

Schools Forum Funding & SEN Working Group
28 November 2024

Schools Forum
12 December 2024

DEDICATED SCHOOLS BUDGET – BUDGET MONITORING 2024/25

Purpose of the Report

1. To present budget monitoring information against the Dedicated Schools Grant (DSG) for the financial year 2024-25 as at Quarter 2 2024/25 (September 2024).

Main Considerations

2. Appendix 1 and 2 to this report outlines the budget monitoring summary as at the end of the first quarter of the financial year including activity information for demand driven budgets.
3. An overspend of £14.942 million is currently forecast against the overall schools budget after the transfer of £28.254 million from the deficit reserve, agreed at budget setting and in line with the Council's Safety Valve agreement. This is an adverse movement of £5.049m compared with the Q1 forecast. This movement is accounted for by a reduction in the early years block underspend of £2.2m and an increase of £2.8m in the projected overspend against the high needs block. The overspend against the high needs block is now projected to be £17.489m.
4. As the local authority must make arrangements to finance this pressure, some expenditure in the Schools Budget is ultimately financed from the DSG reserve. The drawdown upon this reserve since 2018 has created a deficit reserve position. In acknowledgement of deficits held by local authorities, which are estimated at £2.6bn nationally, the government introduced a three-year statutory override in 2020 which separates local authorities' DSG deficits from their wider financial position, this has now been extended until 31st March 2026.
5. Wiltshire's planned transfer from the DSG reserve was agreed as part of the budget setting process and was £28.254million. The overspend forecast of £14.942 million on the grant plus this transfer from reserves mean the overall estimated DSG pressure in 2024/25 is therefore £43.196m.
6. Table 1 below shows the forecast variances by individual DSG block.

	DSG Allocation from the £m	Wiltshire Transfers £m	Current Annual Budget £m	Forecast Outturn £m	Forecast Outturn Variance £m	% Variance
Early Years Block	52.205	0.180	52.385	50.074	(2.311)	-4%
Schools Block	364.468	(2.000)	362.468	362.391	(0.077)	0%
High Needs block	74.445	1.984	104.683	122.172	17.489	17%
Central Block	2.644	(0.164)	2.480	2.320	(0.160)	-6%
Overall	493.761	0.000	522.015	536.957	14.942	3%
Planned transfer to DSG reserve (overspend)					28.254	
Net in year forecast movement to the DSG reserve					43.196	

Early Years Budgets (Budget £54.385M, forecast variance (2.311M))

7. The early years budgets are projected to underspend by £2.311m. With effect from 1 April 2024, the DfE introduced an extension of the entitlements to 9 months to 2 year olds and universal 2 year old offer, the budget is now significantly higher based on the DfE's introductory assumptions on take up. Parental take up of the offer is largely unknown and therefore forecast variances could still vary from this report.

Table 2 - Early Years Learners

	Budgeted	Actual	Forecast	Budgeted	Forecast	Forecast
	PTE	PTE	PTE	Spend	Spend	Spend
			Variance	£M	£M	Variance
			PTE			£M
3- & 4-year olds	10,880	9,260	-1,620	30.083	27.739	(2.344)
2-year-olds	727	642	-85	2.840	2.739	(0.102)
2-year-olds with working parents	2,171	2,312	141	9.256	9.450	0.194
Under 2-year-olds	1,311	1,369	58	7.513	7.513	0.000
ISF	374	374	0	1.143	1.143	0.000
	hours	hours	hours			

*PTE = part time equivalent learners

8. The local authority has a duty of sufficiency in this sector and continues to work closely with providers to support through these challenging times of rising costs and a highly competitive recruitment marketplace.

Schools Budgets (Budget £362.468M, forecast variance (£0.077M))

9. The minimal forecast underspend on schools relates to central teams and is helping to offset the overall pressure on the DSG.

High Needs Budgets (Budget £104.683M, forecast variance £17.489M)

10. The High Needs budgets are projected to overspend by £17.489m. For this financial year, the budgets have been increased by the planned drawdown from the DSG reserve. For high needs this is £28.254m. This facilitates improved budget monitoring, setting targets and measuring success in recovery planning.
11. The major driver of the increased cost is volume. Activity (volume) is measured in FTE – full time equivalent pupils. Full variance analysis is provided at Appendix 2.

Table 3 - Number of EHCP Learners

	Children with an EHCP in Wiltshire	Prior Year Data (2023-24)	Prior Year Data (2022-23)
As at September 2024	6,060		
Estimate as at 31 st March 2025 (based on estimates for SV Plan)	6,399	5,605	4,762
Annual movement	794	843	391
% Movement	12%	15%	8%

12. The biggest pressures are in mainstream provision and independent sector provision. The forecast takes into account the additional capacity delivered within Wiltshire special schools and resource bases. The number of Education Health and Care Plans is higher than forecast and this pressure is impacting on spend across all high needs provision. The number of EHCPs at the end of quarter two in 2024/25 is 6,060; an increase of 758 plans on the same quarter last year.

