

24 September 2020

Rt. Hon. Rishi Sunak MP
Rt. Hon. Gavin Williamson MP
House of Commons
London
SW1A 0AA

(By email)

Dear Secretaries of State

We are writing to you to highlight further concerns that we have in Leicestershire around the High Needs Block of the Dedicated Schools Grant.

The shortfall in funding for SEND has been recognised at a national level for a number of years, against a backdrop of the number of Education Health and Care Plans increasing by nearly 50% in the past five years. The funding gap is growing year on year as Local Authorities are working hard to meet the needs of these young people with an EHCP.

This shortfall in funding is now so significant that it has the potential to push some local authorities to a financial tipping point. The ability of local authorities to establish a negative reserve makes the prospect of financial collapse more likely as significant liabilities are being held on the balance sheet and the revenue capacity to offset them is diminishing.

Alongside this the High Needs distribution of funding places many authorities, in particular County Councils, are at a further disadvantage as a result of significantly lower than average high needs allocations per head and based on proxy indicators within the formula that do not adequately reflect the incidence of SEND within the population.

Despite a comprehensive recovery plan in Leicestershire that includes £28m of savings and despite the increased High Needs Block allocation for 2021/22, we are projecting a cumulative deficit of £18m at the end of 2020/21, increasing to £30m by 2023/24. There are many other authorities in a similar or worse position.

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A significant part of the deficit recovery plan is the creation of additional places for pupils with SEND in order to reduce the unit cost of pupils. By the Autumn term the plan will have provided an extra 460 SEND places, with a further 75 to be delivered between 2021 and 2023.

However, the capital and revenue costs of expanding provision are significant and unlike in mainstream schools these costs are not funded by the DfE. For the period 2017/18 to 2020/21 the SEND capital programme has totalled £19.5m, the SEN provision grant has only met £3.6m of the programme. The revenue costs of commissioning these places, including start-up and diseconomies of scale funding, adds £5m to the deficit, again the DfE make growth funding available to expand mainstream provision but not special provision. Whilst we welcome the DfE's commitment to build a Special Free School in Leicestershire, it still requires the local authority to contribute further capital of £1m on top of the other capital costs already outlined. Additionally local authorities cannot operate new provision which becomes an open competition for any provider and leaves the LA exposed to market forces which may not ultimately reduce costs.

Leicestershire consulted with schools to enact a transfer of 0.5% from the Schools Block to High Needs for 2020/21; this was not approved by the Schools Forum. The reason for the transfer not being approved was the significant impact this had on a small number of schools as a result of the introduction of the mandatory Minimum per Pupil Funding levels. The schools gaining the most from the National Funding Formula, largely those previously underfunded and with high levels of deprivation, being the schools bearing the largest and disproportionate cost of the transfer. We would ask that for 2021/22 Leicestershire is granted a disapplication of these levels which would ensure that the impact of any transfer could be equalised and lessen the impact for individual schools.

Following the SEN reforms in 2014, parents and carers were given more strength to influence their children's plan. Whilst this move is positive in terms of empowering parents and carers and ensuring that their voices are heard for the best outcomes for children, it has led to an increase in costs for Local Authorities that doesn't match the funding available via the High Needs Block. This is both in terms of the increase in responsibilities to provide education up to the age of 25 as well as the introduction of increased parental choice.

To summarise the position Local Authorities have all the responsibility for the delivery of services to fund SEND, have no control over demand and carry all the financial risk. This is not an acceptable position. We would make the following ask in order to support the continued delivery of SEND Provision for children:-

- Increased capital investment in SEN provision in line with mainstream capital investment

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- Review of the High Needs Funding Formula to ensure firstly that the formula fully reflects changes in pupil numbers and their underlying needs and secondly provides appropriate funding to meet those needs.
- Disapplication of the minimum per pupil funding levels
- Complete the long-delayed SEN review and reform the system to make sure it meets the needs of children and is affordable.

We would add that this is an acute issue for us and many other authorities that depends on Government support to fix. Over recent years Government inaction has pushed many authorities to the brink.

Yours sincerely



Mr. J. B. Rhodes CC
Lead Member for Finance/Resources

Mrs. D. Taylor
Lead Member for Children and Families

c.c. Members of the County Council
Leicestershire MPs
Chair of the LGA
Chair of the County Councils Network
Chair of the Conservative Councillors' Association

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