

**Appendix C – Quarter 3 – Dedicated Schools Grant (DSG)****Children & Family Services**

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

Executive Director: Claire Winter

Service Director: Education: Amelia Walker

<b>Movement from Prior month</b>	<b>Original budget £m</b>	<b>Current budget £m</b>	<b>Full year projection £m</b>	<b>Quarter 3 Variance £m</b>	<b>RAG Status</b>	<b>Movement from month 7 £m</b>
Schools	2.157	2.082	2.280	0.198	Red	0.198
Central Schools	4.689	4.705	4.759	0.054	Amber	(0.086)
Early Years	51.283	51.215	51.029	(0.186)	Green	(0.144)
High Needs	77.421	77.427	108.661	31.234	Red	(1.435)
<b>Total</b>	<b>135.549</b>	<b>135.428</b>	<b>166.728</b>	<b>31.300</b>	<b>Red</b>	<b>(1.467)</b>

**Dedicated Schools Grant (DSG)**

The forecast for Quarter 3 is an in year overspend of **£31.300m**, a reduction in overspend of **£1.467m** from Month 7. The High Needs block budget was set with a budgeted deficit of £18.853m for 2024/25 and is forecast to overspend by £31.234m. The main reasons for this increase are set out below.

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 **£65.211m** as set out below.

<b>Forecast deficit carry forward</b>	<b>Balance b/fwd restated at 1 Apr 2024 surplus/ (deficit) £m</b>	<b>Forecast in-year variance (over)/ under spend £m</b>	<b>Forecast carry forward 31 Mar 2025 £m</b>
Schools	1.090	(0.198)	0.892
Central Schools	5.977	(0.054)	5.923
Early Years	1.878	0.186	2.064
High Needs	(42.856)	(31.234)	(74.090)
<b>Total</b>	<b>(33.911)</b>	<b>(31.300)</b>	<b>(65.211)</b>

## Appendix C – Quarter 3 – Dedicated Schools Grant (DSG)

The balance brought forward at 1 Apr 2024 has been restated to £33.911m, a reduction of £2.029m. This relates to two late adjustments to charges to the High Needs Block in 2023/24.

### High Needs Block budget 2024/25

There is a forecast overspend of £31.234m a decrease of £1.435m. 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 3 is set out below:

	<b>Current Budget 2024/25 £m</b>	<b>Forecast Outturn 2024/25 £m</b>	<b>Variance Over/ (Under) £m</b>	<b>Movement from month 7 Over / (Under) £m</b>	<b>%</b>
Mainstream	12.441	19.601	7.160	(1.041)	37%
INMS	26.365	31.107	4.742	(1.225)	15%
CLA Pre 16	6.477	4.727	(1.750)	-	-37%
Post 16	8.533	10.593	2.060	1.007	19%
Special Schools	24.728	25.049	0.321	(0.128)	1%
Autism Spectrum Disorder Bases	2.152	2.089	(0.063)	(0.218)	-3%
Other	2.255	2.042	(0.213)	(0.095)	-10%
Pupil Referral Units	8.916	8.994	0.078	0.078	1%
Advisory Services and Virtual School	4.413	4.458	0.045	0.117	1%
<b>Total</b>	96.280	108.661	12.381	(1.504)	11%
Allocation after deductions	77.427	77.427	-	(0.069)	0%
<b>In year deficit</b>	(18.853)	(31.234)	12.381	(1.435)	-40%

The most significant variances from Month 7 are within mainstream education (top ups and costed plans) and Independent Non-Maintained Schools (INMS).

Explanations for the significant variances from Month 7 are set out below:

**Mainstream top ups and costed plans** are forecasting an overspend of £7.160m at Quarter 3, a reduction of £1.041m from Month 7. The forecast for Quarter 3 has been revised and now includes an estimate of growth of a further 45 costed plans being issued for the remainder of 2024/25.

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 £8,106, for 2,230 children. This is a further increase of 59 children from Month 7 in mainstream schools with EHCPs and an increase in average cost of £9 per child from Month 7.

## Appendix C – Quarter 3 – Dedicated Schools Grant (DSG)

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.

**CLA Pre-16** are forecasting an underspend of £1.750m at Quarter 3.

The budget for CLA placements was set with an average number of placements of 93 for the financial year 2024/25. Following a review of costs on a child-by-child basis, we have revised our forecast costs down to the 2023/24 levels. Further detailed work will be undertaken to refine this forecast.

**INMS placements** – are forecasting an overspend of £4.742m at Quarter 3, a decrease of £1.225m from Month 7. This relates partly to allocation of grants received to cover fee increases passed to Local Authorities for teachers pensions and pay within independent settings of £0.493m. The remainder of £0.732m relates to a reduction in the forecast growth of placements for the remainder of 2024/25.

**Advisory Services and Virtual Schools** – are forecasting an overspend of £0.043m, an increase of £0.117m from Month 7. This relates to increases in tuition fees for children with EHCP's requiring 1:1 tuition and to pay rises that were not included in the forecasts at Month 7.

**Post 16** – is forecasting an overspend of £2.060m, an increase of £1.007m from Month 7. This relates to several items:

- An additional 6 children going into INMS placements a cost of £0.300m, for the remainder of 2024/25.
- FE college top ups forecast has been increased by £0.200m.
- An increase of £0.549m for Education Other than at School (EOTAS) due to an additional forecast 27 children to receive EOTAS packages for the remainder of 2024/25.

**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. Forecasts received for schools as of Quarter 2 and Month 7 indicate that 80 out of 118 (68%) received are in an improved position compared to their budgets. Despite this 78 out of 118 (66%) of schools are forecasting an in-year deficit for 2024/25.

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 Schools Resource Management Advisors (SRMA) visits.