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

Item 3 – Dedicated Schools Grant Budget Update for 2025/26 & 2026/27

Schools Forum – 3rd December 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 the outturn for 2024/25, the current 2025/26 in-year position and the projected forecast at the end of the 2026/27 financial year.

2. DSG Management Plan

2.1 Table 1 summarises the current DSG Management Plan 2024/25 to 2026/27. The actual in-year deficit for 2024/25 was £3.900m, which when added to the surplus of £3.702m brought forward from 2023/24, together with a positive adjustment of £1.380m for Growth underspend committed in the following year produces a cumulative (provisional) surplus of £1.182m as at 31 March 2025. The Council's financial statements for 2024/25 are still in the process of being audited, therefore whilst the DSG position is not expected to change, the outturn should be regarded as provisional until the financial statements have been approved and signed off. The forecast closing position for 2025/26 is for an initial in-year deficit of £10.935m resulting in a projected outturn deficit of £9.753m. This is an increase of £2.301m compared to the forecast deficit of £7.452m that was reported to the June meeting. Table 2 below provides further detail in relation to the movements when compared to the position reported to the last meeting in June 2025.

In the following year there is a forecast in year deficit of £13.747m leading to an overall projected deficit balance of £23.500m as at 31 March 2027.

Table 1 – DSG Management Plan

DSG Summary 2024/25 to 2026/27	2024/25 Outturn £000	2025/26 Forecast £000	2026/27 Forecast £000
Schools Block (excludes central services)	255,312	274,777	290,459
Central Schools Services Block	2,378	2,559	2,541
Early Years Block	17,480	18,700	18,597
High Needs Block – pre/post 16	61,719	66,954	71,380
Under Two & Two Year Olds' Funding	13,281	18,703	19,457
Early Years Pupil Premium	573	789	765
Early Years Disability Access Fund	216	218	218
Total Grant	**350,959**	**382,700**	**403,417**
Budget Requirement			
Individual Schools Budgets	255,928	276,157	290,459
Early Year Funding Delegated to Schools	7,757	8,432	8,424
High Needs Funding for Schools (including Post 16)	51,747	58,489	64,855
Total Delegated to Schools	**315,432**	**343,078**	**363,738**
Central Schools Services	2,398	2,559	2,541
Central Early Years Services	1,043	1,648	1,425
Central High Needs Services	13,558	17,698	20,272
Three and Four Year old PVI's	9,001	9,402	9,433
Under two & Two Year Old Funding	12,783	18,243	18,772
Total Retained Centrally	**38,783**	**49,550**	**52,443**
Early Years Pupil Premium	618	789	765
Early Years Disability Access Fund	26	218	218
Budget Requirement	**354,859**	**393,635**	**417,164**
(Deficit)/Surplus	-3,900	-10,935	-13,747
Balance brought Forward	3,702	1,182	-9,753
Provisional (Deficit)/Surplus	-198	-9,753	-23,500
Growth underspend committed for 2025/26	1,380		
Balance Carried Forward	**1,182**	-9,753	-23,500
Reported to Schools Forum at June 25	1,182	-7,452	N/A

Table 2- Analysis of Movements since June 25 Schools Forum

DSG Management Plan- Variances	2025/26 £000
Balance brought forward	1,182
Change in surplus / (deficit) from previous year	-8,634
As reported in June 2025	**-7,452**
Change in funding:	
Schools Block	0
Central School Services Block (CSSB)	0
Early Years Block	-1,555
High Needs Block	0
Movement in Funding	**-1,555**
Additional adjustment to budget requirement :	
Early Years (due to reduction in income)	-1,555
High Needs Block- Special schools (including £438k movement from central for Kingsland)	640
High Needs Block - Central (movement to special schools re Kingsland)	-438
High Needs Block- Post 16	540
High Needs Block- Central	1,559
Movement in Expenditure	**746**
Movement compared to previous position	**-2,301**
Revised Surplus	**-9,753**

2.2 The June 2025 Schools Forum was advised that there would be an estimated in-year deficit for 2025/26 of £8.634m and that this in turn would produce a closing cumulative deficit of £7.452m when added to the surplus brought forward from 2024/25 of £1.182m.

