

	<b>Schools Forum</b> 18 June 2025
	<b>Report from the Corporate Director  of Children, Young People and  Community Development</b>
<b>Dedicated Schools Grant Financial Outturn 2024/25</b>	

<b>Wards Affected:</b>	All
<b>Key or Non-Key Decision:</b>	N/A
<b>Open or Part/Fully Exempt:</b>	N/A
<b>List of Appendices:</b>	Two Appendix A: DSG Outturn 2024/25 Appendix B: Maintained School Balances 2024/25
<b>Background Papers:</b>	
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## 1. Executive Summary

- 1.1. This report sets out the final Dedicated Schools Grant (DSG) outturn against the budget set for 2024/25 and provides detail on the in-year 2024/25 deficit of £0.4m.

## 2. Recommendation

- 2.1. Schools Forum to note the contents of this report.

## 3. Contribution to Borough Plan

- 3.1 This report aligns with the Council's Borough Plan, which focuses on giving children and young people the best start in life. This is achieved by collaborating with schools and other partners to ensure fair and equal access to education.

#### 4. Detail

- 4.1. While the DSG has seen a favourable outturn in 2023/24, 2024/25 has ended with an in-year deficit of £0.4m against a £396.2m budget. The in-year deficit is mainly due to overspend of £2.1m against the High Needs (HN) Block offset by a £1.5m underspend against the Early Years (EY) Block, £0.1m underspend against the Schools Block and £0.1m underspend against the Central Schools Services Block (CSSB).
- 4.2. The cumulative DSG deficit carried forward from 2023/24 was £13.2m. This has increased to £13.6m at the end of 2024/25. However, there remains a risk that the EY Block surplus may be clawed back by the Department for Education (DfE) in 2025/26. This will depend on the final allocations which are based on the actual take up of the free entitlements in Brent, as determined by the January 2025 census. The DfE is expected to publish the final allocations in July 2025.

#### 5. 2024/25 DSG Outturn

- 5.1. The schools' funding formula for 2024/25 was set in December 2023 and the final DSG budget was confirmed in January 2024. The total DSG expenditure budget (excluding funding for academies) was £232.1m plus a £4m sixth form grant.
- 5.2. Table 1 shows DSG budget lines after DfE recoupment. Further budget details are in Appendix A.

**Table 1: DSG Budgets Before DfE Recoupment**

Funding Blocks	DSG 2024/25 Funding (includes transfers between blocks)	2024/25 Final Outturn	Over/ (Under)spend
	£m	£m	£m
Schools Block	118.2	118.2	(0.1)
High Needs Block	77.4	79.5	2.1
Early Years Block	34.6	33.1	(1.5)
Central Block	2.1	2.0	(0.1)
<b>Total DSG</b>	<b>232.4</b>	<b>232.8</b>	<b>0.4</b>
<b>DSG brought forward deficit</b>			<b>13.2</b>
<b>DSG cumulative deficit c/f</b>			<b>13.6</b>

- 5.3. The £396.2m represents the total cost of funding education for early years and school age pupils in the borough before recoupment of funds by the Department for Education (DfE) to fund the borough's academies (including free schools). In 2024/25, during the year, the DfE recouped total income of £161.4m from the Schools Block (£152.5m) and the High Needs block (£8.9m). The DfE also

recouped £2.3m for National Non-Domestic Rates (NNDR) to be passed on to billing authorities on behalf of schools, leaving £232.4m. In addition, £4m of sixth form funding was received and passed on to maintained schools that have sixth form provision.

## 6. Schools Block

- 6.1. The Schools Block allocation was £274.4m. However, £152.5m was recouped by the DfE and allocated directly to academies, £2.3m was recouped for NNDR, and £1.4m was transferred to the High Needs Block. Therefore, the final budget after recoupment and transfers was £118.2m.
- 6.2. The Schools Block surplus was due to underspends against the de-delegated budgets held for contingencies and maternity and paternity cover.

## 7. High Needs Block

- 7.1. The High Needs (HN) Block budget was £77.4m and the allocation includes a contribution of £1.4m (or 0.5%) of Schools Block income. This excludes £8.9m, which was recouped by the DfE to allocate directly to academies.
- 7.2. Table 2 below shows the variances against the HN Block budget for 2024/25.

