

## Appendix C – Quarter 2 – Dedicated Schools Grant (DSG)

### Children & Family Services

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Movement from Prior month	Original budget £m	Current budget £m	Full year projection £m	Month 6 Variance £m	RAG Status	Movement from prior month £m
Schools	2.082	2.082	2.082	-	Green	-
Central Schools	4.689	4.689	4.675	(0.014)	Green	(0.012)
Early Years	51.283	50.443	50.443	-	Green	0.520
High Needs	77.421	77.496	105.769	28.273	Red	1.910
<b>Total</b>	<b>135.474</b>	<b>134.709</b>	<b>162.968</b>	<b>28.259</b>	<b>Red</b>	<b>2.419</b>

### Dedicated Schools Grant (DSG)

The forecast for Quarter 2 is an in year overspend of £28.259m on the High Needs Block, an increase in overspend of £2.419m from Month 5. The High Needs block budget was set with a budgeted deficit of £18.853m for 2024/25.

There continues to be significant pressure on costs within the High Needs Block, which relates to low inflationary increases to mainstream school funding, a range of factors putting pressures on school budgets and historic underfunding of Special Educational Needs (SEND). These factors combined along with lack of sufficient appropriate places are driving higher use of Independent Non-Maintained School (INMS) provision.

The forecast deficit as of 31 March 2025 is now £64.199m as set out below.

Forecast deficit carry forward	Forecast in-		
	Balance b/fwd at 1 Apr 2024 surplus/ (deficit) £m	year variance over/ (under) spend £m	Forecast carry forward 31 Mar 2025 £m
Schools	1.090	-	1.090
Central Schools	5.977	0.014	5.991
Early Years	1.878	-	1.878
High Needs	(44.885)	(28.273)	(73.158)
<b>Total</b>	<b>(35.940)</b>	<b>(28.259)</b>	<b>(64.199)</b>

## High Needs Block budget 2024/25

The main risk area for the DSG Block is within the High Needs Block. A detailed summary of the High Needs Block budget and the forecast outturn position as of Quarter 2 is set out below:

	Current Budget 2024/25 £m	Forecast Outturn 2024/25 £m	Variance Over/ (Under) £m	Movement from month 5 Over / (Under) £m
Mainstream	12.510	17.586	5.076	0.548
INMS & CLA Pre 16	32.842	35.408	2.566	0.567
Post 16	8.883	9.770	0.887	0.781
Special Schools	24.728	25.503	0.775	0.003
Autism Spectrum Disorder Bases	2.152	2.298	0.146	0.126
Other	2.255	2.339	0.084	-
Pupil Referral Units	8.916	8.916	-	-
Advisory Services and Virtual School	4.063	3.949	(0.114)	(0.114)
Total	96.349	105.769	9.420	1.911
Allocation after deductions	77.496	77.496	-	-
In year deficit	(18.853)	(28.273)	9.420	1.911

The most significant variances are within mainstream education (top ups and costed plans), Independent Non-Maintained Schools (INMS) and education for Children Looked After (CLA) pre-16. Explanations for the movements from month 5 are set out below:

Mainstream top ups and costed plans are forecasting an overspend of £5.076m at Quarter 2, an increase of £0.548m from Month 5.

The budget was prepared on the basis that the average cost of mainstream top ups and costed plans was £5,889 per child. However, the average cost of top ups and costed plans for the year to date is £7,786, for 2,098 children. This is a further increase of 32 children from Month 5 and an increase in average cost of £80 per child.

Several factors have contributed to this increase including: a backlog of prior year claims from 2023/24, an increase in the average cost of a costed plan of approximately 10%, and a shift in the profile of need to higher banded children.

INMS & CLA Pre-16 are forecasting an overspend of £2.566m overspend at Quarter 2, an increase of £0.567m from Month 5.

The budget for INMS & CLA placements forecast an average number of placements of 503 for the financial year 2024/25. Of this, 415 were INMS placements. Current forecasts project an average of 453 for the year, at an average cost of £0.066m for the year to date per placement. Indications are that new placements and extensions

being agreed are at a higher-than-average cost, the last 20 placements agreed in September 2024 are at an average cost of £69,376 per child, and this is contributing to increased pressure on the budget.

Post 16 is forecasting an overspend of £0.887m at Quarter 2, an increase of £0.781m from Month 5.

The increase from Month 5 is an additional 46 placements within Education other than at School (EOTAS) since Month 5, at an average cost of £19,000 per placement.

## **Children and Family Services – Local Authority (LA) Maintained Schools Revenue Reserves**

### **LA Maintained Schools - key risks, issues, and mitigations**

As of 31 March 2024, 14 schools shared a cumulative revenue reserve deficit position of £2.433m and 104 schools shared a cumulative surplus of £23.657m.

Budget plans submitted by schools for 2024/25 show significant budgetary pressures with 98 out of 109 plans submitted showing in year deficits totalling £8.9m. More schools are reporting a likely deficit in their budgets by year end due to increased costs and inflationary issues, which had been expected. Whilst previously there was flex in education funding to be able to mitigate the impact of these deficits, this is no longer the case, although additional funding for teachers pay should reduce these deficits by an estimated £2.3m.

Deficit recovery plans have been received from 29 schools with projected closing deficits, and the Local Authority has recruited additional finance resource to review and challenge these plans over the next few months.

There are 9 schools with the most significant overall deficits have met with Local Authority representatives to discuss mitigations to their overspends. School Resource Management Advisers (SRMA's) have also met with 5 schools with significant deficits.