


## Agenda Item 5

	<p style="text-align: center;"><b>London Borough of Hammersmith &amp; Fulham</b></p> <p style="text-align: center;"><b>SCHOOLS FORUM</b></p> <p style="text-align: center;"><b>Tuesday 10<sup>th</sup> November 2025</b></p>
<p style="text-align: center;"><b>DEDICATED SCHOOLS GRANT MONITORING QUARTER 1 2025-26</b></p>	
<p><b>Open</b></p>	
<p><b>Wards Affected: (All Wards); All</b></p>	
<p><b>Accountable Director:</b> Jacqui McShannon, Executive Director People's Services</p>	
<p><b>Report Author:</b> Tony Burton Head of Finance for Children's Services and Education</p>	<p>Contact Details: <b>E-mail:</b> <a href="mailto:tony.burton@lbhf.gov.uk">tony.burton@lbhf.gov.uk</a></p>

### Purpose of the report

This report updates forum on:

The 2025/26 Quarter 1 monitoring position on the Dedicated Schools Grant following the retrospective Early Years Dedicated Schools Grant Funding adjustment for 2024/25.

A Technical Adjustment required to the Early Years Dedicated Schools Grant Budget 2025/26 resulting in an increase to the Special Educational Needs Budget allocation.

## 1. Introduction

### 1.1. This paper sets out:

- Current DSG budget 2025-26 after academy recoupment
- Forecast variances in each of the blocks of the Dedicated Schools Grant in 2025/26
- Projected closing balances at 31<sup>st</sup> March 2025 at Quarter 1 2025/26
- Technical adjustment required to the approved Early Years Budget 2025/26

## 2. Summary Position

2.1. Table 1 below shows the high-level position for 2025/26 financial year at quarter 1.

**Table 1 – Block Budgets and Forecast 2025/26**

DSG Allocations stated after deductions for academies recoupment, NNDR and direct funding of High Needs Places by the DfE

**Dedicated Schools  
Grant (DSG)  
Balances by Block**

Figures in red and brackets represent deficit	2025/26 DSG Budget £m	2025/26 Forecast Variance Qtr1 £m	Comments
Schools Block	38.560	0	All funding is forecast to be passported to schools or spent in 2025/26 pending recommendations for allocation of contingency for schools in the financial difficulty later in the year.
Central Services Schools Block	1.939	0	Nil variance after budgeted £0.243m transfer to support HNB expenditure.
High Needs Block	34.987	3.9m (deficit)	In-year deficit forecast of £3.9m in 2025/26 on High Needs versus DSFG funding. This will result in a retained DSG deficit forecast of £6.5m at 31 <sup>st</sup> March 2026.  Note there is significant risk of further pressures as a result of sustained pressures following quarter 1 and to the start of the new academic year 2025/26.
Early Years Block	21.477	0	Note the retrospective adjustment of 2024/25 funding confirmed in Summer 2025 was £45,851 adverse on closing estimates, principally due to a £62,662 reduction in the Maintained Nursery Supplement funding based on final activity.  It is expected this can be contained within 25-26 budgeted contingency.
<b>TOTAL DSG 25-26</b>	<b>96.964</b>	<b>(3.9)</b>	<b>Forecast In-year deficit</b>
<b>Cumulative Deficit 31/03/26</b>		<b>(6.5)</b>	<b>Forecast retained DSG deficit at year end is £6.5m with significant downside risk</b>

### 3. High Needs Block

- 3.1. The High Needs funding allocation is £34.987m after academy recoupment of £5.085m. Total High Needs funding before recoupment is therefore £40.072m in 2025/26.
- 3.2. The High Needs Block is forecast to overspend by £3.9m versus the funding allocation in 2025/26 at Quarter 1 after the budgeted application of £0.243m transfer from Central Services Schools Block and £1.23m transfer from the Schools Block. This represents an adverse position versus funding on High Needs.
- 3.3. The import/export funding adjustment on the high needs block was confirmed in Summer 2025 for the 2025/26 budget. This has resulted in a reduction in the High Needs funding allocation in 2025/26 of £0.5m which will further increase to £0.566m confirmed in November 2025.
- 3.4. The expenditure for 2025/26 includes the investment in special and SEN unit places in H&F schools from September 2025. This will provide value for money local places in H&F schools from 2025/26 academic year and beyond.
- 3.5. The Quarter 2 High Needs Block 2025/26 update paper provides details of current transformation activity including early intervention activity and the development of a more robust local offer.

