



The Society of London Treasurers

President: Gerald Almeroth, Strategic Director - Resources,
LB of Sutton
Civic Offices, St Nicholas Way, Sutton SM1 1EA
Tel: 020 8770 5501
E-mail: gerald.almeroth@sutton.gov.uk

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Damian Hinds
Secretary of State for Education
Sanctuary Buildings
20 Great Smith St
Westminster
London SW1P 3BT

Dear Secretary of State

I write in my role as the President of the Society of London Treasurers (SLT) to raise further the growing concern regarding shortfalls in funding for pupils with Special Educational Needs and Disabilities (SEND), via the High Needs Block within the Dedicated Schools Grant (DSG).

Research recently carried out by SLT shows that 21 boroughs have had an in-year deficit on the DSG in 2017/18 and that 13 boroughs are now carrying forward into the next year an accumulated deficit in their balance sheet of £48m on DSG (up from 9 and £30m last year). This is a growing and worrying trend, which is mainly being driven by the costs coming through the High Needs block. Last year 27 boroughs reported overspending against their fund allocation in 2017/18 by nearly £55m and 14 boroughs reporting an accumulated deficit of £73m.

These shortfalls are being covered in part by transfers from other parts of DSG, but this is not sustainable. This will become much more difficult since the introduction of a limit of 0.5% on transfers between funding blocks within the DSG and potentially this being withdrawn completely. Local authorities would like to keep this flexibility to move funding between the blocks of the DSG to balance budgets and ensure local accountability across the whole education system, however, schools are also under increasing financial pressure after the introduction of the National Funding Formula.

The National Audit Office (NAO) forecasts costs pressures in schools of 1.6% in 2018/19 taking into account inflation, increased pension contributions and other additional costs. Only 27% of London schools will receive funding this year of at least 1.6% to meet real terms costs, compared to 56% in the rest of England. This funding pressure is likely to make many School Forums reluctant to transfer any funding to the high needs block in the future, unless there is greater investment in the school system as a whole.

The Children and Families Act in 2014 has clearly led to some of this demand increase and this partly arises from extending the age ranges that the services applies to and partly due to other factors. Overall there has been a 34% increase in the number of children with statements or EHCPs in London. It is important that the government provides local authorities with sufficient funding to be able to meet this rising demand that continues to outstrip normal population growth.

SLT asks that, in the short term, the restriction on movement between DSG blocks is not implemented until there is a greater understanding and analysis of the issues and the impact it is having locally. It is clear that more resources need to be made available through the National Funding Formula to enable it to reflect more accurately the actual growth in demand for pupils with SEND and for pressures in schools to ensure that the education system is appropriately funded. Additional funding is vital to ensure that local authorities can fulfil their duties to pupils with SEND, if not local authorities will find it increasingly difficult to continue to cope with such rising demand and costs.

We would be happy to work with you to support any case for more resources as part of the upcoming Spending Review preparations. SLT is working with the Association of London Directors of Children's Services (ALDCS) to provide further detailed analysis of the issues from 2017/18, which we could share with you. We have met with officials from both the DfE and MHCLG previously and would welcome further dialogue to make progress with this very difficult issue.

Yours sincerely,



Gerald Almeroth
Strategic Director of Resources, London Borough of Sutton and President of the Society of London Treasurers

cc. Martin Pratt, Executive Director Supporting People, Camden and Chair of ALDCS.

**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.*