

## **DRAFT SOUTH GLOUCESTERSHIRE LETTER**

Chancellor of the Exchequer and  
Secretary of State for Education  
Sanctuary Buildings  
20 Great Smith St  
Westminster  
London SW1P 3BT

xx July 2019

Dear Secretary of State/Chancellor,

### **South Gloucestershire Council - Dedicated Schools Grant (DSG), High Needs Funding**

We are writing in our roles as leader of the Council, Chair and Vice Chair of the South Gloucestershire Schools Forum and MPs for South Gloucestershire to raise the very concerning shortfalls in funding received by the local authority to support schools, education and in particular pupils with Special Educational Needs and Disabilities (SEND).

Although this is probably now the biggest financial pressure affecting the entire local government sector, as the lowest funded local authority in England and with historically low funding over many years, the pressure on our schools and pupils is particularly acute and unsustainable.

The fundamental cause of the growing funding pressure is the rise in children with an Education Health and Care Plan (EHCP) since the introduction of the Children and Families Act 2014. The latest figures published by your department in May show there has been a 47 per cent increase nationally in the number of Education and Health Care Plans in the last four years (2015 to 2019) since the Act was implemented. The increases are not limited to one part of the country and are similar across regions and authority types; this is why additional funding should be provided across all local authorities and not be targeted through the flawed High Needs National Funding Formula which targets far too much funding based on proxy measures like deprivation.

Furthermore, the additional responsibilities that were passed to local authorities to support SEND needs for the 19 to 25 age range was substantially underfunded; in our case we have calculated that the additional funding that was passed to this local authority was short by at least £2m per annum. As the lowest funded local authority there was simply no slack within our DSG allocation and no DSG reserves as some other LAs may have had to absorb such a level of funding shortfall.

Of continuing concern is that the rising demand, and associated cost pressures, show no sign of slowing down. The fact that once children are moved onto EHCPs it is very difficult to remove funding means that just to keep pace with the increases we have already seen, significant investment will be necessary, this is before factoring in the expected growth in EHCP numbers (which has been over 10 per cent in each of the last three years). While this council has been doing a great deal to manage this additional demand, this is simply not sustainable going forward and is rapidly creating a financial crisis for the Council and our schools.

We ask that the Government quickly injects more funding into the system, particularly at the historically lower funded local authorities which have had no ability to cope with these levels of funding shortfalls whilst it carries out a post- implementation review of The Children and Families Act in 2014 to assess whether this rapid acceleration in EHCPs was what was intended by the new policy and whether sufficient funding has been allocated to meet the objectives of the Act.

We have done a great deal in partnership with our schools to manage the growing SEND demands and would be happy to work with you to support this field of work and also work with you to review the cause and nature of the growing pressure through providing further detailed data and case studies to inform your review.

Despite many positive developments to manage demand the unsustainable position regarding our DSG deficit is as follows:

<b>DSG Deficit</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
In-Year	1,214	3,627	2,946	2,212
Cumulative	1,214	4,841	9,434	11,646

Beyond the crisis regarding SEND funding shortfalls, the introduction of a National Funding Formula and additional funding of £1.3billion for 2018-19 and 2019-20 were welcomed by this local authority and our schools as a good step towards fairer funding.

Regrettably, however, it did not go anywhere near far enough to redress the levels of historic underfunding and the new Schools Block National Funding Formula although an improvement is really a case of the Government replacing one unfair system with another. The National Funding Formula falls short of what was expected, does not deliver true fairness and is therefore in need of fundamental change. In particular, we are concerned that the formula does not give enough basic entitlement to schools and allows too much for add-ons, enabling big differences in funding to occur between different local authorities and schools. We therefore believe that urgent changes to the National Funding Formula are needed to make it fairer, more easily understood and transparent so that it meets the aspirations for equity set out in early consultations.

In conclusion we urge you to immediately consider the following and as part of this year's spending review:

- Special consideration for South Gloucestershire Schools due to their position as the lowest funded local authority in the country,
- The removal of the historic inequalities and funding protections in the system;
- The raising of basic entitlement to ensure the core cost of running a school are met;
- An immediate injection of at least £1.4billion of additional funding (as estimated by the F40 group of local authorities) to deal with a crisis in High Needs provision across the country;

Yours sincerely