Joint Report:
Director of Finance
Director of Education, Early Years and Skills

Item 3 – Dedicated Schools Grant 2024/25 and 2025/26

Schools Forum – 26th March 2025

1 Purpose of the Report

1.1 This report provides an update on the current position of the Dedicated Schools Grant (DSG) in relation to the outturn for 2023/24, the current 2024/25 in-year position and the projected forecast at the end of the 2025/26 financial year.

1.2 Schools Forum is requested to note:

- The current and forecast position in relation to the Dedicated Schools Grant (section 2)
- The previously approved in principle 2024/25 Schools Block Growth Funding to be carried forward and deployed in 2025/26 is now confirmed as £1.429m (Section 3)

2 DSG Management Plan

2.1 Table 1 summarises the current DSG Management Plan 2023/24 to 2025/26. The Councils financial statements for 2023/24 were approved at the Audit Committee on 26 February 2025, the outturn for 2023/24 is therefore confirmed as a net surplus of £3.702m across the four blocks of the DSG. The forecast closing position for 2024/25 is for an initial in-year deficit of £4.911m resulting in a projected outturn deficit of £1.209m, however an estimated underspend of £1.429m in growth funding within the schools block reverses the deficit to produce an estimated £0.220m surplus across the four blocks of the DSG at the end of the current financial year. This is an 'improvement' of £0.793m compared to the forecast deficit of £0.573m that was reported to the January meeting.

2.2 In the following year there is a forecast in year deficit of £5.967m leading to an overall deficit balance of £5747m at 31 March 2026, this assumes the growth funding brought forward from 2024/25 is fully spent. The projected deficit is £2.400m higher than the £3.347m reported to the January meeting

Table 1 – DSG Management Plan

DSG Summary 2023/24 to 2025/26	2023/24 Outturn £000	2024/25 Forecast £000	2025/26 Forecast £000
Schools Block (excludes central services)	240,592	255,312	274,777
Central Schools Services Block	2,461	2,378	2,423
High Needs Block	59,146	61,719	67,207
Early Years Block	15,748	17,480	18,412
Two Year Olds' Funding	3,653	12,011	20,564
Early Years Pupil Premium	226	431	648
Early Years Disability Access Fund	130	216	218
Total Grant	**321,956**	**349,547**	**384,249**
Budget Requirement			
Individual Schools Budgets	241,031	255,928	276,206
High Needs Funding for Schools (incl Post 16)	45,471	51,484	55,226
Early Year Funding Delegated to Schools	6,785	7,697	8,189
Total Delegated to Schools	**293,287**	**315,109**	**339,621**
Central High Needs Services	11,373	14,447	16,519
Central Early Years Services	1,047	1,247	1,450
Three and Four Year old PVI's	7,765	9,053	9,490
Under two & Two Year Old Funding	3,480	11,558	19,847
Central Schools Services Block (CSSB)	2,461	2,398	2,423
Total Retained Centrally	**26,126**	**38,703**	**49,729**
Early Years Pupil Premium	226	430	648
Early Years Disability Access Fund	130	216	218
Total Budget Requirement	**319,769**	**354,458**	**390,216**
In Year (Deficit)/Surplus	**2,187**	**-4,911**	**-5,967**
Balance brought Forward	899	3,702	220
Provisional (Deficit)/Surplus	**3,086**	**-1,209**	**-5,747**
Anticipated Growth underspend committed for following financial year (Schools Block)	616	1,429	
Balance Carried Forward	**3,702**	**220**	**-5,747**
Reported at Jan 2025	**3,702**	**-573**	**-3,347**

2.3 Table 2 below summarises the movement and major variances between the current iteration of the Management Plan and the position that was reported to the January Meeting.

Table 2– DSG Management Plan Variances

DSG Management Plan- Variances	2024/25 £000	2025/26 £000
Balance b/fd	3,702	-573
Change in surplus / (deficit) from previous year	-4,275	-2,774
As reported in Jan 2025	**-573**	**-3,347**
Additional funding:		
Schools Block		879
Central School Services Block (CSSB)	26	
High Needs Block- Adjustments	-30	
Early Years Block	-995	
Movement in Funding	**-999**	**879**
Additional adjustment to budget requirement :		
Movement in Opening Balance		-793
Schools Block- Distribution of change in funding		879
Schools Block - uspend on growth recommitted for 2025/26	-1,429	1,429
CSSB- Expenditure matches additional Funding	26	
CSSB - increase school licences	21	
Early Years Block- Distribution of change in funding	-995	
Early Years- Adjustment to budget requirement	-157	
High Needs- EHCP's	15	
High Needs- Additional requirement Out Of Borough	657	1,657
High Needs- Special Schools	107	49
High Needs- Resourced	-36	58
Movement in Expenditure	**-1,792**	**3,279**
Movement compared to previous position	**793**	**-2,400**
Revised Surplus	**220**	**-5,747**

