

## AGENDA ITEM 5

### REPORT TO SCHOOLS FORUM

20th JANUARY 2026

## SCHOOLS BUDGET MONITORING REPORT QUARTER 3 - 2025/26

### SUMMARY

1. This paper provides members of the Forum with the current projected outturn position on the Schools Budget based on information to the end of December 2025.
2. The Dedicated Schools Grant (DSG) budget for 2025/26 was set as a balanced budget with most of the additional DfE HN funding for 2025/26 (**£3.4m**) used to support necessary increases in funding for Agency Placements, other LA school placements, Alternative Provision and Therapies/Other related health services. This therefore meant that at best the current DSG deficit of **£6.72m** was expected to be unchanged at 31/03/2026.
3. However, based on a review of projected expenditure on High Needs at quarter 3 (outlined below) it is now expected that this target will not be met. Instead, an in-year overspend of **£6.9m** (September 2025 **£4.65m**) is now expected which will increase the cumulative deficit brought forward from 2024/25 of **£6.72m** up to **£13.62m**. This revised position will be reflected in the medium-term financial plan.
4. The £2.25m increase between quarter 2 and quarter 3 monitoring position relates to an increase in top-ups, additional and exceptional funding allocated to schools (mainstream and special) plus an increase in Independent School placements. Also, further tutoring costs incurred under Section 19 provision (Education Act 1996) where pupils are unable to attend school.
5. Please note however that the projected overspend described above does not take account of potential offsetting savings on some other DSG blocks. For example, we have seen a significant increase in funding for the Early Years Block relating to the Governments childcare expansion programme. We are currently monitoring the other areas of the DSG but at present do not expect any material changes to the reported position above.

### RECOMMENDATION

6. That the Schools Forum note the current financial position on the school's budget.

### School Budget

7. **Appendix 1** shows the revised budget against the projected outturn for 2025/26 on the Schools Budget as at 31<sup>st</sup> December 2025, in the prescribed

DfE Section 251 reporting format. The reasons for significant variances between planned and projected spend are: -

- a. Line 1.2.1 Top-up funding – maintained schools
    - **£200k overspend** relating to additional top-up payments to SBC maintained mainstream schools.
    - **£178k overspend** on top-ups relating to an increase in the cost / number of pupils placed in other LA maintained schools.
  - b. Line 1.2.2 Top-up funding – academies, free schools and colleges
    - **£1.2m overspend** relating to the anticipated additional costs arising from the introduction of new ARP/SEN units and continuing support to the remaining EMS provisions.
    - **£1.2m overspend** related to further top-ups and additional HN funding payments to mainstream and special SBC academies.
    - **£870k overspend** this year on exceptional High Needs funding payments to mainstream and special academies.
    - **£530k overspend** on top-ups relating to an increase in the costs / number of placements of pupils placed in other LA academies.
  - c. Line 1.2.3 Top-up funding – non-maintained and independent providers
    - **£2.46m overspend.** Mainly Independent Special School placement costs, where there are currently 234 placements at an average cost of £62k p.a. The number of placements has increased by 64% so far since March 2023 (143 to 234) with the annual cost anticipated to double in this period (£7.1m to £14.2m).
    - Also, **£340k overspend** expected on additional tutoring costs to external providers. This relates to pupils unable to attend school and this provision is required under Section 19 of the Education Act 1996.
  - d. Line 1.2.7 Other AP provision
    - **£90k overspend** on tutoring costs and other support for an increase in excluded pupils.
  - e. Line 1.4.10 Pupil Growth
    - **£200k saving** on Schools Growth Fund as for some schemes the actual Sept 25 admission numbers were not as initially expected.
8. The Dedicated Schools Grant (DSG) is a ringfenced account and as per the DSG regulations any surplus or deficit generated against this grant is carried forward to the following financial year.

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