

Committee Name and Date of Committee Meeting

Audit Committee – 29 July 2025

Report Title

High Needs / Safety Valve Programme - 2024/25

Is this a Key Decision and has it been included on the Forward Plan?

No

Strategic Director Approving Submission of the Report

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Ward(s) Affected

Borough-Wide

Report Summary

The report outlines the 2024/25 performance against the approved Safety Valve Agreement (with the Department of Education) and the recovery plans in place to enable Rotherham to achieve financial sustainability and operate within its annual financial allocation over future years. The report also highlights the financial position of the Dedicated Schools Grant (DSG) High Needs Budget in 2024/25 and the projected accumulated deficit position over the life of the Safety Valve Agreement.

Recommendations

1. Audit Committee notes the progress in the recovery actions being taken via the Safety Valve Programme to manage the Dedicated School Grant (DSG) deficit in Rotherham.
2. Audit Committee notes the 2024/25 financial position of the DSG High Needs Budget and accumulated DSG deficit at the end of the Safety Valve Programme.

List of Appendices Included

None

Background Papers

- Dedicated schools grant (DSG) financial management plan
- SEND & AP Green Paper
- Safety Valve Agreement Letter – latest update

Consideration by any other Council Committee, Scrutiny or Advisory Panel

No

Council Approval Required

No

Exempt from the Press and Public

No

High Needs / Safety Valve Programme - 2024/25

1. Background

- 1.1 In the past Rotherham has faced significant cost pressures in the High Needs Budget (HNB), which had resulted in annual in-year DSG deficits of circa £5.0m. Whilst the in-year deficits have reduced in recent years due to the continuing transfer of funding from the Schools Block, the accumulated deficit on the DSG Reserve stood at £22.0m at the end of 2020/21 (before the Safety Valve funding).
- 1.2 The DSG overspend has accrued as a result of a number of factors; an overall increase in Education Health and Care Plans, an increase in the number of young people aged 16 to 25 with an EHCP who are the responsibility of the LA to fund, an increase in the number of children accessing higher cost provision and an increase in the number of pupils in Alternative Provisions (Pupil Referral Units).
- 1.3 In addition to the above demand pressures, the funding methodology (via the High needs national funding formula) has contributed to the annual deficits. Whilst the HN national funding formula (introduced in 2023/19) allocate funding based on proxy indicators of pupils with Special, Education Needs and Disability (SEND) within the population, a large element of the funding remains fixed based on historic spend.
- 1.4 The Council entered into a Safety Valve Agreement with the Secretary of State for Education in 2021/22. The Safety Valve programme requires the Council to set out (via the Dedicated Schools Grant Management Plan) how it will manage the deficit (and demand pressures) in the High Needs Block and reach an in-year balance within a specific timeframe. Under the signed agreement, the DfE has committed to paying the Council £20.5m over five years to 2025/26 to address the historic / accumulated DSG deficit held in the DSG Reserve account.
- 1.5 In addition, the Council was allocated additional capital investment (£4.3m above its usual annual High Needs capital allocations) to deliver its long term SEND strategic plan. Total capital funding allocated to the council over 3 years to 2025/26 for SEND/High Needs amount to circa £9.0m.
- 1.6 The key emphasis for the Rotherham involvement in the Safety Valve programme is ensuring that more children with SEND can be supported to stay in mainstream schools in the Borough. In addition, the Programme enhances the Council's long-term aspiration of transforming Rotherham SEND systems, processes, and services.

2. Safety Valve performance / Progress (2024/25)

- 2.1 In agreeing to the financial support from the DfE, Rotherham agreed to implement a number of actions and financial targets as set out in the Safety Valve Agreement and the Council's DSG Management Plan respectively.
- 2.2 Ongoing monitoring has taken place with financial and progress update reports submitted by the Council to the DfE on a quarterly basis to both support delivery and hold accountability of the Agreement. This support and challenge process also allows emerging challenges to be shared and a vigorous oversight of plans to be undertaken.

2.3 Rotherham was on track in 2024/25 and has delivered against all the conditions of its 'Safety Valve' Agreement. In addition financial performance were on track against the plan agreed with the DfE and in the Safety Valve Agreement. The following outline the progress made in 2024/25 by the Council towards meeting the **key conditions** in the Safety Valve Agreement:

- (1) ***Reduce use of independent specialist provision outside of the LA by creating appropriate capacity within Rotherham's High Needs System, with a focus on ensuring provision is high quality and value for money***

Progress Update:

Independent specialist provision comprised of independent non-maintained special schools and post 16 & 19 specialist providers. The position and trajectory in 2024/25 is that whilst ISP intake has slowed or is flat (as an overall percentage of SEND placements) it has not reduced in line with the development of new in borough provision.

