

Item 5 – 2024/25 Provisional Dedicated Schools Grant (DSG) Outturn

Schools Forum - 22nd September 2025

Recommendation

School's Forum is asked to: -

- 1) Note the provisional 2024-25 DSG in-year deficit of £3.5m.
- 2) Note the use of £2.1m Safety Valve grant to mitigate this, resulting in net addition to provisional cumulative deficit of £1.4m.
- 3) Note the cumulative overall DSG deficit as of 1st April 2025 is £12.8m.

1. Purpose

- 1.1 To inform members on actual expenditure incurred for the Dedicated Schools Grant including all blocks of funding; Schools Block, Central School Services Block, Early Years Block and High Needs Block for financial year 2024/25.

2. Report Details

2.1 Overall DSG

The gross, overall DSG allocation for LB Croydon at end of March 2025 was £470.67m. After academy, free schools and other recoupment, the net allocation was £211.424m. In addition, the council received £2.1m of safety valve allocation to help cushion the pressure on the High Needs Block. The summary of these allocations by blocks is as shown in Table 1 below.

Table 1 - Croydon's DSG Allocation – as at 31st March 2025

Row no.		Croydon Gross Allocation as at 31st Mar 2025 (£)	Recoupment (£)	Croydon Net Allocation as at 31st Mar 2025 (£)
1	Schools block	319,133,853	(248,614,373)	70,519,480
2	Central school block	4,728,347	0	4,728,347
3	High needs block	91,613,627	(10,636,170)	80,977,457
4	Early years block	55,198,874	0	55,198,874
5	Total DSG allocation	470,674,701	(259,250,543)	211,424,158
6	Safety Valve Grant	2,100,000	0	2,100,000
	Total Allocation	472,774,701	(259,250,543)	213,524,158

- 2.2 The provisional 2024/25 DSG outturn is £214.92m resulting in an initial deficit of £3.5m. With the receipt of £2.1m safety valve grant, this position improved to a deficit of £1.40m. Table 2 below shows the provisional outturn by funding blocks.

Table 2 - 2024/25 Provisional DSG Outturn

Row no.		2024/25 Net Allocation (£)	2024/25 Provisional Outturn (£)	Surplus/(Deficit) (£)
1	Schools block	70,519,480	70,519,480	0
2	Central school block	4,728,347	4,728,347	0
3	High needs block	80,977,457	84,476,437	(3,498,980)
4	Early years block	55,198,874	55,198,874	0
5	Total DSG allocation	211,424,158	214,923,138	(3,498,980)
6	Safety Valve allocation¹	2,100,000	0	2,100,000
	Total Allocation	213,524,158	214,923,138	(1,398,980)

- 2.3 The original DSG deficit before the implementation of the safety valve initiative was £21.3m. Through progressive work done (which is monitored regularly by the DfE), the DSG reserve after safety valve has been a £9.85m surplus. With the latest position, the cumulative DSG reserve position is a deficit of £12.84m. Table 3 below shows how this was made up.

Table 3 - Overall DSG Reserve Position

Row no.		£
1	DSG Deficit prior to Safety Valve agreement (unusable reserve) *	(21,295,400)
2	DSG Surplus since introduction of Safety Valve agreement	9,852,400
3	Opening cumulative deficit as at beginning of 2024/25	(11,443,000)
4	2024/25 Provisional Outturn	(1,398,980)
	Cumulative DSG deficit as at end of 2024/25	(12,841,980)

*DSG deficit before safety valve is always treated as an unusable reserve and must be disclosed separately in all reports. This is then measured against the DSG performance after safety valve is introduced.

- 2.4 Further information on the outturn by individual blocks are explained later in this paper and accompanying appendices.

3. Schools Block

- 3.1 The Schools Block allocation is being reported as fully spent in 2024/25. The breakdown of the outturn position are as shown in Table 4 below.

Table 4 - Analysis of Schools Block spend

Row no.		2024/25 Net Allocation £	2024/25 Provisional Outturn £	Surplus/(Deficit) £
1	Individual Schools Budget	66,787,739	66,787,739	0
2	Transfer to High Needs Block	1,200,000	1,200,000	0
3	NNDR Top-Slice	1,042,389	1,042,389	0
4	Growth Fund	1,489,352	1,489,352	0
	Overall, Schools block	70,519,480	70,519,480	0

4. Central School Services Block (CSSB)

- 4.1 The final **CSSB** allocation (of £4.728m) is £0.264m higher than the figure (£4.46m) presented to the forum late in 2024. The CSSB has been fully spent in the year. The detailed spend is as shown in Table 5 below.

