

Children and Young People Overview and Scrutiny Committee

BRIEFING NOTE – No. 3/23

Date: February 2023

Briefing paper to: All Members of the Children and Young People Overview and Scrutiny Committee

Purpose: To provide a financial update on the Safety Value intervention programme

Safety Valve Intervention Programme – financial update

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Medway council has been working with the DfE under the Safety Valve (SV) programme to develop the system supporting children with SEND such that the High Needs Block (HNB) can operate within an in-year positive balance. You will be aware that the deficit on the HNB for 2021/22 was £20.5m.

As a result, a robust plan has been developed and approved by the Secretary of State, which aims to remove the deficit by March 2026. To support the delivery of this plan, the council has secured additional revenue funding of **£14,282,110**, profiled over the duration of the plan and capital funding of **£7,188,479**, received in February 2023.

During the development of the plan, discussions with the ESFA highlighted differing interpretations of which costs were permitted to be charged to the HNB under the conditions of grant and which should be charged to the council's general fund.

Following clarification from the ESFA, costs for SEN staffing, education psychologists, parental support and tribunals will be charged to the general fund moving forwards and not the HNB. These costs equate to approximately £2.9m per annum and, whilst assisting towards the reduction of the HNB deficit, add pressure to the general fund.

The original bid for £28,000,000 was subsequently revised to £16,897,900 to take account of these changes (4 years x £2.9m)

In December 2023, the council was asked to review its bid again to take into account the additional HNB funding allocated to LAs in the 2022 Autumn statement, hence the revised and final bid being £14,282,110.

All costs charged to the HNB have been directly related to the education provision for children and young people with SEND and we are confident that historic spending arrangements have not reduced the amount of funding going directly to support children, rather served to increase the deficit at a greater rate.

In response to the charging of items to the HNB that were not permitted under the conditions of grant, the council has:

- Been held to account by the ESFA for the historic financial issues. On the 20th January the ESFA wrote to the council:

‘Given the circumstances you describe and the changes you have put in place, I have decided that we will take no further action on this. We will check for future compliance as part of the overall monitoring processes associated with the safety valve agreement. We will also reflect on your comments about the description of the “non-schools education budget” and how we can provide greater clarity in guidance in future.’

- Carried out an internal review to understand how this occurred.
- Informed the schools through the schools forum and taken action to refund the 3 years of historic schools block transfers that were agreed to help ‘pay off the deficit’. For the duration of the SV plan the general fund will contribute the equivalent of the 0.5% (approx. £1.1m) of the schools block to the HNB each year, ringfenced to support inclusion in schools.
- Taken actions to prevent future occurrences:
 - 1) The Assistant Director for Education and SEND will work with the finance team to sign off all funding and assurance returns, including the S251 return.
 - 2) The Assistant Director for Education and SEND and the current Finance Business Partner have now looked at all expenditure charged to the DSG to ensure there are no more errors.
 - 3) If we incur any new expenditure, only expenditure named in the DSG guidance and legislation will be charged to the DSG.
- The section 251s are now published on the council website and in future will be taken to the schools forum for scrutiny.