

Appendix One – The Safety Valve Programme

1. This Appendix sets out background to the Merton DSG Safety Valve Agreement and the second monitoring return.
2. The Safety Valve process is a DfE Dedicated Schools Grant (DSG) deficit intervention which recognises the nationwide issues with the funding of special educational needs.
3. The process requires local authorities to work with partners to produce a plan to re-balance the Special Education Needs system and get to a balanced DSG budget over five years. In recognition of the scale of the challenge, an agreement comes with deficit funding from the DfE.
4. Discussions with DfE were conducted over several months culminating in the final submission in December 2021. To get agreement LBM was pushed to bring forward actions to earlier years, which has resulted in a highly ambitious plan.

Merton’s Safety Valve agreement

5. Merton’s Safety Valve Agreement was signed in March 2022. It commits Merton to getting to a balanced budget by 2026/27. DfE expect Merton to remain in deficit until the final year.
6. In return the DfE will provide deficit funding of £28m paid in instalments. The first instalment of £11.6m was paid in March 2022 and the second instalment of £875k in July 2022.
7. The agreement sets out nine conditions to be met which are as follows:
 - i. Support mainstream schools to adopt inclusive practice to enable more children and young people to remain in mainstream settings where appropriate. Develop a graduated response which sets clear guidance on support that should be available in mainstream settings;
 - ii. Strengthen the SEN Support offer available in mainstream schools to reduce escalation of children and young people’s needs and manage demand for EHCPs. This should include targeted investment on effective early intervention;
 - iii. Strengthen the professional networks across mainstream settings to promote learning and confidence in meeting children and young people’s needs, including articulating school level inclusion standards;
 - iv. Develop Merton’s sufficiency strategy to ensure that current specialist provision is being used most effectively, including working closely with school leaders to optimise availability of provision. Expand specialist provision within the LA appropriately in order to meet the needs of children and young people within the authority;

- v. Secure collaboration and financial commitment from partner agencies where appropriate, in particular ensuring health partners make adequate contributions to provision;
- vi. Develop and implement a clear planning and decision making process for placements, in line with the sufficiency strategy;
- vii. Strengthen oversight and contracting with independent and non-maintained schools to ensure value for money, including reviewing expensive placements;
- viii. Strengthen the EHCP annual review process in order that EHCPs can be stepped down where children and young people's needs have been met appropriately;
- ix. Review and develop a clear SEND financial strategy that ensures case level decision making is strategic and appropriate.

Merton's Safety Valve Plan

- 8. Work commenced in January 2022 ahead of the agreement recognising that the changes were necessary to improve outcomes as well as achieve financial balance. We are making good progress against all of the actions and are seeing significant reduction in costs from opening new in-borough provision.
- 9. The key headings and their current status are as follows:

Actions	RAG
Slow the growth of EHCPs	
Commissioning of non-maintained independent special schools (NMISS)	
New special free school	
New ARP places	
Contributions LBM and health	
DSG income/Block transfer	

10. Progress is good across all the actions in the plan, but this is only the first year of a five-year plan and there is a long way to go. As at the end of August the forecast in-year deficit was £10.4m, a significant improvement of the March position of £13.55m and progress towards being in balance by 2026/27. However, we are only five months into a five-year plan and we need to maintain momentum and delivery across the five years.

11. Merton has had a high level of EHCPs, which has been a key factor in the developing deficit and stemming the growth is part of the plan. As of 1st

September, Merton had 2,493 EHCP plans, fewer than the 2,525 set out in the plan. The number of referrals is down. In the period June to August 2022, there were 74 referrals for assessment, compared to 126 in the same period in 2021, and 107 in 2020.

12. Another of the key factors in Merton has been the over dependence on expensive and out of borough independent provision. We are working to expand the in-borough offer in Additionally Resourced Provision (ARPs) and in special schools.
13. We have opened new special school places at Whately Avenue campus, a satellite of Melrose School. At the start of the new school term in September 40 new places were filled, with a further 40 opening available for further use.
14. Phased works were also completed for the start of term in September for West Wimbledon Primary School to double the size of their ARP (Additional Resourced Provision) from 24 to 48 places, with the first phased completed as planned to provide 7 extra places in 2022/23. Works were also completed at Hatfield Primary School to double the size of their ARP from 14 to 24 places, to provide at least 6 extra places in September 2022.
15. Following the statutory process, the Council confirmed the prescribed alteration for Cranmer Primary School to provide an ARP for children with Communication Needs including 24 places. Only Minor works were required for September, with the permanent project planned for summer 2023, and the provision opened for 10 children in September with the potential to rise to 16 children through the year.
16. Another key response to this is a bid for a new special free school in the borough. In the Safety Valve plan this was assumed to open in September 2026. We have received in principle agreement for DfE for a new school and need to submit a more detailed bid by the end of this month. We are still exploring options for potential sites for the school with the DfE. However, we are working to see if we can deliver the new school ahead of the planned date to deliver the benefits earlier.
17. We have engaged a specialist commissioner who has been reviewing the placements made in the ten independent special schools that we use most. This has raised a number of issues and we are engaged in further discussion around their services and costs.
18. Contributions from the LBM General Fund, which was part of the plan submitted, are secure and reflected in budget monitoring. DSG income reflects the most recent funding announcements and the assumptions we were instructed to make by DfE. The block transfer is a movement within the Dedicated Schools Grant (DSG) from the schools block to the High Needs Block. Any transfer above 0.5% requires Secretary of State approval.

Summary

19. We are only five months into a five-year plan. We are making good progress against all actions. The deficit has come down significantly but there is still a long way to go over the five years of the plan.