**Table 2: High Needs Block Outturn**

<b>DSG High Needs Block</b>	<b>2024/25 Budget (£m)</b>	<b>2024/25 Outturn (£m)</b>	<b>2024/25 Variance (£m)</b>
Place funding in Brent maintained schools and ARPS	2.5	2.5	0.0
Top-up funding in Brent maintained schools and ARPS	11.8	11.5	(0.3)
Top-up funding in Brent non-maintained Special schools and academies	30.9	33.4	2.5
Independent day and residential settings	11.5	12.7	1.2
Out-of-borough placements	8.0	8.3	0.3
Post-16	5.0	5.8	0.8
Recoupment income	(3.5)	(4.0)	(0.5)
Education Otherwise / Awaiting Placement	2.0	2.0	0.0
Early Years Inclusion Fund	1.1	1.1	0.0
Support for inclusion	1.0	0.7	(0.3)
SEN Services	6.4	5.2	(1.2)
SEN Support	0.5	0.2	(0.3)
SEN Transport	0.1	0.1	(0.1)
<b>Total Expenditure: High Needs Block</b>	<b>77.4</b>	<b>79.5</b>	<b>2.1</b>

7.3 The HN block supports high needs pupils in specialist provisions and mainstream settings. It also covers specialist support services and costs in relation to post-16 provision. The HN Block has reported an overspend of £2.1m. The main reason for the pressure is the top-up funding for children placed in special schools and academies due to an increase in the number of pupils with Education, Health and Care Plans (EHCPs) and average unit costs from January 2025. The number of children requiring EHCPs was 3,892 at the end of March 2025 compared to 3,598 in March 2024, an increase of 8.2%. This led to increases in the top-up funding for in-borough mainstream academies and special schools, additional placements in independent day special schools and alternative education settings for children awaiting placements, as well as increased pupils in post-16 provision.

7.4 The significant variances are as detailed below:

7.4.1 £0.8m overspend against the top-up funding for post-16 provision. This was mainly due to increased fees and pupil numbers. Final post-16 charges are usually confirmed in the last quarter of the financial year due to the volatile nature of pupil attendance at these settings.

7.4.2 £2.3m overspend on the budgeted HN top-up funding allocation to schools in Brent. This variance was primarily attributed to an increase in the number of pupils with SEND, reflecting a 9% growth in FTE pupils across Special, ARP and mainstream settings compared to 2023/24. Additionally, an overspend of £0.3m was incurred for the cost of placing Brent children in settings out of borough due to increased rates.

7.4.3 £1.2m pressure against the independent day and residential top-up funding due to increased number of pupils placed in these settings in addition to an increase of fees for some settings. Independent school pupils increased by 9% in 2024/25.

7.4.4 These pressures were offset by:

- £0.5m underspend against the recoupment income expected from other local authorities that have placed children in Brent schools, following finalised confirmation of pupil information from schools and actual charges processed.
- £1.2m underspend against the SEN Services budgets due to unutilised funds held for contingencies. Additionally, a further £0.6m underspend was reported across the SEN support and support for inclusion budgets.

## **8. Early Years**

- 8.1 The £1.5m underspend against the EY Block is mainly driven from the additional funding from the DfE to cover the increase in provision of free childcare for working parents from September 2024 to 30 hours. This allocation was provided based on an estimated take-up of hours by working parents in Brent. However, take-up has been lower than predicted leading to underspends of £0.5m and £0.7m reported against the under 2- to 2-year-old and the 2-year-old working parent entitlements respectively.
- 8.2 The EY Block is a self-contained block based on headcount and therefore there is a risk that the DfE may claw back the surplus following a final in-year adjustment expected in July 2025. The accounts have been adjusted to make a provision for this potential clawback.

## **9. Central Block**

- 9.1. The Central Block allocation of the DSG, which totals £2.1m, funds central services for schools. This budget saw an underspend of £0.5m due to vacancies held throughout year and a reduction in spend towards the training offer. This budget included a contingency of £0.1m which was not utilised and contributed to the underspend.

