



2025/26 DSG Outturn Position (unaudited)

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Schools Forum – 17th June 2026

Report to: Schools Forum

Cabinet Portfolio/Lead Member: Councillor Michelle Fascione, Lead Member
Children & Families, Education & Skills

Report of: Director of Children's Services, Stuart Easingwood

Subject: 2025/26 DSG Outturn Position (unaudited)

Date: 17th June 2026

Wards affected: All

Council ambitions: Connected to Jobs

Does the report and any appendices contain information which has been identified as confidential or exempt?

No, this report does not contain information identified as confidential or exempt.

For Executive Decisions only:

Is the decision a Key Decision? No

Is it included in the Forward Plan? No

If not in the Forward Plan is the report: n/a

Relevant Scrutiny Chair: n/a

Is the decision eligible for call-in by Scrutiny? No

(If the decision is anything other than any executive decision made by the Cabinet or a Key Decision made by an officer under delegated powers, call-in is not applicable. This should be explained in the report).

Purpose of Report

1. To update Schools' Forum on DSG balances as at 31 March 2026. This is the draft position and is subject to audit. The final position will be reported to Schools Forum in October with the position on individual schools' balances.

Background Information

2. The final DSG allocation for 2025/26 before academy recoupment was £193.904m
3. The details of the final audited outturn position will be brought to the next meeting of Forum in October. This report provides information on the unaudited closing balances for maintained school and local authority DSG budgets.

Draft Position as at 31st March 2026

4. The opening position of school balances at 1st April 2025 was **£1.036m**. There has been a reduction of £2.563m within the year therefore the unaudited closing school balances position is a deficit of **£1.527m**. This includes the use of reserves in setting budgets. On 31st March 2025 there were 13 schools in a deficit position. As of 31st March 2026, this figure has increased to 18 schools. A detailed report identifying these schools will be brought to Forum in October as scheduled.
5. The table below details the DSG Reserves as at the end of 2025/26 within schools related contingencies and their proposed use in 2026/27.

Reserve	Unaudited Closing Balance 2025/26	Proposed Use of Balances
High Needs Deficit	(£17,916k)	Balance Carried Forward to 2026/27
Early Years	£306k	Balance Carried Forward to 2026/27
Union Cover	£56k	Carried Forward for use in 2026/27
Schools in Financial Difficulty	£23k	Carried Forward for use in 2026/27
Early Years Pupil Premium	£61k	Carried Forward for use in 2026/27
Growth Fund	£446k	Carried Forward for use in 2026/27

6. Like many authorities, the DSG Reserve reflects an overall deficit balance of £17.023m, largely driven by ongoing pressures within High Needs expenditure. In response, central government has recognised these challenges and increased high needs funding allocations, with South Tyneside receiving uplifts of 14% in 2022/23, 7% in 2023/24, 5% in 2024/25, 10% in 2025/26, and 10% in 2026/27. However, despite this additional funding, demand continues to outpace the resources available,

even with the Council's initiatives aimed at managing and reducing the cost of meeting that demand.

7. The Government has announced proposals to fund up to 90% of local authority deficits. To access this funding, councils are required to submit a SEND reform plan for approval by the Department for Education (DfE). A plan has been developed outlining the actions to better manage and reduce High Needs expenditure, with the aim of bringing it back within budget and ultimately eliminating the deficit over time.

Financial and Resources

8. The draft implications are shown in paragraph 5 and are subject to audit approval. The final position will be shared when agreed.
9. The Director of Children's Services has been consulted on the proposal.

Legal and Governance

10. Non-compliance with school's forum regulations can lead to financial penalties, legal repercussions and reputational damage.
11. The recommendations in this report do not relate to a Key Decision and therefore prior notification on the Forward Plan is not necessary.
12. There are no significant legal or governance implications arising from the proposed recommendations in this report.

Risk

13. There are no significant risks arising from the proposed recommendations in this report.

Equality and Diversity and Community

14. There are no significant equality, diversity, community and integration implications arising from the proposed recommendations in this report.

Environmental and Sustainability

15. There are no significant environmental and sustainability implications arising from the proposed recommendations in this report.

Council Ambitions, Policies, Strategies and Plans

16. The delivery of high-quality education services in the borough supports the Council's ambitions for our residents to be Connected to Jobs through

having access to the right education, skills and confidence to access good quality jobs.

Consultation and Engagement

17. The Director of Children's Services has been consulted on the proposal.

Recommendations

18. Schools Forum is asked to:

- a. note the report and;
- b. agree the use of balances into 2026/27.

Reasons for Recommendations

19. To demonstrate Schools' Forum responsibility for monitoring DSG balances.

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The following is a list of the background papers (excluding exempt papers) relied upon in the preparation of the above report:

Background Paper	File Ref:	File Location
Dedicated Schools Grant Note to Accounts		