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Report title:	2024-25 Dedicated Schools Grant Outturn
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Purpose of Report

This report sets out the outturn of the Dedicated Schools Grant (DSG) 2024/25 which includes the carry forward to 2025/26.

Recommended Actions for School Forum

The Schools Forum is asked to note:

- i) Note that the Dedicated Schools Grant was in deficit by £5.8m at the end of the 2024/25 financial year, which included the deficit carry forward of £8.7m from 2023/24.
- ii) The closing deficit balance of £5.8m will be carried forward into the new financial year.
- iii) Note the position is provisional subject to external audit opinion.

Dedicated Schools Grant 2024/25

- 1 The final end-of-year position for the 2024/25 financial year shows that the Dedicated Schools Grant had an in-year surplus of £1.1m. During the year, an additional £1.77m was received having met Safety Valve monitoring targets, taking the accumulated deficit down to £5.8m, to be carried forward into 2025/26.
- 2 The table below shows the final position by spending block. The allocations are those provided by the Department for Education, the outturn budgets are adjusted for the schools' block transfer:

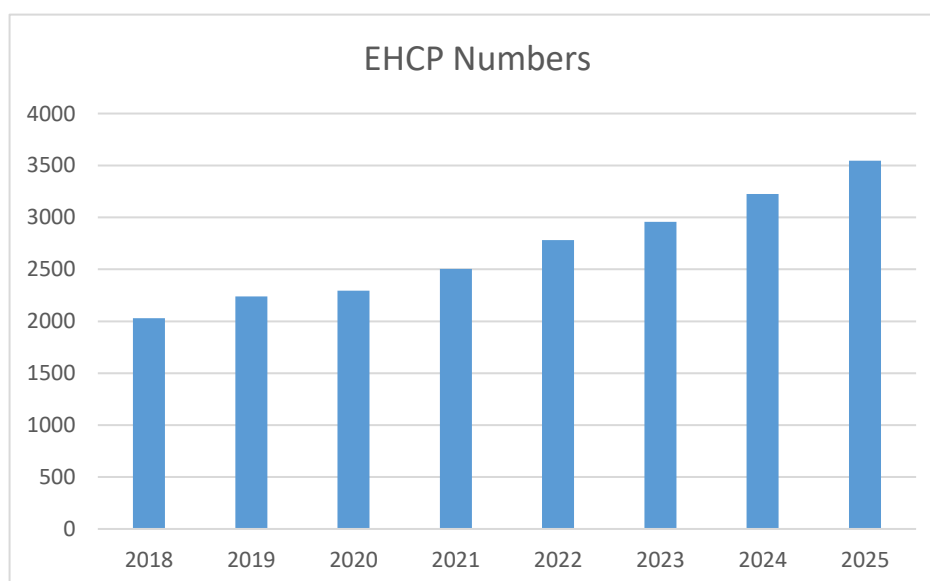
	Southwark DSG Allocation 2024/25	Outturn 2024/25
	£000's	£000's
Schools Block	104,090	0
Central services block	1,929	0
High Needs Block	71,962	(1,158)
Early Years Block	32,820	0
Total before Safety Valve	210,803	(1,158)
Safety Valve Contribution		(1,770)
Deficit brought forward from 2023-24		8,714
Final Outturn for 2024-25		(2,928)
Final Cumulative Deficit for 2024-25		5,786

Table 1: This table shows DSG Allocations and outturn position

- 3 The key movements since the previously reported forecast is the underspend relating to the high needs budget, which ended the year with an underspend of £1.1m. This reduction in spend has come about through review of our current data, in particular identifying pupils who we no longer have a financial obligation for due to out of borough moves or moving out of provision which can be challenging to monitor and track.
- 4 As a result of continuing pupil growth, spend increased by £3.7m, or 5.4%, a trend which is expected to continue with further growth in EHCPs. The growth in EHCP's over the last few years is shown in the table and chart below. EHCP numbers have risen by 75% since 2018.
- 5 The High Needs grant increase for 2024/25 was 4.5%, at £3.2m, significantly lower than the increased in spend which increased by £3.7m. Despite a higher increase in grant planned for 2025-26, this is expected to be a one off and so the continued increase spend in excess of a typical increase in grant represents an ongoing risk for future overspends.

EHCP Numbers	2018	2019	2020	2021	2022	2023	2024	2025
Under 5	13	80	84	112	113	91	75	45
Age 5 to 10	631	745	757	807	877	926	1026	1129
Age 11 to 15	666	712	792	868	918	947	994	1090
Age 16 to 19	532	522	490	518	588	629	709	808
Age 20 to 25	188	179	171	198	287	363	422	480
Total number by Age Group	2030	2238	2294	2503	2783	2956	3226	3552

Table 2: This table shows the growth in EHCPs as of January of each year.



- 6 The overall spend on the High Needs block was £72m, an increase of £3.7m on last year. These figures are not inclusive of recoupment which funds commissioned places in Academy schools. On average the cost per EHCP fell by £870 per EHCP.

De-Delegated Budgets

- 7 De-delegated budgets underspent by £269k in 24-25. This was largely driven by the contingency budget, which funds the Schools Financial Support panel. Due to the variance between funds committed by the panel and final spend owing to the nature of the restructuring process, this has led to an underspend which has been carried forward and it is anticipated this will be fully committed in the new year due to the ongoing financial pressures on schools.
- 8 A smaller underspend was present in the Maternity budget, however historically with maternity there often a number of belated claims and so it is anticipated this will be utilised during the new financial year.

High Needs Safety Valve Monitoring

- 9 In May, as part of the Councils obligations under the Safety Valve programme, an early estimated outturn monitor was submitted to the DfE, along with forecast information until the end of the safety valve agreement. Further details have been shared with the High Needs sub group, but the overall position remains on track to deliver on recovering the full deficit balance of the DSG with support of the additional Safety Valve payments.
- 10 It should be noted that although the additional grant funding provided for 2025-26 is welcome, the DfE advice to expect 3% for future years remains a significant risk to the future stability of the High Needs block, as spend has been increasing in excess of 5% for a number of years. Beyond the current Safety Valve period there remain significant challenges in managing that increased pressure.

Conclusion

- 11 The outturn for the year showed overall underspend on the DSG. However, cost continued to rise, and whilst the increase in grant was sufficient to mitigate those costs this year, it is expected that the increase in grant in future years will be considerably lower, adding to the pressure on the High Needs block. In addition, EHCP numbers are anticipated to continue rise and add pressure to high needs budgets and so the position on the DSG will remain extremely challenging as we progress through the next few years.