2.3 There is a reduction of £1.555m in Early Years funding due to the updated census numbers received in July 25. In addition, there is a net increase of £0.746m in expenditure. The reduced Early Years funding is directly offset by matching reduced expenditure within the block. The main driver for the increase is therefore an uplift of £1.721m in expenditure within the High Needs Block; the main components being a net increase of £0.202m in special schools with further forecast expenditure increases in Post 16 (£0.540m) and Central Spend (including Out of Borough) of £1.559m. As a result, the forecast in-year deficit has increased by £2.301m from £8.634m to £10.935m for 2025/26, with a deficit of £9.753m being carried forward into 2026/27.

2.4 Table 3 summarises the movement by the 4 funding blocks that comprise the DSG. It shows the in-year surplus or deficit for each of the four blocks for 2024/25 to 2026/27 and the total cumulative impact on the DSG, arriving at a forecast deficit of £23.500m at the end of 2026/27 as a result of the full year impact of increased costs across the block and an estimate of future demand.

Table 3 - DSG Summary by Funding Block

	BLOCKS				
	Early Years £000	Schools £000	High Needs £000	CSSB £000	Total £000
Balance brought forward from 2023/24		**616**	**3,086**		**3,702**
2024/25					
Income	31,550	255,312	61,719	2,378	**350,959**
Expenditure	31,228	254,548	65,305	2,398	**353,479**
In Year Balance (-) is deficit	**322**	**764**	**-3,586**	**-20**	**-2,520**
Balance Carried forward to 2025/26	**322**	**1,380**	**-500**	**-20**	**1,182**
2025/26					
Income	38,410	274,777	66,954	2,559	**382,700**
Expenditure	38,732	276,157	76,187	2,559	**393,635**
In Year Balance (-) is deficit	**-322**	**-1,380**	**-9,233**	**0**	**-10,935**
Balance Carried forward to 2026/27	**0**	**0**	**-9,733**	**-20**	**-9,753**
2026/27					
Income	39,037	290,459	71,380	2,541	**403,417**
Expenditure	39,037	290,459	85,127	2,541	**417,164**
In Year Balance (-) is deficit	**0**	**0**	**-13,747**	**0**	**-13,747**
Balance Carried forward to 2027/28	**0**	**0**	**-23,480**	**-20**	**-23,500**

2.5 It is an important element of the financial management of the Authority that the DSG, wherever possible is not in a deficit position. A provisional surplus of £1.182m is being reported for 2024/25 this is due to an underspend in relation to growth funding within the Schools block and also within Early Years, both of which are fully committed in 2025/26 and without which there would have been a closing deficit of £0.520m. As the tables demonstrate the forecasted deficit is increasing significantly in future years.

2.6 The move to deficit is driven by pressures within the High Needs Block where both demand for, and the cost of services, continue to grow exponentially year on year, both locally and nationally. Therefore, it is vitally important that the level of scrutiny and management intervention that previously returned the DSG to a surplus position is upheld to ensure that the use of funding is optimised and future deficits are mitigated wherever possible. 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.

2.7 As previously reported the Statutory Override in relation to DSG deficits and Local Authority balance sheets has been extended to 31st March 2028, this together with an intent for the Government to commence a phased transition process which will include working with councils to manage their SEND deficits' and the pending publication of SEND reforms all have potential to materially impact the position going forward, but for the time being offer little by way of immediate tangible assistance

3. Actions/ Recommendations

3.1 Schools Forum is requested to note:

1) The 2024/25 outturn for the Dedicated Schools Grant
2) The current DSG budget for 2025/26 and 2026/27 and the consolidated forecast position as at 31 March 2026 and 31 March 2027.