## **10. DSG Balances**

- 10.1. At the end of the financial year 2024/25, the DSG deficit increased to £13.6m. This is based on the DSG reserves opening balance at the start of the year of £13.2m and the in-year DSG deficit of £0.4m (Appendix A).
- 10.2. The DSG deficit will be disclosed as an earmarked unusable reserve in line with DfE regulations (the School and Early Years Finance (England) Regulations 2023). The regulations make clear the requirement for any DSG deficit balance to be held within the local authority's overall DSG and carried forward to be funded from future year's funding and/or recovery plans agreed with the DfE. This also means that authorities cannot fund a deficit from the General Fund without the secretary of state's approval. This arrangement is expected to be in place till the end of the financial year 2025/26.
- 10.3. 2024/25 was the final year of the DfE's Delivering Better Value (DBV) in SEND programme that provided dedicated support and funding to help local authorities reform their high needs systems. The Council received a grant of £1m grant funding allocated over two financial years i.e., 2023/24 and 2024/25 to deliver agreed actions in the DSG Management Plan, as well as cost benefits identified as part of the programme. The DBV pilot programme has been successful and there is a plan to continue some of the workstreams that were

developed with the DfE as part of business-as-usual processes. This will continue work towards reducing the overall deficit and achieving a more sustainable High Needs Block budget in the future.

- 10.4 Despite the programme's success, Brent continues to face an in-year overspend on its HN Block budget, largely due to insufficient funding uplifts relative to rising demand and complexity of need. Further details and update on the DSG management plan and DBV Programme are provided in a separate report presented to this forum, but effectively the percentage HN Block annual uplift is not keeping pace with the percentage increase in children and young people with SEND

## 11. School Balances

**Table 3: School Balances 2021/22 to 2024/25**

Type of Establishment	No. of Schools	2021/22 School Balances	2022/23 School Balances	2023/24 School Balances	2024/25 School Balances	Increase / (Decrease) in balances
		£m	£m	£m	£m	£m
Nursery	4	0.9	0.6	0.6	0.7	0.1
Primary	45	13.7	12.1	10.5	10.2	(0.3)
PRU	2	1.1	0.9	0.8	0.8	0.0
Secondary	2	0.4	(0.3)	(0.4)	(1.2)	(0.8)
Special	1	0.8	1.1	1.3	1.5	0.2
<b>Totals</b>	<b>54</b>	<b>16.9</b>	<b>15.0</b>	<b>12.9</b>	<b>11.9</b>	<b>(1.0)</b>

- 11.1. The table above summarises school balances over the past 4 years. Overall school balances have reduced by £1.0m from £12.9m in 2023/24 to £11.9m in 2024/25 (Appendix B). Of the 54 maintained schools, 28 increased their overall reserves balance (increase of £2.0m) and 26 decreased their balance over the 2024/25 financial year (decrease of £3.0m).

- 11.2. In summary, whilst some schools have improved their financial positions, the overall picture remains mixed, with many schools continuing to face significant financial pressures:

- Of the 45 maintained primary schools, 22 (49%) compared to 18 (38%) in 2023/24 increased their reserve balance by an average of £73k, and 23 (51%) compared to 26 (55%) in 2023/24 decreased their reserve balances by an average of £85k.
- Two schools cleared their deficits, and three additional schools went into deficit in 2024/25, resulting in eight schools being in deficit at the end of 2024/25. Of the 45 maintained primary schools, 18 have closed with

balances of 8% or more and 27 have closed with balances of less than 8%.

- Of the 2 maintained secondary schools, one has seen no significant change in reserves and the other has seen a 210% decrease in reserves.
- The only maintained special school saw an increase in reserves of 12% with a £1.5m reserve balance. One of the 2 PRUs decreased their reserves by 29% and the other saw an increase of 269% compared to balances in 2023/24.
- Three of the four Nursery schools had increased reserves and the one reported decreased reserves with one remaining in deficit since 2023/24.