Projected numbers for the future ISP intake continue to be adjusted to reflect the implementation of in borough resource provision and also the specialist SEMH Key Stage 4 provision which is scheduled to open in Q1 25/26.

Strong oversight continues across independent specialist placements, this supports quality assurance and challenge to providers as part of business as usual commissioning activity.

- (2) ***Improve Rotherham's Early Intervention Strategy, including through investment in outreach work.***

Progress Update:

Both SEMH Outreach and Communication and Interaction Secondary Outreach have been extended for a further academic year following a strategic review.

This academic year both services are being more targeted in their approach with schools. From an SEMH perspective this is supporting some schools to stabilise their suspensions and exclusions whilst supporting Aspire PRU to operate a more intervention based model.

Refreshed performance monitoring will be captured on a termly basis ahead of a 6 month review by the CYPS directorate leadership team for commissioned outreach services.

- (3) ***Increase the outreach offer for Social Emotional and Mental Health needs at primary and secondary.***

Progress Update:

The Social Emotional Mental Health (SEMH) Free School in the borough has operated from September 2022, this has now moved to capacity on the main site. A formal feasibility has identified a requirement to develop a provision for Key Stage 4 EBSA cohort who require support in a smaller setting.

To facilitate the development of this provision a surplus corporate asset has been transferred to Elements Academy with pupils transitioning into the provision from 2024/25 academic year. At capacity the provision will provide 30 places with this linked to a clear gap within current in borough SEMH provision mapping and avoidance of out of borough placements.

Three SEMH resource provisions are currently open and receiving consultations. 22 new places have been created so far with a further 5 scheduled in Easter 2025. SEMH resource provision places will move to a capacity of 40 places forecasted for September 2025.

The Primary and Secondary SEMH Outreach contract with Aspire PRU has been extended for a further academic year.

(4) ***Develop local sufficiency arrangements, including for Rotherham's Looked After Children***

Progress Update

The LA remains on track against its SEND sufficiency planning as outlined within the Safety Valve application and as approved through Cabinet under SEND Sufficiency phase 4 and 5.

Since the commencement of the Safety Valve programme, 6 new resource provisions have been agreed with increases in places at 2 existing schools. In the two years from October 2022 there has been an increase of 46 resource provision places with additional capacity still remaining to complete the minimum of 100 new places as included within the Safety Valve capital programme.

A focus over the next period will look at formalising a needs analysis for a longer term SEND Sufficiency plan beyond Safety Valve. Data has been captured to assess the baseline position with a period of stakeholder consultation planned in Quarter 4.

(5) ***Drive mainstream schools to adopt inclusive practice to enable more children and young people to remain in mainstream settings where appropriate.***

Progress update:

The council is now forwarding planning against the Department of Education SEND Improvement plan and the clear focus on Alternative Provision plans at local level. This work has developed from the council's Written Statement of Action for SEND which had a clear focus on embedding a more identifiable graduated response at Key Stage 1/Key Stage 2.

In Rotherham we have aligned the focus on our PRU moving to a position where it operates as an intervention and pupils return to mainstream. This cultural shift means direct discussions have been held with mainstream leaders on increasing their inclusivity and adapting offers to meet the wider level of cohort need.

A number of Primary complex needs provisions have opened this period where schools have identified pupils who could maintain mainstream provision but with additional support. The LA have supported appropriate curriculum planning, capital funding through the mainstream accessibility programme and outreach services to support the implementation of the provisions. Currently 29 young people are accessing the provisions across Rotherham with schools showing an increased confidence to meet the needs of complex SEND students in key stage 1.

Refreshment of the Place Planning sub-group aligns to the opening of SEND resource provision, refinement of outreach provision and roll out of the capital accessibility programme. The sub-group will continue to monitor placements assumptions against the agreed Safety Valve projections creating a forward plan of activity which will inform future SEND Sufficiency planning beyond Safety Valve.

Performance across all Safety Valve activity and place planning is monitored on a monthly basis through the established SEND Sufficiency Board. The latest data is showing that whilst the percentage of pupils with an EHCP maintained in mainstream education is increasing in Rotherham it is still below national average.

