uplift already provided in 2022-23 will support local authorities to get to an earlier position of in-year balance on their DSG.

**Monitoring Process**

Agreements will be subject to regular review and monitoring.

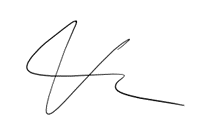
Medway will be required to submit quarterly monitoring reports in which progress towards reaching and sustaining an in-year balance on its DSG account, as set out in the agreement, should be demonstrated. A quarterly report should contain but not necessarily be limited to:

* Whether Medway is still on track to meet the deficit control or reduction targets as set out in the agreement, with supporting evidence for your answer.
* The progress that has been made towards implementing the conditions set in the agreement, and whether the timelines set in your detailed proposals are still on track.
* A RAG rated dashboard of key metrics and targets related to the delivery of your agreement. A dashboard template and example is attached – please provide a completed dashboard with every report. You should include a dashboard with your final proposal, alongside the progress report on any specific commitments set out in the agreement.
* Detail of the current risks to implementation, and how are you mitigating these
* Any unforeseen difficulties or setbacks in implementing the agreement, and how you have mitigated these
* Details of any substantial changes to the senior staff at the LA responsible for implementing your agreement.

If there is any doubt that the proposals set out in your agreement are not being delivered, it may lead to us withholding payment or reducing future instalments that we have agreed.

If you have any questions on the above, please do direct them to the [Safetyvalve.programme@education.gov.uk](mailto:Safetyvalve.programme@education.gov.uk) mailbox, or a member of the negotiation team.

Many thanks,



**Tom Goldman**

Deputy Director, Funding Policy Unit