11.3. The reduction in balances from 2023/24 to 2024/25 is primarily driven by a combination of declining pupil numbers, particularly in primary schools, and the sustained impact of inflation. Falling rolls, have led to reductions in funding, while inflation has increased the cost of staffing, utilities and essential services. Additionally, schools are contending with rising demand for SEND provision, increasing staffing costs due to national pay awards, which are all contributing to pressures to maintain educational standards within constrained budgets. These factors have made it increasingly difficult for schools to maintain healthy reserves, despite efforts to manage resources efficiently.

11.4. It is expected that the funding and expenditure pressures within Brent schools will persist with the requirement for schools to take action to balance their budgets. Licensed deficit agreements to recover the deficit over a 3-year period will be arranged with the 3 new schools in deficit. The schools in deficit will be monitored closely throughout the year to review performance against their recovery plans.

11.5. One school was supported by the DfE as part of the School Resource Management programme to identify ways to make better use of their resources to drive savings. More schools will be recommended to take part in the programme in the new financial year 2025/26.

## **12. Updates for 2025/26**

12.1 The government has announced the national Spending Review on Wednesday, 11 June. Key notes for schools include:

- Core schools budget in England to go up by 0.4% or £2bn (£3bn increase in 2024/25) in real terms on average over the next three years, reaching £69.5bn by 2029, compared to 2025/26, which ensures average real terms growth of 1.1% a year per pupil. Brent schools' budgets increased by 4.3% in 2024/25 with a 1.7% increase seen against the Schools Block.

- £2.3bn a year to fix and maintain existing schools, and £2.4bn on building new schools
- Free school meals to be extended to around 500,000 more children whose parents are receiving benefits, costing around £1bn up to 2029.
- The Department for Education has confirmed a 4% pay increase for teachers in 2025/26, following the School Teachers' Review Body's recommendation. Schools are expected to fund the first 1% of this increase through internal efficiencies and smarter spending, while the government will cover the remaining 3% via existing school budgets and an additional £615m in new funding. The School Teachers' Pay and Conditions Document (STPCD), which sets out teachers' pay and conditions, will be updated ahead of the new academic year. This should remove the need for schools to backdate the pay award, meaning teachers can expect their updated salaries from September. The Schools Forum members are advised to consider the implications of these pay awards on schools' budgets.
- To make the system more inclusive and improve outcomes for all children and young people, the government will reform the current SEND system. Details of the government's intended approach to SEND reform will be set out in a Schools white paper in the autumn. The government will also set out further details on supporting local authorities as the government transitions to a reformed system as part of the upcoming local government funding reform consultation.

### **13. Stakeholder and ward member consultation and engagement**

- 13.1 This paper enables consultation with members of Brent's Schools Forum. The recommendations include a requirement for members to note the final position of the 2024/25 DSG budgets.

### **14. Financial Considerations**

- 14.1. The overall DSG budget is reporting a £13.6m deficit as of end of March 2025. The financial pressures on the HN Block continue to present a significant challenge, both locally and nationally. This is not unique to the borough; it reflects a wider systemic issue affecting the majority of local authorities across England, including most London boroughs. While the DfE has increased HN allocations in recent years, the rate of demand growth continues to outpace funding. The HNB position continues to be closely monitored with cost containment measures being implemented in line with the DBV plan.
- 14.2 The arrangement for the statutory override set out in the School and Early Years Finance Regulations 2021 which requires local authorities to either carry



forward any cumulative DSG deficit to set against the DSG in the next funding period or carry forward some or all the deficit to the funding period after that is due to end in March 2026. There is currently no confirmed plan for how DSG deficits will be treated beyond March 2026. The local authority will continue working towards deficit recovery through local planning and continuation of the DBV initiatives. Further updates to the Schools Forum will be provided as more information becomes available from the DfE.

## **15. Legal Considerations**

15.1. There are no legal implications directly arising from this report.

## **16.0 Equity, Diversity & Inclusion (EDI) Considerations**

16.1 Not applicable.

## **17.0 Climate Change and Environmental Considerations**

17.1 Not applicable.

## **18.0 Human Resources/Property Considerations (if appropriate)**

18.1 Not applicable.

## **19.0 Communication Considerations**

19.1 All Schools Forum papers are published and available to members of the public and schools.

### **Related document(s) for reference**

Prior Schools Forum papers 2024/25

#### **Report sign off:**

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