

## Schools Funding Forum 12<sup>th</sup> June 2025

## ITEM 4

<b>Subject Heading:</b>	<b>Dedicated Schools Grant – Year End Balance 2024-25</b>
<b>Report Author:</b>	<b>Hany Moussa – Principal Education Finance Officer</b>
<b>Eligibility to vote:</b>	<b>All members</b>

### SUMMARY

This report sets out the year end position on expenditure from the Dedicated Schools Grant in 2024-25 and the proposed use of balances in 2025-26.

### RECOMMENDATIONS

That the Schools Funding Forum:

- (i) notes the areas of under or overspend from the 2024-25 Dedicated Schools Grant
- (ii) agrees the allocation of funding in financial year 2025-26 as set out in the proposals below

### REPORT DETAIL

#### 1. Balance carried forward from 2023-24

Including all earmarked funding from previous financial years, the carry forward balance from centrally retained DSG from 2024-25 into 2025-26 is a deficit of £34.722m. The revised deficit, after commitments have been taken in consideration, at the end of 2023-24 was £15.322m, so the in-year increase was £19.4m.

In comparison, during the financial year 2024-25, the revised forecasted cumulative deficit was estimated to be up to £36.3m.

This is the sixth year that the combined total of all year end balances of activities funded by the DSG has been in deficit. This is due to High Needs costs rising faster than funding and DSG underspends in other areas being insufficient to cover the overspend in the High Needs Block.

Any local authority that has an overall deficit on its DSG account at the end of the 2024-25 financial year, or whose DSG surplus has substantially reduced during the year, is required to complete the DSG Management Plan or to have an equivalent framework.

In addition, the DSG statutory override, extended until March 2026, allows LAs to carry forward DSG deficits without impacting their general reserves. This provision ensures that DSG deficits are managed separately, maintaining financial stability for councils. However, it is a technical adjustment, as the cash has already been spent, leading to a shortfall. This may result in further pressures on the existing General Fund pressures that the council is facing. Havering are awaiting the anticipated reform of the funding models in DSG and other grants, in order to remedy the financial deficiencies in the funding models.

A full breakdown of the under and overspends for DSG, along with proposals for the allocation of underspends for use in 2025-26 is shown in the tables below.

	<b>Under/(Over) spend</b>	<b>Proposals</b>
<b>Funding Block</b>	<b>£000</b>	
<b>Early Years</b>	<b>1,744</b>	
Under Twos	615	Allocate to EY providers as a supplementary hourly rate for all entitlements for the Summer term claims
2 year olds	756	
3&4 year olds	-2	
Provision for Early Inclusion Funding	221	Retain for SENIF fund for financial year 2025-26
Centrally retained	154	Retain for new responsibilities due to DfE changes

<b>Schools Block</b>	<b>226</b>	Retain for Growth to fund new Special School start-up cost
Pupil Growth/Falling Rolls	236	
Other	(10)	

<b>Central Schools Support</b>	<b>1</b>	Offset HN deficit *
School Partnerships/SCC	1	

<b>De-delegation</b>	<b>37</b>	
Maternity	(18)	
Insurance	(54)	
Free School Meals Checking Service	7	
Trade Union Facility Time	46	Carry-forward £46k for re-organisation of arrangements for TUFT as part of COSWP review. <i>Composed of: cumulative balance from previous year (£26k), in-year de-delegation (£2k) and academy buyback (£18k).</i>
EAL	30	
Attendance and Behaviour	26	

<b>High Needs Block</b>	<b>(36,730)</b>	
In year overspend	(21,434)	Rolled forward to next financial year
Cary forward of overspent DSG from 23-24 (prior year deficit)	(15,296)	Previous year rolled forward deficit balance

<b>TOTAL</b>	<b>(34,722)</b>	<b>2023-24</b>	<b>In year change</b>
		(15,296)	(19,426)

#### Committed for 2025-26

Early Years Block	1,744
Schools Block – Growth	226
De-delegation – TUFT	46
<b>Total commitments</b>	<b>2,016</b>

<b>Revised DSG deficit cfwd</b>	<b>(36,738)</b>
---------------------------------	-----------------

#### Reconciliation of DSG deficit

HN deficit	(36,730)
De-delegation – TUFT	(8)
<b>DSG deficit carried forward</b>	<b>(36,738)</b>