

Appendix C – Month 7 – Dedicated Schools Grant (DSG)

Children & Family Services

Lead Member for Children, Families & Education: Cllr Heather Shearer

Executive Director: Claire Winter

Service Director: Education: Amelia Walker

Service	Original Budget £m	Current Budget £m	Full Year Projection £m	Month 7 Variance £m	RAG Status	Movement From Month 6 £m
Schools	2.082	2.082	2.082	-	Green	-
Central Schools	4.689	4.689	4.829	0.140	Red	0.154
Early Years	51.283	50.443	50.401	(0.042)	Green	(0.042)
High Needs	77.421	77.496	110.165	32.669	Red	4.397
Total	135.474	134.709	167.476	32.767	Red	4.508

Dedicated Schools Grant (DSG)

The forecast is an overspend of £32.767m on the High Needs Block, an increase in overspend of £4.508m from Quarter 2. 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 **£68.707m** as set out below.

	Balance b/fwd at 1 Apr 2024 surplus/ (deficit) £m	Forecast in-year variance (over)/ under spend £m	Forecast carry forward 31 Mar 2025 £m
Forecast deficit carry forward	£m	£m	£m
Schools	1.090	-	1.090
Central Schools	5.977	(0.140)	5.837
Early Years	1.878	0.042	1.920
High Needs	(44.885)	(32.669)	(77.554)
Total	(35.940)	(32.767)	(68.707)

High Needs Block budget 2024/25

There is a forecast overspend of £32.669m and increase of £4.397m. This is the main risk area for the DSG is within the High Needs Block. A detailed summary of the High Needs Block budget and the forecast outturn position as of Month 7 is set out below:

	Current Budget 2024/25	Forecast Outturn 2024/25	Variance Over/ (Under)	Movement from month 6 Over / (Under)	%
	£m	£m	£m	£m	
Mainstream	12.510	20.642	8.132	3.057	39%
INMS & CLA Pre 16	32.842	37.060	4.218	1.652	11%
Post 16	8.883	9.936	1.053	0.166	11%
Special Schools	24.728	25.177	0.449	(0.326)	2%
Autism Spectrum Disorder Bas	2.152	2.306	0.154	0.008	7%
Other	2.255	2.137	(0.118)	(0.202)	-6%
Pupil Referral Units	8.916	8.916	-	-	0%
Advisory Services and Virtual	4.063	3.990	(0.073)	0.041	-2%
Total	96.349	110.165	13.816	4.397	13%
Allocation after deductions	77.496	77.496	-	-	0%
In year deficit	(18.853)	(32.669)	13.816	4.397	-42%

The most significant variances from Quarter 2 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 increases in overspends from Quarter 2 are set out below:

Mainstream top ups and costed plans are forecasting an overspend of £8.132m, an increase of £3.057m from Quarter 2. The forecast overspend for Month 7 now includes an estimate of the costs of a further 125 costed plans being issued for the remainder of 2024/25 that have not yet happened.

The budget was prepared on the basis that the average cost of mainstream top ups and costed plans was £5,889 per child for 2,119 children. However, the average cost of top ups and costed plans for the year to date is £8,075, for 2,126 children. This is a further increase of 45 children from quarter 2 in mainstream schools with EHCPs and an increase in average cost of £214 per child from last month.

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 £4.218m overspend at Month 7, an increase of £1.652m from Quarter 2.

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 463 for the year, an increase of 10 from Quarter 2.

The average cost per INMS placement is forecast to be £0.070m, an increase of £0.004m since Quarter 2. This average increase per new placement is contributing to increased overspend on the budget.

A revised forecast for the full year has been prepared for Special Schools as of Month 7 based on a revision to the top up expenditure which has resulted in a decrease of £0.326m since Quarter 2.

Post 16 is forecasting a further overspend of £0.166m from Quarter 2, this is due to an additional 3 Independent placements being approved.

Other expenditure is forecasting a decrease of £0.202m due to reduced forecast expenditure on SEND transformation.

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 for 2024/25 indicated significant budget pressures on schools. However, Quarter 2 forecasts received to date for 90 out of 106 schools indicate that this position has improved, with 74 out of 90 schools (82%) forecasting a better position than originally budgeted.

Deficit recovery plans and Local Authority meetings with schools with the most significant deficits will continue over the next few months, along with reviewing actions from the most recent SRMA visits.