

## **Report to the Schools Forum 16 May 2025**

### **Dedicated Schools Grant (DSG) Outturn 2024/25**

#### **1 Council DSG Position**

- 1.1 As noted in previous meetings of this Forum, the High Needs area of DSG and therefore Councils' overall DSG positions, continue to be under pressure, both in T&W and elsewhere.
- 1.2 For Telford and Wrekin, the DSG balance at the end of 2024/25 was deficit of £4.662m. At the start of 2024/25 the deficit was £1,823m, so the closing balance represents an in-year deficit of over £2.8m.
- 1.3 Comparing 2024/25 expenditure to 2023/24, areas of high needs with the largest increase in expenditure were special schools, EHCPs, PRUs and alternative provision. Expenditure on independent placements was lower than in 2023/24.
- 1.4 The increase in funding in high needs DSG funding in 2024/25 compared to 2023/24 was £1.6m. (£36.579m in 2024/25 compared to £34.971m in 2023/24), a relatively low increase compared to the £3m or so in previous years. In this context, the in-year deficit of £2.8m in 2024/25 compared to £2m in 2023/24 represents a slowing in the growth of high needs expenditure in 2024/25 compared to 2023/24.
- 1.5 For 2025/26, the high needs allocation for Telford & Wrekin is £39.555m, an increase of just under £3m compared to 2024/25. This is a larger increase than seen in 2024/25 (see above) and similar in cash terms to increases in previous years, albeit lower in percentage terms given the growth in the overall budget. Resources available for high needs in 2024/25 have again been supplemented by the 0.5% of the Schools Block that the Forum agreed to transfer, amounting to £0.9m (0.08m more than 2024/25) and £0.46m transferred from the 2025/26 early years block, the same proportion as in previous years but an increase of £0.14m due to the increase in the size of the early years block.
- 1.6 Given that 2024/25 DSG expenditure was £2.8m more than the available resources, a net increase of around £3.2m is unlikely to be sufficient to cover inflationary pressures (e.g. from pay awards) even before any impact from demand pressures. There is little indication that the demographic, social and legislative pressures underlying high needs budget pressures are easing.
- 1.7 In the context described above, there is thus a significant risk that the existing deficit increases in 2025/26. To address this risk, a high needs cost improvement plan has been developed.
- 1.8 As noted at previous Forum meetings, the context to this situation is the national high needs deficit, at over £1.7bn at the end of March 2024, with two-thirds of relevant local authorities showing a DSG deficit at that time. A change in national regulations has meant that DSG deficits are ring-fenced in local authority accounts until March 2026. To date, there has still not been an update from the DfE on what will happen post-March 2026.

## **Maintained School Balances**

- 1.9 Maintained schools ended 2024/25 with revenue balances of £8.284m made up as follows;

Single status	£2.408m
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General revenue balances	£5.876m
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Total	£8.284m
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- 1.10 Revenue balances decreased by £0.419m compared to a year earlier. Capital balances also decreased, from £1.069m to £0.995m.
- 1.11 School balances are still significantly higher than pre covid (at the end of 2019/20 revenue balances were only £7m) but following the rapid increase during the two years significantly impacted by covid, followed by relative stability during 2022/23, balances have decreased over the last two years.
- 1.12 This is an indication, amongst other things, of the inflationary pressures faced by schools, particularly from support staff pay increases, for which (unlike teachers pay and pension increases), no specific additional funding has been provided.
- 1.13 The figures above mask considerable variances in individual schools – a number of schools with stable or falling pupil numbers are finding it financially very difficult whereas others still have significant balances with which to absorb cost pressures, at least in the short to medium term.

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May 2025