CITY OF YORK COUNCIL

Information
Item 8

York Schools Forum **2 July 2026**

Report of the Director of Finance

DEDICATED SCHOOLS GRANT & MAINTAINED SCHOOLS OUTTURN 2026/27

Summary

1 This report presents the summary financial outturn position for the services funded from the Dedicated Schools Grant (DSG) in 2025/26 and sets out how the balance carried forward to 2026/27 has been applied.

2 Headline gross DSG expenditure for 2025/26 totalled £201.358m, an overspend of £1.399m (0.7%) compared to the budget of £199.959m. This was offset by higher than budgeted DSG income of £0.449m (0.2% of the £195.081m DSG income budget). However, as part of the Safety Valve Agreement that the Local Authority (LA) has made with the DfE, additional grant of £2.000m was also received at the end of the financial year. The net effect of these variations is an overall in year overspend variation to the net budget of £0.915m. This has resulted in a net deficit carry forward of DSG into 2026/27 of £0.665m.

Background

3 For 2025/26 the DSG continues to be treated as separate allocations and freedom to transfer resources between blocks without restrictions have been removed. From 2019/20 an additional Central School Services Block was created and transfers between the Schools Block and other blocks are subject to significant controls and restrictions.

4 Because of this additional information on how the net DSG outturn balance carried forward to 2026/27 has been applied across the four blocks has been provided.

Analysis

5 Details of the outturn position for each block within the 2025/26 DSG are provided in the table at Annex 1. The following paragraphs provide further explanations of the figures at Annex 1 for each block:

Schools Block

6 Annex 1 shows that there are only minor net variations in the maintained schools and academy recoupment expenditure figures. The budgeted amounts reflect the position at the time of the LA's Section 251 submission to the DfE. The Section 251 requires that only schools that have converted to academy status prior to the start of the financial year are budgeted as such. This means that as further conversions occur during the year there could be significant divergence from the original budget position. However, during 2025/26 there have been no additional conversions.

Central Services Block

7 Annex 1 shows a net underspend of £0.145m in central expenditure in relation to the school improvement commissioning budget. As the commissioning budget is used to finance activity across the 2025/26 academic year, there is a requirement to carry forward £0.145m to 2026/27 to fund expenditure up until August 2025, or to support further allocations to schools yet to be agreed.

Early Years Block

8 Net in year expenditure within the Early Years Block has been £0.150m higher than budgeted for. The early years element of the DSG is calculated on the basis of actual take up of hours. However, the final adjustment, based on the January 2025 early years census, has not yet been made. As the LA's practice is to always budget to spend the full Early Years DSG allocation and retain no contingency, then this deficit balance will need to be carried forward to 2026/27 to be offset by the positive DSG adjustment expected to be made to the early years DSG in 2026/27.

High Needs Block

9 Net in year expenditure within the High Needs Block has been £0.833m higher than budgeted for but £3.175m higher than the core DSG funding allocated by government. However, as part of the Safety Valve Agreement that the Local Authority (LA) has made with the DfE, additional grant of £2.0m was also received during the financial year. The effect of this additional grant produces a net in year High Needs block deficit of £1.175m, and moves the High Needs carry forward to 2026/27 from the originally budgeted £0.250m surplus to an actual deficit of £0.583m

Maintained School Outturn Balances

10 Annex 2 sets out the details of maintained schools' financial position at the end of the 2025/26 financial year. The tables shows that schools held revenue balances totalling £1.261m at 31 March 2025, representing 2.2% of core revenue funding. This is a significant reduction of £0.212m (14%) over the year, with only

seven schools (out of 22) maintaining expenditure within their income level for 2025/26.

11 Deficits of the levels experienced during 2025/26 are unsustainable if continued into future years. Schools Start Budgets and financial plans for 2026/27 are currently being analysed, with a further report to be presented to the forum in the autumn term.

Recommendations

12 The Schools' Forum is asked to note and comment on the information contained in this report.

Contact Details

Author:

Richard Hartle
Head of Children & Education Finance

Telephone: 01904 554225
e-mail: richard.hartle@york.gov.uk

Chief Officer Responsible for the Report:

Debbie Mitchell
Director of Finance

Telephone: 01904 552509
e-mail: debbie.mitchell@york.gov.uk

For further information please contact the author of the report

Annexes
Annex 1 – Dedicated Schools Grant Outturn 2025/26
Annex 2 – Maintained School Outturn Balances 2025/26

Background Papers
2025/26 Section 251 Statement
Maintained Schools 2025/26 Year End Statements

DEDICATED SCHOOLS GRANT - 2025/26 OUTTURN			
	Budget £m	**Actual £m**	**Variance £m**
Schools Block			
Maintained Schools Expenditure	41.301	41.308	0.007
Academy Recoupment	94.785	94.785	0.000
Pupil Growth Fund	0.138	0.347	0.209
DSG Funding	(133.688)	(133.792)	(0.104)
Post 16 Grant	(2.536)	(2.571)	(0.035)
Net Expenditure	**0.000**	**0.077**	**0.077**
Brought Forward from 2024/25	0.000	0.000	0.000
Carried Forward to 2026/27	**0.000**	**0.077**	**0.077**
Central Services Block			
Expenditure	1.798	1.656	(0.142)
DSG Funding	(1.798)	(1.801)	(0.003)
Net Expenditure	**0.000**	**(0.145)**	**(0.145)**
Brought Forward from 2024/25	(0.236)	(0.236)	0.000
Transferred to High Needs Block	0.236	0.236	0.000
Carried Forward to 2026/27	**0.000**	**(0.145)**	**(0.145)**
Early Years Block			
Expenditure	29.543	29.693	0.150
DSG Funding	(29.543)	(29.543)	0.000
Net Expenditure	**0.000**	**0.150**	**0.150**
Brought Forward from 2024/25	0.000	0.000	0.000
Carried Forward to 2026/27	**0.000**	**0.150**	**0.150**
High Needs Block			
Schools/Providers Expenditure	24.080	25.460	1.380
Direct Places Recoupment	5.722	5.722	0.000
Central Services Expenditure	2.592	2.387	(0.205)
DSG Funding	(30.052)	(30.394)	(0.342)
Additional Safety Valve Funding	(2.000)	(2.000)	0.000
Net Expenditure	**0.342**	**1.175**	**0.833**
Brought Forward from 2024/25	(0.356)	(0.356)	0.000
Transferred from Central Block	(0.236)	(0.236)	0.000
Carried Forward to 2026/27	**(0.250)**	**0.583**	**0.833**
DSG TOTAL			
Gross Expenditure	199.959	201.358	1.399
DSG Funding	(195.081)	(195.530)	(0.449)
Post 16 Grant	(2.536)	(2.571)	(0.035)
Additional Safety Valve Funding	(2.000)	(2.000)	0.000
Net Expenditure	**0.342**	**1.257**	**0.915**
Brought Forward from 2024/25	(0.592)	(0.592)	0.000
Carried Forward to 2026/27	**(0.250)**	**0.665**	**0.915**