Table 5 - Analysis of CSSB spend

Row no.		2024/25 Net Allocation £	2024/25 Provisional Outturn £	Surplus/ (Deficit) £
1	Copyright Licenses deduction**	360,117	360,117	0
2	On-going Commitments			
3	Schools' Forum costs	99,000.00	36,000	63,000
4	Commissioning Standards, Other Statutory Duties & Asset Management	541,000.00	227,472	313,528
5	Schools Admissions Team & Improvement Central	614,000.00	650,000	(36,000)
6	Finance & Audit	333,000.00	333,000	0
7	Education Welfare Service	435,000.00	249,121	185,879
8	SACRE	26,000.00	26,000	0
9	Historic Commitments			
10	Termination Costs	56,320	101,487	(45,167)
11	Prudential Borrowing Costs	2,263,910	2,745,150	(481,240)
	Total CSSB	4,728,347	4,728,347	0

** Copyright Licenses costs are paid for directly by the DfE and the DSG grant allocation paid to the authority is adjusted accordingly

5. High Needs Block (HNB)

- 5.1 The provisional 2024/25 HNB outturn is £84.48m which represents a deficit of £3.5m. The figure is after accounting for £1.2m of inter-block transfer from Schools Block. Full details of this financial performance is as shown in Appendix A and further commentary are provided below.
- 5.2 Payments to Independent Special Schools (numbers and rates) is the biggest contributing factor to the deficit. In addition, there has been increases in demand due to more complex cases emerging requiring more support. There has been significant increase in the number of EHCP in recent years. This has resulted in significant increases in top-ups and place funding paid to these schools. SEND pressure is a national problem and Croydon is not an exception. The council is continuing its transformation to increase in-borough capacity with a view to mitigating this pressure.
- 5.3 Out-of-Borough: Another area of significant costs pressure is the payments made to out-of-borough independent special school. This is primarily due to the increase in the EHCP mentioned above and insufficient specialist provision locally. The team are working rapidly to expand Enhanced Learning Provisions (ELP) which will increase local provisions and help to mitigate this pressure.
- 5.4 Other Mitigations:
- A) A restructure of the SEND service
 - B) A plan to develop satellite special schools within the borough

C) High Needs overspend Board and action plan has been developed alongside our SEND Governance processes

6. Early Years Block (EYB)

6.1 The provisional 2024/25 EYB outturn is £55.2m which is a balanced position. Further details on this budget are provided in Appendix B below ***

***The underspend in payments to providers has been carried forward as an accrual and is available to providers in 2025/26.

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- 3) Note the cumulative overall DSG deficit as at 1st April 2025 is £12.8m.

Contact Officer: Abioye Asimolowo - Interim Finance Manager (CYPE – Education)

Email: Abioye.asimolowo@croydon.gov.uk

Appendix A - 2024/25 Provisional High Needs Block Spend

Row no	Description	2024/25 Allocations	2024/25 Provisional Outturn	Outturn Variance 2024/25	% variance	2023/24 Outturn	Commentary
1	EHCP Pupils: Croydon Mainstream Schools + Academies	5,932,000	5,957,940	(25,940)	0%	8,044,501	Increase in numbers of pupils requiring EHCP
2	Croydon Enhanced Learning Provision	3,054,000	3,645,500	(591,500)	-19%	1,179,805	More ELPS from previous years
3	Croydon Special Schools (including 6th forms)	33,956,497	30,391,747	3,564,750	11%	32,289,004	Special Schols and special academies spend
4	Small schools' factor	164,000	232,532	(68,532)	-42%	181,195	
5	Pre & Post16 Independent & Non-Maintained Provision	13,383,000	22,900,815	(9,517,815)	-71%	16,435,932	Increase in numbers and rates for ISS
6	Croydon pupils in out of borough-maintained schools	6,676,000	5,888,522	787,478	12%	7,971,108	Fewer use of mainstream OOB places
7	Early Years (0-5)	1,200,000	602,649	597,351	50%	739,245	
8	FE colleges	5,306,000	5,986,159	(680,159)	-13%	5,115,047	
9	Croydon Pupil Referral Units	1,979,000	1,027,734	951,266	48%	4,275,410	
10	Cluster of Schools Project	1,868,000	1,929,209	(61,209)	-3%	2,012,017	Payments to for locality spend helped by additional allocation from growth fund
11	Teachers' Pension	1,176,000	616,375	559,625	48%	673,158	
12	Support for Inclusion + Home Education	1,925,000	936,440	988,560	51%	434,618	
13	Virtual School	720,000	651,125	68,875	10%	402,000	
14	Communication Support C	1,418,000	1,717,896	(299,896)	-21%	1,002,168	
15	SEN Transport cost	350,000	250,000	100,000	29%	250,000	DSG contribution to the wider SEN HTS transport cost
16	Therapies. Speech and Language	1,068,000	1,134,612	(66,612)	-6%	822,713	
17	Inclusion support	450,000	1,290,598	(840,598)	-187%	184,947	
18	Peri-Hearing Impairment Team	352,000	516,585	(164,585)	-47%	461,225	
19	Top sliced - schools block		(1,200,000)	1,200,000			
	Total	80,977,497	84,476,437	(3,498,940)		82,474,093	

Appendix B - 2024/25 Provisional Early Years Block

Row No	Description	2024/25 Net Allocation	2024/25 Provisional Outturn	Surplus / (Deficit)
1	Two-year old funding	13,369,414	10,106,016	3,263,398
2	Under 2YO working parents	7,471,392	7,573,126	(101,734)
3	Three and four-year old funding	31,304,677	34,466,341	(3,161,664)
4	Early years pupil premium grant	265,624	265,624	0
5	Early years disability access fund	249,340	249,340	0
6	Maintained nursery schools	925,680	925,680	0
7	Early years top-slice	1,612,747	1,612,747	0
		55,198,874	55,198,874	0