



Dedicated Schools Grant ‘Safety Valve’ Agreement: Merton

1. This agreement is between the Department for Education and Merton Local Authority, and covers the financial years from 2021-22 to 2026-27.
2. The authority undertakes to reach a positive in-year balance on its Dedicated Schools Grant (DSG) account by the end of 2026-27. The authority undertakes to control and reduce the cumulative deficit as follows, not including any contribution made by the department through this agreement:

Year	Forecast DSG Deficit Profile at year end¹ £m
2021-22	£37.6m
2022-23	£44.5m
2023-24	£49.8m
2024-25	£47.6m
2025-26	£41.6m
2026-27	£28.0m

3. The authority agrees to implement the DSG management plan that it has set out. This includes action to:

- 3.1. Support mainstream schools to adopt inclusive practice to enable more children and young people to remain in mainstream settings where

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

appropriate. Develop a graduated response which sets clear guidance on support that should be available in mainstream settings;

- 3.2. 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;
- 3.3. 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;
- 3.4. 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;
- 3.5. Secure collaboration and financial commitment from partner agencies where appropriate, in particular ensuring health partners make adequate contributions to provision;
- 3.6. Develop and implement a clear planning and decision making process for placements, in line with the sufficiency strategy;
- 3.7. Strengthen oversight and contracting with independent and non-maintained schools to ensure value for money, including reviewing expensive placements;
- 3.8. 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;
- 3.9. Review and develop a clear SEND financial strategy that ensures case level decision making is strategic and appropriate.

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

- 4.1. Report quarterly (as a minimum) in writing to the Department (Funding Policy Unit) on its progress towards implementing the plan as per the conditions set 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 **£11.6 million** of DSG before the end of the financial year 2021-22. In subsequent financial years, subject to compliance with the conditions set out in paragraph 3, the Department will pay DSG sums as follows. This funding will be provided in instalments and subject to continued satisfactory progress. Subject to full compliance, Merton should therefore eliminate their cumulative deficit no later than 2026-27.

Year	The Department agrees to pay to the authority an additional £m of DSG at year end
2021-22	£11.6m
2022-23	£6.7m
2023-24	£2.625m
2024-25	£2.625m
2025-26	£2.625m
2026-27	£2.625m

6. The Department has also sent a commission relating to your local authority's capital plans for the creation of new places for children and young people with special educational needs and disabilities (SEND) or those requiring alternative provision (AP). It is critical that you are considering your revenue and capital plans holistically

– in developing capital proposals, we fully expect local authorities to have a keen eye on the efficiencies that need to be made and how they can invest wisely to secure financially sustainable high needs systems.

7. As such, capital proposals will need to demonstrate how investment is aligned to, or further develops, the reform plans and savings outlined in this agreement. Proposals will need to focus on projects that can be delivered quickly to improve the local provision offer and meet identified gaps in local provision. The Department will assess and review proposals against set criteria which have been outlined in the commission. Subject to that assessment, the Department will consider making a capital contribution to these plans in 2022-23 for the whole programme of works outlined in the DSG management plan as a top-up to the local authority's High Needs Provision Allocation (HNPCA), which will be announced in Spring. Progress against delivery of those capital plans should then be integrated into your quarterly reporting to the department as part of the monitoring of your agreement.

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

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

8.2. Significant changes to national SEND policy, for example as a result of the government SEND Review, which impact on elements of the plan;

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

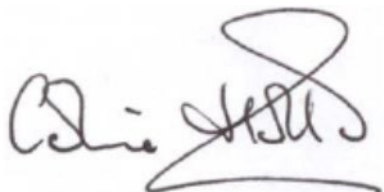
8.4. Whether Merton is awarded additional capital funding support following the capital plan commissioning process. This will include any impact of the capital funding on Merton's ability to carry out its DSG management plan.

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

On behalf of Merton Local Authority, Signed by:



Hannah Doody - LA Chief Executive



Caroline Holland – Strategic Director Finance & Customer Services (Section 151 Officer)



Jane McSherry – Director of Children's Services



Roger Kershaw – Director of Finance (s151 Officer)

On behalf of the Department for Education, Signed by:



Tom Goldman – Deputy Director, Funding Policy Unit

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