13. Full detail on all activity data forecasts can be found at Appendix 2 and 3, highlights of the demand in FTE are included in Table 4 below.

Table 4 - High Needs Learners activity

	Budgeted Volume FTE	Actual Volume FTE	Volume variance FTE	% change in volume	Actual unit rate
Wiltshire School Provision					
Special School Places	1,063.75	1,063.75	0	0%	£9,995
Special School Top Ups	1,341.88	1,169.01	(173)	-13%	£14,726
ELP Places	343.61	343.61	0	0%	£5,920
ELP Top Ups	522.53	569.51	47	9%	£5,380
Resource Base Places	478.56	478.56	0	0%	£6,058
Resource Base Top Ups	605.22	572.45	(33)	-5%	£7,347
Secondary Resource Place Top Ups	37.49	54.77	17	46%	£6,874
Named Pupil Allowance - Prim	900.68	1,159.95	259	29%	£6,393
Named Pupil Allowance - Sec	506.63	773.30	267	53%	£6,393
Additional Top Up Support	171.62	305.50	134	78%	£16,279
Transition Support Funding	313.25	352.90	40	13%	£3,551
Independent / External Provision					
Independent Special School Fees	329.18	382.76	54	16%	£74,128
6th Form	719.63	796.27	77	11%	£12,025
Wiltshire College Places	436.33	436.33	0	0%	£6,000
Inter Authority Recoupment	260.84	328.90	68	26%	£16,660
Alternative Provision & DP (SEN)	357.75	428.73	71	20%	£14,985

Table 4 - High Needs Learners price variance

	Budgeted Price Per annum	Actual Price (Ave) Per annum	Price variance Per annum	% change in price
Wiltshire School Provision				
Special School Places	10,000	10,000	0	0%
Special School Top Ups	13,509	14,726	1,217	9%
ELP Places	6,000	6,000	0	0%
ELP Top Ups	5,281	5,380	99	2%
Resource Base Places	6,000	6,000	0	0%
Resource Base Top Ups	6,855	7,347	492	7%
Secondary Resource Place Top Ups	7,169	6,874	(295)	-4%
Named Pupil Allowance - Prim	5,790	6,964	1,174	20%
Named Pupil Allowance - Sec	5,790	5,491	(299)	-5%
Additional Top Up Support	12,617	16,279	3,662	29%
Transition Support Funding	4,000	3,551	(449)	-11%
Independent / External Provision				
Independent Special School Fees	62,842	74,113	11,271	18%
6th Form	12,203	12,025	(178)	-1%
Wiltshire College Places	6,000	6,000	0	0%
Inter Authority Recoupment	15,279	16,850	1,571	10%
Alternative Provision & DP (SEN)	12,617	14,985	2,368	19%

Central School Services Budgets (Budget £2.320m, forecast variance (£0.160m))

14. The small forecast underspend in this area is a combination of an underspend on central services and an underspend in admissions due to appeals panel income.

DSG Reserve

15. The deficit reserve brought forward of £28.706 million is increased by the negative early years block adjustment of £1.030 million. The planned drawdown of £28.254m,

forecast overspend of £14.942m and forecast Safety Valve payments of £6.700m will take the reserve into a forecast deficit position of £66.233 million.

Table 5 - DSG Reserve

	Safety Valve Agreement £m	Total 24/25 FY £m
Balance Brought Forward from 23/24	29.447	28.706
Early Years Adjustment (prior year)	0.000	1.030
Planned drawdown from reserve	28.280	28.254
Actual Variance 24/25	0.000	14.942
In year Safety Valve payments	(6.700)	(6.700)
Balance CFWD 2024/25	51.027	66.233

16. The Council has a Safety Valve agreement in place and performance against that agreement is monitored on a quarterly basis by the Department for Education. Additional actions will need to be put into place in order to ensure that the Council can still deliver on the agreement to achieve in year balance against its high needs budgets by April 2029. It has been agreed with the DfE that an updated plan will be submitted by 11 December reflecting the updated EHCP forecast and increased mitigations to achieve in year balance.

17. A statutory override for DSG deficits is currently in place until the end of the 2025/26 financial year. The statutory override, whilst in place, protects the council from having to make good any DSG deficit from its own reserves. As it currently stands, local authorities will need to demonstrate their ability to cover DSG deficits from their available reserves from 2026/27 onwards unless the override is extended. This continues to present a significant financial risk to the Council.

Proposals

18. Schools Forum is asked to note the forecast budget monitoring position including the balance on the DSG reserve at the end of September 2024 together with the report later in the agenda on SEND Transformation.

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