



SCHOOLS FORUM

2024/25 SCHOOLS BUDGET OUTTURN

10 JUNE 2025

Content Applicable to:		School Phase:	
Maintained Primary and Secondary Schools	x	Pre School	x
Academies	x	Foundation Stage	x
PVI Settings	x	Primary	x
Special Schools / Academies	x	Secondary	X
Local Authority	x	Post 16	
		High Needs	X

Purpose of Report

Content Requires:		By:	
Noting	X	Maintained Primary School Members	
Decision		Maintained Secondary School Members	
		Maintained Special School Members	
		Academy Members	
		All Schools Forum	X

1. This report presents the 2024/25 Schools Budget outturn position and confirms the Dedicated Schools Grant (DSG) Reserve.

Recommendations

2. That Schools Forum note the content of this report

2024/25 Schools Budget Outturn

3. The 2024/25 Outturn position for the Children and Young People's Department is summarised in the following table. This table presents both the Local Authority and

Schools Budget for completeness, but the report presents detail only for the Schools Budget funding blocks.

4. In summary, overall there is a net overspend of £16.3m on the Dedicated Schools Grant (DSG). This comprises an overspend of £23.2m on the High Needs Block, offset by an underspend of £5.0m on the Early Years Block, and an underspend of £1.9m on the Schools Block from schools' growth, which will be retained for meeting the costs of commissioning school places in future years. The following table provides an analysis of the overspend.

	Budget £,000	(Under) / Over Spend £,000	%	Schools Block £,000	Early Years Block £,000	High Needs Block £,000	LA Block £,000
C&FS Directorate	1,535	(56)	-4%	(1)	(2)	(5)	(49)
Safeguarding, Improvement & QA	2,952	(324)	-11%	0	0	0	(324)
Children in Care	71,079	6,822	10%	0	0	0	6,822
Field Social Work	17,915	2,175	12%	0	0	0	2,175
C&FS Children & Families Well-being	14,807	(1,534)	-10%	0	0	0	(1,534)
Education Sufficiency	1,159	(63)	-5%	(35)	0	0	(28)
Education Quality & Inclusion	72,503	9,665	13%	0	9,831	319	(486)
SEND & Specialist Services	102,940	24,699	24%	0	0	22,967	1,731
Business Support & Commissioning	13,244	383	3%	(50)	(13)	(5)	451
CFS Other	(173,956)	(16,678)	10%	(1,779)	(14,839)	(60)	0
Total	124,177	25,088	20%	(1,865)	(5,022)	23,215	8,759

5. The issues behind the performance of each of the DSG Blocks can be summarised as:

Schools Block underspend £1.9m – The School Block includes funding for individual schools which is delegated in full to maintained schools and academies and for the revenue costs associated with opening new, and expanding, mainstream schools. The underspend relates to the latter and the funding will be required to meet the cost of new schools anticipated to open in the future. New schools are now being commissioned on an annual basis and it is expected that expenditure will exceed annual DSG in the medium term.

For 2024/25 the DFE has changed the methodology for allocating growth funding to local authorities and introduced minimum funding allocations for growing schools, this change is not expected to have any significant impact on the cost of commissioning new schools but will increase costs where schools are being expanded to meet the basic need for school places. The future commitments against school growth will be recalculated once additional school places for the 2025/26 academic year are confirmed and will also include any revised expectations on the future opening dates of new schools.

Early Years The Early Years budget is showing a financial year end underspend of £5.0m. The budget is based on the number of hours used to calculate the original 2024/25 Early Years DSG income in December 2023. Both payments and income are higher than budgeted due to the outputs of the FEEE expansion and a higher number of 2-year-olds with working parents and a higher number of under 2s now taking up their FEEE entitlement. Changes to the methodology and funding lag around timings as to when Grant income/adjustments are made means the 'true' underspend position in relation to FY 24/25, won't be able to be confirmed until later in the summer of 2025 upon DFE confirmation of any funding adjustments.

As part of this overall underspend position includes the budgeted planned underspend of £1.1m as part of the payback of previous years' Early Years deficits. The Early Years DSG deficit as of 31 March 2024 was £3.1m. The plan was to clear this deficit over 4 years which would be March 2027 at the latest. Upon DFE confirmation, which is expected during the summer of 2025, in regard to any final adjustments to 24/25 funding levels, will subsequently confirm what the true under or overspend position will be on the early years block and therefore the extent it can clear such a deficit position sooner than the planned March 2027.

