

## Council – 29 September 2025

### Decision note

<b>Item</b>	<b>Decision</b>
<b>1. Elect Person to Preside</b>	Not applicable as the Mayor was in attendance.
<b>2. Apologies</b>	Apologies were received from Councillors Cheema, Larden, Towe, Waters, Kaur, Pedley, Margetts and Rasab.
<b>3. Minutes</b>	That the minutes of the meetings held on 30 July be approved as a correct record.
<b>4. Declarations of interest</b>	None.
<b>5. Local Government (Access to Information) Act, 1985</b>	There were no items in private session.
<b>6. Mayor's announcements</b>	Received
<b>7. Petitions</b>	None.
<b>8. Questions</b>	Received.
<b>9. To note the result of the by-election in the Pelsall Ward, held on 11th September 2025.</b>	Noted.
<b>10. Composition of Political Groups</b>	Noted.
<b>11. Appointments to Committees and Outside Bodies</b>	Council appointed:-  Councillor G. Eardley to the Audit Committee  Councillor G. Eardley as the member on the West Midlands Pension Fund Committee
<b>12. Independent Remuneration Panel</b>	Independent Remuneration Panel report was noted.
<b>13. To confirm the following recommendation of Audit Committee</b>	That the Annual Report of Audit Committee 2024/25 be approved.

<p><b>14. Portfolio Holder and Outside Body briefings</b></p>	<p>a. The Statutory Deputy Leader gave a presentation and answered questions from members on thereon.</p> <p>b. Councillor Martin the representative on the West Midlands Combined Authority – Audit, Risk and Assurance Committee gave a presentation and answered questions from members on thereon.</p>
<p><b>15. Notice of Motion – High Needs Funding Pressures and the Dedicated Schools Grant</b></p>	<p><b>Motion:</b></p> <ul style="list-style-type: none"> <li>• This Council is committed to providing appropriate education support for children and young people with Special Educational Needs and Disabilities (SEND). This support is mainly funded by the Dedicated Schools Grant (DSG).</li> <li>• The high needs block (HNB) of the DSG pays for specialist provision, including special schools and services for those children with complex needs. Since the introduction of Education and Health Plans (EHCPs) in 2014, the number of children requiring support has risen sharply, putting significant financial pressure on local authorities, including Walsall. The growing demand has led to increasing deficits, threatening the financial stability of education services both locally and nationally.</li> <li>• Nationally, the Local Government Association (LGA) estimates that the cumulative high needs deficit across local authorities now stands at £3.15 billion, around 33% higher than the national budget spend and with projections indicating this could rise to £5 billion by 2025/26.</li> <li>• Demand continues to outpace funding. Many councils have been running deficits for several years due to the rising demand for EHCPs. In 2022/23, over 80% of councils had DSG deficits.</li> <li>• Like many other Local Authorities Walsall is experiencing acute pressures. Since 2014, the borough’s High Needs allocation has increased by £30 million. The number of children and young people with Education, Health and Care Plans (EHCPs) has surged from 1,200 to over 4,700. This growth in demand and complexity of need has significantly outstripped the annual increases in funding representing a real-term reduction in funding of 45%.</li> <li>• This is not sustainable, and we are calling to the government to take action now.</li> </ul> <p><b>Financial implications</b></p> <ul style="list-style-type: none"> <li>• At the end of the 2024/25 financial year, Walsall Council was managing a DSG deficit of over £30 million, with projections</li> </ul>

indicating that this will rise to a cumulative balance of approximately £123.7m by close of 2028 unless systemic funding reform is introduced.

- The national statutory override currently allows local authorities to hold DSG deficits off their general fund balance sheets until March 2028. The override is not itself a solution to the problem and only delays the impact on councils.
- The financial implications of managing these deficits are profound. Councils are incurring borrowing costs to sustain services and cover shortfalls, diverting resources from other essential services. In Walsall the interest costs incurred as a result of borrowing to date due to the DSG deficit is £1.8m with a further £12.4m projected by close of 2028.
- This is equivalent to increasing the council tax by 20% year on year. This would not only require an annual referendum but also greatly impact on our communities where many are already facing high deprivation.
- When the override ends based on current projections Walsall will need to find an ongoing mainstream budget of circa £30m a year to cover the shortfall in SEND funding alongside a one off cumulative deficit of circa £123.7m to find.
- The uncertainty surrounding the future of the statutory override exacerbates these pressures and undermines financial planning and stability. Many councils have warned that, without action by the Government, they will be forced to issue section 114 notices when the override ends.
- The 2025 Spending Review includes a commitment to reform the SEND system, at least in part through the new Transformation Fund. Details of these reforms will be set out in a Schools white paper in the autumn.
- The Government's upcoming reforms to the Special Educational Needs and Disabilities (SEND) system must be bold enough to eliminate local authorities' deficits on the DSG going forwards before March 2028, while ensuring SEND children receive the support they need.

**The Council Resolves to:-**

- Call on the government to provide a proportionate and sustainable increase in central funding to match the rising costs and demand for SEND services and High Needs Funding, so that Walsall Council can continue to meet its statutory responsibilities to vulnerable children and young people without undermining the sustainability of other essential local services.
- Request that the government permits councils to allocate interest costs from funding the DSG deficit to the DSG account and apply the statutory override retroactively to either 2014 or the first year a DSG deficit was incurred. This measure will prevent the national underfunding of SEND provision from affecting other council services funded by the local taxpayer.
- For a cross party letter to be sent to the Secretary of State for Education and the Secretary of State for Levelling Up, Housing and Communities, setting out this Council's concerns and

	<p>requesting urgent action to address these funding pressures in the interests of Walsall’s children, families, and communities including developing an approach to address historical cumulative DSG deficits, and to support local authorities handle them when the statutory override ends in 2028.</p> <p>(or)</p> <ul style="list-style-type: none"><li>• Support the LGA’s call for the write-off of DSG deficits, recognising that without such action, councils face unsustainable financial burdens.</li><li>• Engage with local MPs to raise awareness and seek parliamentary support for a long-term solution to DSG funding pressures.</li></ul> <p>This Council reaffirms its commitment to championing the rights and aspirations of children and young people with SEND, and to securing the funding and system reform required to enable every</p>
--	---