

Briefing note

2.1 – Forecast Outturn Report 2024/25

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1 Purpose

- 1.1 To inform the Schools Forum of the Dedicated Schools Grant (DSG) funding allocation and the period eight forecast outturn position for 2024/25.

2 Recommendations

- 2.1 To **note** the latest DSG funding allocations for 2024/25 and the latest forecast outturn position.

3 2024/25 Position

Latest DSG Funding Allocation for 2024/25

- 3.1 High Needs Block
There has been no change in the high needs block funding since the last meeting of the schools forum.
- 3.2 Early Years Block
Since the last meeting of the Schools Forum the DSG allocation for Early Years has decreased by £0.029m to account for the latest data for the 2-year-old working family entitlement that was introduced in April 2024. This has decreased the allocation to £34.957m.

Latest 2024/25 Budget Forecast Outturn Summary (Period Eight)

- 3.3 This report details the income and expenditure on the DSG for 2024/25. The DSG is a ring-fenced grant that must be used in support of the Schools Budget as defined in the School and Early Years Finance (England) Regulations 2023. It cannot be used for any other purpose and is not available to support general council services.
- 3.4 With effect from 2018/19, the funding blocks within the DSG have been ring fenced, therefore brought forward and carried forward balances will be reported on a block-by-block basis. Given that the blocks are now ring-fenced it is essential that a reasonable level of contingency / surplus is held to manage volatility against each of the blocks.

3.5 The 2024/25 budget was set with an overall estimated surplus balance of £6.500m at 31 March 2025. The period eight forecast position estimates a surplus carry forward of £6.084 a decrease of £0.416m. This surplus will be carried forward against the relevant blocks to which it relates and will be considered as part of setting the budget for 2025/26.

3.6 A summary of the forecast variance is shown in the following table:

DSG Income and Expenditure	Budget	Forecast	Variance	Movement in Forecast
	£m	£m	£m	£m
Schools Block				
Budget Shares	265.773	265.773	0.000	0.000
MFG	0.058	0.058	0.000	0.000
Growth Fund	1.955	1.339	(0.616)	(0.616)
Expenditure	267.786	267.170	(0.616)	(0.616)
Surplus C/Fwd	0.296	0.191	(0.105)	0.000
DSG Allocation	(268.153)	(268.153)	0.000	0.000
Income	(267.857)	(267.962)	(0.105)	0.000
Total Schools Block	(0.071)	(0.792)	(0.721)	(0.616)
Central School Services Block				
Admissions	0.765	0.765	0.000	0.000
Schools Forum	0.038	0.038	0.000	0.000
ESG Retained Duties	0.720	0.720	0.000	0.000
CLA and MPA Licence Fees	0.308	0.341	0.033	0.033
Miscellaneous	0.031	0.031	0.000	0.000
Centrally Employed Teachers	0.113	0.113	0.000	0.000
Contribution from High Needs Block	(0.047)	(0.047)	0.000	0.000
Expenditure	1.928	1.961	0.033	0.033
Surplus C/Fwd	(0.005)	(0.009)	(0.004)	0.000
DSG Allocation	(1.928)	(1.961)	(0.033)	(0.033)
Income	(1.933)	(1.970)	(0.037)	(0.033)
Total Central Services Block	(0.005)	(0.009)	(0.004)	0.000
Early Years Block				
Providers 3 and 4 Year Olds	21.288	20.028	(1.260)	0.000
Providers - Disadvantaged 2 Year Olds	3.009	3.062	0.053	0.000
Providers - Working Parents 2 Year Olds	5.542	5.491	(0.051)	(0.051)
Providers - Under 2 Year Olds	3.854	4.567	0.713	0.000
MNS Supplementary Funding	0.214	0.238	0.024	0.000
Pupil Premium	0.172	0.208	0.036	0.021
Disability Access Fund	0.176	0.176	0.000	0.000
Early Years Inclusion Fund	0.545	0.476	(0.069)	0.001
Central Expenditure	0.641	0.641	0.000	0.000
Expenditure	35.441	34.887	(0.554)	(0.029)
Surplus C/Fwd	(3.019)	(1.834)	1.185	0.000
DSG Allocation	(35.441)	(34.957)	0.484	0.029
Income	(38.460)	(36.791)	1.669	0.029
Total Early Years Block	(3.019)	(1.904)	1.115	(0.000)
High Needs Block				
Special School Place and Top Up Funding	30.905	32.296	1.391	0.169
Departments / Unit Place and Top Up Funding	3.054	3.326	0.272	0.137
Alternative Provision Place and Top Up Funding	3.453	3.453	0.000	0.000
Mainstream Top Up funding (EHCP and No EHCP)	7.937	8.420	0.483	0.251
College Place and Top Up Funding	4.349	4.246	(0.103)	(0.234)
Independent School Fees	7.730	7.550	(0.180)	0.253
Contingency	0.524	0.000	(0.524)	0.000
Central Expenditure	3.873	3.760	(0.113)	0.037
Expenditure	61.825	63.051	1.226	0.613
Surplus C/Fwd	(3.405)	(4.605)	(1.200)	0.000
DSG Allocation	(61.825)	(61.825)	0.000	0.000
Income	(65.230)	(66.430)	(1.200)	0.000
Total High Needs Block	(3.405)	(3.379)	0.026	0.613
Total Expenditure	366.980	367.069	0.089	0.001
Surplus C/Fwd	(6.133)	(6.257)	(0.124)	0.000
DSG Allocation	(367.347)	(366.896)	0.451	(0.004)
In-Year Deficit/(Surplus)	(6.500)	(6.084)	0.416	(0.003)

4 Significant Variations to Budget

A full explanation of the significant variations to budget are as follows:

4.1 Schools Block

There is a predicted carry forward into 2025/26 of £0.792m. This amount represents 0.30% of the schools block DSG allocation.