High Needs - The High Needs Block overspend of £23.2m in 2024/25 is £6.2m more than the £17.0m forecast included within the original MTFS due to a higher than budgeted number of High Needs students in both independent schools and mainstream schools.

- Overall there is an overspend in the placement budgets of £6.4m as a result of an increase of 1028 (17%) in the number of funded places above budgeted position. The significant increases are within mainstream schools which are 33% above budget, and Post-16 FE Colleges by 59%. The Department is undertaking further analysis to understand the reasons for the increase in numbers. Costs per place appear stable in most provision types. The department are investigating the utilisation of places in the Councils own specialist units, currently c.81%, to reduce the need for placements in the more costly Independent sector. An overspend on specialist teaching services and the Secondary Education Inclusion partnerships of £0.8m further increases overall overspend position.
- Additionally, the final figures published by the Department for Education (DfE) resulted in a £0.2m reduction in 2024/25 High Needs DSG income. This is due to an increase in students placed in provisions outside of Leicestershire as at Spring census date than the same point the previous year.

Maintained School Balances

6. It is not possible to formally analyse balances for maintained schools until the return of the Consistent Financial Reporting (CFR) returns due to the local authority in mid-June and the subsequent isolation of balances that may be held on behalf of academies where the financial closedown of the former maintained school accounts has yet to be completed. However, the indications are that maintained school balances have decreased by an overall circa £4m. Balances for academies are published by the DfE from the Academy Accounts Return (AAR).

7. There is recognition of the growing number of Leicestershire schools seen to be in 'financial difficulty'. The Schools Financial Regulations require schools to maintain a balanced budget, however, regulations also recognise that circumstances may mean that this is not always possible. The Scheme for Financing Schools permits schools to apply for a licensed deficit for a period of three years and in exceptional cases this can be extended to five years, these are subject to various limitations. A licensed deficit being an agreement between the school and the Authority. The ultimate responsibility for formulating a recovery plan, and setting a balanced budget, lies with the Governing Body of the school. Over the coming months, the local authority will be seeking to redefine the process, governance, reporting/monitoring arrangements and support to schools where schools are identifying themselves in such a situation.

Dedicated Schools Grant Reserve

8. The DSG reserve continues to record a deficit which remains forecast to grow significantly to the end of the four years of the 2025/26 MTFS despite the successful expansion of specialist provision within Leicestershire.
9. The following table sets out the component parts of the DSG reserve, a positive figure denotes a deficit:

	Schools £,000	High Needs £,000	Early Years £,000	CSSB £,000	Total £,000
2023/24 Reserves Brought Forward	-11,941	41,188	3,108	-334	32,021
2024/25 Outturn	-1,617	23,215	-5,022	-248	16,328
Balance Carried Forward	-13,558	64,403	-1,914	-582	48,349

10. Whilst the reserve is set out showing the balances on each DSG block, the deficit is managed at local authority level and the Department for Education monitor financial performance on the total reserve, there is no formal requirement to sub divide into funding blocks. As such for the DfE's three tier intervention programme the financial position of authorities is assessed on the value of the full reserve i.e. deficit of £48.3m rather than the higher figure of the High Needs Deficit of £64.4m.

High Needs Issues

11. Nationally, concern over the impact of SEND reform on High Needs expenditure, and the financial difficulties this exposes local authorities to, is growing. Whilst the Government's Green Paper is set to result in systemic changes to the national SEND system, such changes may take a number of years to be implemented and none appear to address the funding issues.
12. Leicestershire has been actively engaged within the DfE's Delivering Better Value (DBV) in SEND programme as a result of the DSG deficit, this programme has now ended and there is uncertainty about the DfE's future approach to high needs sustainability. At the end of 2023/24 the accumulated High Needs deficit stood at

£41.2m and this rises to £64.4m at the end of 24/25. The Transforming SEND in Leicestershire (TSIL) programme has moved to an implementation and sustainability phase and improvements created during the design stage are being rolled out; this programme and the DBV programme are closely aligned.

13. Without new interventions the High Needs block deficit is expected to continue to increase over the MTFS period and is not financially sustainable. This is a significant and unresolved financial risk to the Council.
14. Without the DfE addressing such issues through significant system change, it is clear that additional funding alone cannot resolve the current issues, local authorities will be required to set aside resources to offset the deficit. At the levels of expected growth, the position is completely unsustainable and puts the Council's finances in a very difficult position. As such it is essential that the planned measures to contain ongoing growth are successful and both demand and costs are reduced.

Equal Opportunity Issues

15. There are no equality issues arising directly from this report.

Officer to Contact

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