

Briefing note

2a Forecast Outturn Report 2024/25

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1. Purpose

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

2. Recommendations

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

There have been no funding adjustments since the last meeting of the Schools Forum.

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

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 2024. It cannot be used for any other purpose and is not available to support general council services.

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.

The 2024/25 budget was set with an overall estimated surplus balance of £6.500m at 31 March 2025. The period nine forecast position estimates a surplus carry forward of £5.808m, a decrease of £0.692m. 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.

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

DSG Income and Expenditure	Budget	Forecast	Variance	Movement in Forecast Variance
	£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)	0.000
Expenditure	267.786	267.170	(0.616)	0.000
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)	0.000
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	0.000
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	0.000
Surplus C/Fwd	(0.005)	(0.009)	(0.004)	0.000
DSG Allocation	(1.928)	(1.961)	(0.033)	0.000
Income	(1.933)	(1.970)	(0.037)	0.000
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)	0.000
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	0.000
Disability Access Fund	0.176	0.176	0.000	0.000
Early Years Inclusion Fund	0.545	0.476	(0.069)	0.000
Central Expenditure	0.641	0.641	0.000	0.000
Expenditure	35.441	34.887	(0.554)	0.000
Surplus C/Fwd	(3.019)	(1.834)	1.185	0.000
DSG Allocation	(35.441)	(34.957)	0.484	0.000
Income	(38.460)	(36.791)	1.669	0.000
Total Early Years Block	(3.019)	(1.904)	1.115	0.000
High Needs Block				
Special School Place and Top Up Funding	30.905	32.322	1.417	0.026
Departments / Unit Place and Top Up Funding	3.054	3.329	0.275	0.003
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	8.422	0.485	0.002
College Place and Top Up Funding	4.349	4.250	(0.099)	0.004
Independent School Fees	7.730	7.817	0.087	0.267
Contingency	0.524	0.000	(0.524)	0.000
Central Expenditure	3.873	3.734	(0.139)	(0.026)
Expenditure	61.825	63.327	1.502	0.276
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)	(3.103)	0.302	0.276
Total Expenditure	366.980	367.345	0.365	0.276
Surplus C/Fwd	(6.133)	(6.257)	(0.124)	0.000
DSG Allocation	(367.347)	(366.896)	0.451	0.000
In-Year Deficit/(Surplus)	(6.500)	(5.808)	0.692	0.276

4. Significant Variations to Budget and Forecast

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

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:

- 1) Movement between the budgeted deficit carry forward (£0.296m) compared to the actual carry forward deficit (£0.191m) giving a favourable movement of £0.105m. This is due to an adjustment to reflect the carry forward of de-delegated expenses and an increased surplus carry forward from 2022/23, both of which were reported to Schools Forum in July.
- 2) Recoupment adjustment made by the DfE in relation to the timing of academy growth funding which has consequently resulted in a favourable movement of £0.493m.
- 3) Unallocated growth places resulted in a favourable movement of £0.123m. 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.

There is no movement from the period eight position reported to schools forum on 12 December 2024.

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 £0.532m between the 2023/24 budgeted carry forward and the final outturn. 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 due to the final early years funding adjustment to reflect the January 2024 census data. These adverse movements have been partially offset by a predicted underspend on the 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.

There is no movement from the period eight position reported to schools forum on 12 December 2024.

High Needs Block

There is a predicted carry forward into 2025/26 of £3.103m. This amount represents 5.0% of the DSG allocation.

There is an in-year predicted overspend of £0.302m. This is due to the increase in the carry forward from 2023/24 of £1.200m offset by the in-year overspend of £1.502m. The in-year overspends and underspends within the block are explained below:

Place and top up funding for special schools is forecast to overspend by £1.417m. Since the budget was set there have been changes in the bands applied to children in special schools to meet a growing level of need and challenging behaviours. The effect of this has been gradual throughout the year however the effect of the July leavers and September starters has been considerable. Since the budget was set there has been an increase in band A children of 3%, band B children of 7%, and a decrease in the lower bandings of 4% for a band C, 3% for a band D and 3% for a band E.

Place and top up funding for special units/resourced provisions is forecast to overspend by £0.275m. At the time the budget was set there were 28 places being proposed for the new ASC Units to be opened from September 2024, however additional places were final agreed and commissioned at 40. 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 £0.485m due to primary and 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 average monthly cost of SEN personal budgets has also increased leading to a forecast overspend for the year. The effect of these overspends is partially offset by an underspend in out of country mainstream placements with EHCP top-ups.

Independent School Placements and Package Costs are forecast to overspend by £0.087m. The cost of Independent Special School Placements has decreased because of several 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. This however is being offset by an increase in the number and value of Education Other than at School (EOTAS) packages since the budget was set. Tuition costs have also exceeded the budget mainly due to a sharp increase in the number of S19 packages being provided due to children not accessing a school setting due to illness.

Central Expenditure is forecast to underspend by £0.139m due to vacancies in the SEN Outreach Team and Inclusion and Intervention Team. This is partially offset by overspends in equipment costs due to the set-up equipment required for the newly opened ASC Units.

College Places and Top Up Funding is forecast to underspend by £0.099m due to fewer placements in colleges outside of Milton Keynes.

Based on the forecast under and overspends described above, the £0.524m high needs demand reserve has now been released in full.

There is a £0.276m adverse movement from the period eight position reported to schools forum on 12 December 2024 which predominately relates to Independent Schools Fees.