The in-year underspend of £0.721m relates to three separate items. The first being the difference between the budgeted carry forward reported to January Schools forum of a deficit of £0.296m compared to the actual carry forward deficit of £0.191m. As reported in July schools forum this was due to an adjustment required to reflect the carry forward of de-delegated expenses of £0.059m and an increased surplus carry forward from 2022/23 of £0.042m being reflected in the outturn. The second being from a recoupment adjustment made by the ESFA of £0.493m in relation to the timing of academy growth funding which has consequently resulted in an in-year underspend. The final difference is as a result of an underspend of £0.123m on the unallocated growth places for 2025/26 now that these places have been allocated. This underspend will be carried forward to use against future growth funding requirements which in turn should reduce the funding pressure which will result in a lower top-slice from schools AWPU.

4.2 Early Years Block

There is a predicted surplus carry forward into 2025/26 of £1.904m. This amount represents 5.4% of the EY DSG allocation.

At the June 2023 Early Years Reference Group (EYRG) it was agreed that a good level of contingency would be between 4.3% and 6.4% of the overall funding for the financial year therefore the predicted carry forward is in line with the proposed ideal levels.

The in-year overspend of £1.115m is due to an adverse movement of £0.523m between the budgeted carry forward from 2023/24 and the final outturn for 2023/24. The explanation for this movement was reported to the school's forum in [July 2024](#). The carry forward from 2023/24 has been further reduced by £0.653m because of the final early years funding adjustment to the 2023/24 allocation to reflect the January 2024 census data and offset by a predicted underspend of Early Years Inclusion Grant Funding of £0.070m. The 2024/25 budget was inflated to account for the new entitlements for working parents however the funding paid out so far has not matched the level that was anticipated.

4.3 High Needs Block

There is a predicted carry forward into 2024/25 of £3.379m. This amount represents 5.5% of the DSG allocation.

The in-year overspend of £0.026m is explained below:

- A favourable movement of £1.200m between the budgeted carry forward from 2023/24 the final outturn for 2023/24 was. The explanation for this movement was reported to the school's forum in [July 2024](#).

- Top up funding for special schools is forecast to overspend by £1.391m. Since the budget was set there have been changes in the bands applied to children in special schools across the year due to a growing level of need and challenging behaviours. This has resulted in the average cost per pupil increasing by circa. £2k. The effect of this has been gradual throughout the year so far however the effect of the July leavers and September starters has been considerable.

The below tables shows the percentage change of each banding from April 2021 to November 2024:

Band	Apr-21		Nov-21		Apr-22		Nov-22		Apr-23		Nov-23		Apr-24		Nov-24		Movement
		%		%		%		%		%		%		%		%	
A	66	8%	92	11%	79	10%	114	13%	107	13%	117	13%	117	13%	129	14%	6%
B	226	28%	278	32%	277	34%	297	33%	298	36%	357	39%	365	40%	428	46%	17%
C	238	30%	243	28%	234	28%	250	28%	231	28%	264	29%	266	29%	235	25%	-5%
D	150	19%	161	19%	148	18%	146	16%	132	16%	130	14%	123	13%	113	12%	-7%
E	120	15%	96	11%	86	10%	82	9%	59	7%	52	6%	48	5%	32	3%	-12%
Total	800	100%	870	100%	824	100%	889	100%	827	100%	920	100%	919	100%	937	100%	0%

- Top up funding for special departments is forecast to overspend by £0.272m. At the time the budget was set there were 28 places being proposed for the new ASC Units to be opened from September 2024. As the discussions took place however additional places were agreed with the final commissioned number being 40 places. The effect of the cost of the additional places is being partially offset by the reduction in the budgeted commissioned places at the Emmanuel Unit at St Paul's. 24 places were included in the budget but this was later agreed to be 16 places from September 2024 increasing to 24 places from September 2025.
- Top up funding for mainstream schools is forecast to overspend by £0.483m due to secondary top-ups for children with EHCP's and high needs top-up funding for primary age children without an EHCP. This is due to the delay in issuing EHCP's being a result of a shortage of Educational Psychologists which is a national issue. The effect of these overspends is partially offset by an underspend in out of country mainstream placements with EHCP top-ups.
- College Place and Top up funding is forecast to underspend by £0.103m. Schedules have been updated by Milton Keynes College for movements in starters/leavers since September which has resulted in a lower number of pupils than originally anticipated and out of county placements at neighbouring local authorities have also reduced since the budget was set.
- Independent Special School fees is forecast to underspend by £0.180m. The budgeted cost of placements was based on November 2023 data with an element of growth incorporated. The number of independent special school placements has slightly declined as a result of a number of leavers in July due to age. There have been new placements starting September 2024 but these have been fewer than the amount of summer leavers. The opening of the High Complex Need provision and ASC units in September 2024 plus efficient SEND place planning and successful mediation and defence of tribunals has contributed to the fall in the number of anticipated independent special school placements.
- High Needs Demand Reserve – £0.524m underspent. Due to the effect of the banding shift for the September starters in special schools the demand reserve has now been [released](#) in full.

- Central Expenditure is forecast to underspend by £0.113m. There are currently a number of vacancies within the specialist teaching teams creating an underspend, however this is partially offset by overspends on specialist equipment due to the requirements of the newly opening ASC Units.