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Damian Hinds MP
Secretary of State for Education
Sanctuary Buildings
20 Great Smith St
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27 November 2018

Dear Secretary of State

Dedicated Schools Grant (DSG) - High Needs Funding

We are writing in our roles as Presidents of our respective Treasurer Societies, both for the County Councils and London Boroughs, to highlight the continued concern and pressure across the country regarding shortfalls in funding for pupils with Special Educational Needs and Disabilities (SEND), via the High Needs Block of DSG.

The majority of Councils that we represent are in real difficulty with many not only reporting in-year deficits of costs against allocated funding, but also with deficits being carried forward on their balance sheets with no prospect of these positions being improved. Much work is being done by all Councils to jointly share ideas and best practice to try and minimise demand and costs, but this isn't going to be anywhere near enough to recover the position. There is only limited scope for moving money out of direct school budgets to help with this pressure, and in any case with many schools finding it difficult to cope with the new National Funding Formula this isn't an ideal or sustainable solution.

The graph attached gives a very clear indication of the reason for this significant increase in demand. It shows that since the introduction of the Children and Families Act 2014 there has been a 35% increase nationally in the number of Education and Health Care Plans, and yet the eligible child population over the same period has only increased by 1%.

Research recently carried out by both Societies show that 94% of surveyed Counties are expecting a deficit on the DSG high needs block this year and for London the figure is 88%, with 100% expected to be in deficit the following year. Many authorities are already carrying forward cumulative deficits from the previous year, which is predicted to rise to almost £250m for those authorities by the end of this year.

Significant work is being done to try to manage this additional demand and rising costs, but this is not sustainable going forward and is rapidly creating a financial crisis in some Councils. The DfE consultation paper recently issued on consistent accounting for these deficits and proposing three year recovery plans is nowhere near being a sufficient response given the tidal wave of demand that you have created.

We ask that the DfE quickly injects more funding into the system, whilst it carries out a post-implementation review of The Children and Families Act in 2014 to assess whether this was what was intended by the new policy and if it was then to provide a more sustainable level of funding for the longer term in order to properly resource your policy objectives.

We would be happy to work with you to support this review and provide further detailed data and case studies to inform your work. We look forward to hearing from you soon.

Yours sincerely



Gerald Almeroth
President of the Society of London Treasurers



John Betts
President of the County Treasurers

Cc. James Brokenshire MP, Secretary of State
for MHCLG

Society of County Councils (SCT): the professional network representing the Directors of Finance for all County Councils.

Society of London Treasurers (SLT): the professional network representing the Directors of Finance for all 32 London boroughs, the City of London Corporation, the GLA and its constituent bodies.