- (6) ***Maintain engagement with stakeholders through strong and collaborative governance arrangements, such as ISOS partnership work, Schools Forum High Needs Subgroup, primary and secondary head teachers.***

Progress Update:

Clear detailed updates on the Safety Valve and its associated strategic implications across the SEND system in the borough have been provided to Schools Forum, Secondary and Primary heads, wider SEND stakeholders including Health, Parent and Carers forums, Adult/Children's Social Care. Regular updates and key task/finish activities linked to key Safety Valve agreements are in place linked to key areas of governance.

Both the borough SEND Executive and SEND Partnership Board are fully sighted on the Safety Valve. Both groups have recently reviewed and updated membership and terms of reference.

Regular update reports are provided to Cabinet and Improving Lives Select Commission to fully inform elected members.

A review of Schools Forum membership and terms of reference is now embedded and has led to improved oversight of SEND Sufficiency planning with this now being a standing agenda item.

2.4 **SEND Sufficiency Plan phase 4 & 5**

Rotherham's Safety Valve programme includes capital funding to develop sufficiency of SEND Education places in borough, Rotherham has approved three previous phases of SEND Sufficiency each targeted at incremental rises in SEND cohorts and improving specialist provision.

- 2.5 SEND Sufficiency Phase 4 was approved by Cabinet in June 2023 with the main aim of supporting mainstream schools to meet a wider level of need and improve accessibility within both mainstream and special schools. Phase 4 includes the development of a minimum of 10 resource provisions across mainstream settings creating 100 new SEND places. A second main aim of SEND Sufficiency Phase 4 was the implementation of the schools Accessibility Funding Framework across both mainstream and special schools.
- 2.6 Following an expression of interest and due diligence process 5 new resource provisions have been opened with an increase in capacity at 3 existing provisions. This has created the additional 100 resource provision places, provisions are moving to capacity in line with place planning arrangements through SEND panel
- 2.7 In June Cabinet approved the School's Accessibility Strategy and Accessibility Capital Funding Framework. The intention of Schools Accessibility Funding is to support schools to meet a wider level of SEND need through adaptations to existing buildings. This supports our sufficiency strategy through moving the SEND continuum towards the mainstream.
- 2.8 The Accessibility Funding Strategy proposes three distinct areas including:
- Targeted work across mainstream and special schools linked to accessibility requirements for individual pupils and cohorts.
 - Individual requests and contributions for individual pupils linked to established equipment panel.
 - A small capital grant programme for schools open through application and assessment in line with schools own accessibility planning.
- 2.9 In line with the outcomes of SEND Sufficiency phase 4 an additional 80 in borough SEND education places have been created in 2023/2024, this is split across both specialist provision and rises in resource provision placements.
- 2.10 The Safety Valve Agreement recognises a Phase 5 of SEND Sufficiency. The main focus of Phase 5 is to provide increased sufficiency of places and condition improvements within our specialist provision.
- 2.11 Phase 5 will cover three core elements which are detailed below. All phase 5 schemes are currently in development with delivery phased across the next two academic years.
- **SEMH growth** - the current trajectory of growth for SEMH provision identifies a need to increase specialist provision to create a minimum of 40 additional places during the period of the Safety Valve Agreement
 - **Newman School** - continued investment on the Newman Special school site to update and enhance provision against current SEND sufficiency planning. Continued investment will enhance capacity and support placement of higher threshold SEND need in the school, avoiding placement in high-cost Independent Specialist or Out of Authority provision.

- **Pupil Referral Unit Development** - continuing to develop high quality mainstream focused Pupil Referral Unit/Alternative Provision is an essential triage for our SEND system. It supports the implementation of our Inclusion Review (carried out by independent experts ISOS) through ongoing capital investment and we can guide our provisions to focus on intervention-based approaches helping students to return to mainstream education and be successful.

3. Timetable and Accountability for Implementing this Decision

- 3.1 The LA will continue to update the Dedicated Schools Grant (DSG) management plan (as part of the Safety Valve agreement) to reflect changes in the council's deficit recovery plan.
- 3.2 Ongoing monitoring will be in place across the lifespan of the safety valve programme (i.e. till 2025/26) – with quarterly submission to the DfE on progress and risks facing the programme. This would inform the progress update meetings with the DfE SEND Advisor for Rotherham to support delivery and hold accountability of the agreement.