2.4 2024/25 Funding has reduced by £0.999m since the January meeting, the majority of the movement (£0.995m) is in relation to funding for Early Years which is adjusted periodically to reflect the actual take up of the various types of provision and is matched with a reduction in forecast expenditure. In addition there have been minor adjustments to the Central Services School Block (CSSB); an increase of £0.026m, again matched by an increase in forecast expenditure and a small reduction of £0.030m in the funding for the High Needs Block.

2.5 In terms of expenditure the single largest movement is an anticipated growth underspend of £1.429m within the Schools Block, a corresponding amount is carried forward into 2025/26 where it is forecast to be fully spent. There is an increase of £0.021m in the cost school licences within the CSSB. The previously forecast pressure of £0.220m in the Early Years provision within schools is now expected to be £0.063m, hence a reduction of £0.157m in forecast expenditure. Expenditure within the High Needs Block continues to increase; £0.743m compared to the position reported to the January meeting. The largest adverse movement is in the cost of Out of Borough placements which has increased by a further £0.657m, there are further increases in the cost of EHCP's (£0.015m) and amounts delegated to Special Schools (£0.107m) offset by a £0.036m reduction in the cost of Resourced Provision.

2.6 For 2025/26 the Schools Block funding has increased by £0.879m, the DfE having confirmed that the Council will initially receive NNDR funding for Academies which it will immediately passport to the recipient schools as evidenced in the table above. There is a further estimated pressure of £1.764m in the High Needs Block: £1.657m in relation to Out of Borough Placements, Special Schools £0.049m and £0.058m for Resource Provision. The cost of Out of Borough is significantly increasing annually, provision is therefore being made for the anticipated increase in 2025/26. It is assumed that funding for early years and central services will be matched with corresponding expenditure and is therefore neutral within the Management Plan. The forecasts clearly rely on a series of assumptions in relation to both income and expenditure which will be kept under review and the next iteration of the Management Plan will be extended out to 2027/28.

2.7 It is an important element of the financial management of the Authority that the DSG, wherever possible is not in a deficit position, notwithstanding which, clearly the financial position of the DSG has worsened. Whilst a surplus of £0.220m is now being forecast for 2024/25 this is due to an underspend in relation to growth funding within the schools block. The deficit at the end of 2025/26 has increased by £2.400m to £4.747m. Implementation of the programme of work funded under the Delivering Better Value in SEND combined with the complimentary work undertaken in the North West Change Partnership Programme (NWCPP) and the Early Language Support for Every Child initiative (ELSEC) will be pivotal in the consolidation and future sustainability of the of the DSG in Oldham and work will continue throughout 2025/26 and beyond to ensure that the current position is mitigated as far as is possible going forward.

3 Growth Funding

3.1 The growth fund is to support pupil growth relating to LA planned basic need for schools where it has already been agreed with the LA that there will be an increase in the planned admission numbers (PAN) by means of the provision of a school extension. Additional funding will be made available in relation to the number of additional pupils taken.

3.2 Reference may be made to the number of classes required and may include consideration of the number of pupils leaving the school in that year.

3.3 Any allocation will be based on the basic per pupil element funding and would be provided only for a maximum of the first academic year that an additional class is created or until the pupils are included on the October census (as additional funding will then flow through to the school based on the October pupil count).

3.4 Members will recall that the January meeting approved an agreement in principle to carry forward the growth underspend in the current financial year to be fully committed against the schools block in 2025/26. As outlined earlier in the report, the estimated growth underspend for 2024/25 is now confirmed as £1.429m

4 Actions/ Recommendations

4.1 Schools Forum is requested to note:

1) The current and forecast position in relation to the Dedicated Schools Grant

2) That the previously approved in principle 2024/25 Schools Block Growth Funding to be carried forward and deployed in 2025/26 is now confirmed as £1.429m