4. Financial and Procurement Advice and Implications

4.1 High Needs Block outturn position

An overspend i.e. deficit of £3.7m was reported for the High Needs Budget for 2024/25 and has been transferred to the DSG reserves account. The overspend compares unfavourably to the £1.2m deficit assumed in the Safety Valve Agreement and reflects increased pressures in the SEND system, namely, inflationary costs; increase in pupils with EHCPs; and continuing placements in independent specialist settings outside the Borough.

4.2 DSG Reserves and Safety Valve financial position

The closing position of the DSG reserves for 2024/25 was £2.5m (after adjusting for Safety Valve monies received from DfE and the above in-year deficit). This year-end DSG reserves balance has been rolled forward into 2025/26. The table below shows the year end DSG reserves position compared to the assumed position in the Safety Valve Agreement.

	2023/24 Outturn £'000	2024/25 Outturn £'000	2025/26 Budget £'000
DSG Reserve account:			
Opening DSG deficit b/forward	5,926	978	2,476
In year HNB surplus (-)/deficit (+)	-2,199	3,706	2,508
Actual Safety Valve Funding	-2,730	-1,270	-2,000
Other DSG balances	-19	-938	824
Year End DSG Reserve position	978	2,476	3,808
Safety Valve DSG Reserve position	4,880	2,902	0
Variance	-3,902	-426	3,808

4.3 The following are key points to note:

1. The 'Safety Valve Agreement' will provide Rotherham £20.5m over the 5 year period to 2025/26 based on satisfactory achievement of the conditions in the agreement.
2. The DSG reserves position by the end of 2024/25 compares favourably to the assumed position in the Safety Valve Agreement. This is mainly due to the use of other DSG balances.
3. The DSG has moved from a deficit position of £12.8m at the end of 2021/22 to a deficit of £2.5m at the end of 2024/25 – reflects the impact of the Safety Valve monies from the DfE and efforts made by the council to reduce in-year deficits.
4. An overall deficit is currently anticipated in the DSG reserves (£3.8m) in 2025/26 compared to a balanced position assumed in the signed Safety Valve Agreement. The increased deficit in 2025/26 is due to continued demand challenges facing the SEND system, inflationary pressures and increasing cost of supporting complex needs pupils in specialist provision.
5. The current statutory deficit over-ride / protections would cease on 31 March 2028 (it has been extended by the Government for another 2 years). This provide flexibility for the Council to carry forward the 2025/26 year end DSG reserve deficit of £3.8m.
6. DfE has asked the council to put forward a DSG plan covering the next 5 years. This will show the financial trajectory (costs and funding) beyond the SV agreement and whether financial sustainability can be achieved in the medium term.

5. Legal Advice and Implications

- 5.1 There are no direct legal implications, other than ensuring compliance with the terms and conditions of the signed Safety Valve agreement and the DSG conditions of grant.

6. Human Resources Advice and Implications

- 6.1 Children and young people with SEND are disproportionately represented across a range of education and inclusion measures. The Safety Valve Programme is intended to enable the Council to meet the needs of CYP with SEND, whilst appropriately managing demand for Education, Health and Care Plans (EHCPs), including assessment processes that are fit for purpose; and. use of appropriate and cost-effective provision.

7. Implications for Children and Young People and vulnerable adults

- 7.1 Rotherham is compliant with the SEND Code of Practice which sets out that if a child's parent or a young person makes a request for a particular nursery, school or post-16 institution in maintained, non-maintained, or independent provision, the local authority must comply with that preference and name the school or college in the EHC plan unless it would be unsuitable for the age, ability, aptitude or SEN of the child or young person, or the attendance of the child or young person there

would be incompatible with the efficient education of others, or the efficient use of resources

8. Equalities and Human Rights Advice and Implications

- 8.1 There are no implications arising from this report to Equalities and Human Rights.

9. Risks and Mitigation

- 9.1 The following are identified risks in relation to the Safety Valve Programme and the council's high needs budget:

1. Increasing inflation and provider fee rates are beginning to impact on forecast cost of specialist provision.
2. Increase in EHCP numbers and pupils requiring specialist support and placements.
3. Increased number of EHCP placements directed following tribunal and appeals.
4. Increasing number of requests from special schools and specialist resource provision for additional (bespoke) funding

10. Accountable Officers

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