### 4. Schools Block and Maintained De-delegation 2025/26

- 4.1. Table 2 shows the Local Authority held budgets for the Schools Block for maintained primary schools and High Needs totalling £38.560m.
- 4.2. A further £85.792m of the Schools Block has been recouped by the ESFA and paid directly to academy and free schools via their GAG funding.

**Table 2 - Schools Block Forecast 2025/26**

	£m 2025/26 Budget	£m 2025/26 Forecast	£m 2025/26 Variance
Schools Block delegated (after academy recoupment) Maintained Primary Only	36.486	36.486	0
Falling Rolls Fund	Nil	Nil	Nil
Maintained schools de-delegated Budget	0.555	0.555	0
Maintained schools Education Functions	0.289	0.289	0
Transfer to High Needs Block	1.230	1.230	0
<b>Total Schools Block received by LBHF</b>	<b>38.560</b>	<b>38.560</b>	<b>0</b>

- 4.3. Although no variances are expected, any underspends on the maintained schools de-delegated budgets and education functions will be confirmed to maintained primary schools in March 2026 prior to the financial year close.
- 4.4. De-delegated budgets include £96,900 for maintained primary schools in financial difficulty. Several maintained primary schools are working on deficit recovery plans and a number of requests for support have been received subject to further deficit recovery planning. A subgroup of the Schools Forum will meet to discuss potential allocations from the fund prior to Schools Forum in the Autumn or Spring Terms of 25/26 academic year.
- 4.5. No falling rolls fund has been provided since the 2024/25 Schools Block budget as grant conditions going forward require clear school place planning data that places will be required in the next 3 to 5 years.

## **5. Central Services Schools block 2025/26**

- 5.1. The CSSB block is forecast to outturn to budget at £1.939m in 2025/26, including the £0.243m budgeted contribution to the High Needs block.

## **6. Early Years Block 2025/26**

- 6.1. An additional retrospective adjustment of the 2024/25 Early Years Block was made in Summer 2025 by the Department for Education with respect to the maintained nursery supplementary funding based on final activity in 2024/25. It is expected that this will be covered by the 2025/26 contingency budget.

## **7. Early Years Technical Budget Adjustment 2025/26**

- 7.1. Following submission of the 2025/26 Section 251 Budget Statement in Summer 2025, the DfE has informed the council that to be compliant with EY funding guidance a technical adjustment needs to be made to funding allocations to ensure compliance with grant funding conditions.
- 7.2. The original budget model approved at Schools Forum and Cabinet proposed to ringfence separate grant funding received by Primary Schools in 2024/25 following this funding being mainstreamed into the Early Years Block of the DSG from April 2025.
- 7.3. The ringfencing pushed the total supplements as a percentage of funding paid to providers over the 12% limit on 3- and 4-year-old entitlements per grant conditions. This was flagged on the Summer 2025 S251 Budget submission for 2025/26.
- 7.4. When the budget was set it was believed that the 12% limit had not been breached as the calculation included a budgeted direct lump sum funding to maintained nursery schools of £0.574m and direct funding budgeted to

providers of £0.502m for the special educational needs' inclusion fund (SENIF)

- 7.5. The Department of Education have confirmed these elements of the budget paid to providers must be excluded from the baseline calculation of percentage paid through supplements on each of the government funded entitlements.
- 7.6. The supplement percentage is below the 12% limit on the two-year-old and under two-year-old entitlements.
- 7.7. The revised budget ensures compliance with grant conditions by:
  - A reallocation of £135k of the quality supplement to the SENIF budget from 2025/26 financial year
  - This allows for greater investment in inclusion via an increase in the funding for Bands A /B (currently B and C)
  - Further, this allows for the creation of an Exceptional Funding band for children with higher level of need and those whose EHCNA request has been declined.
  - budget will allow for the continued uptake of SEN early intervention support and to support a more complex cohort with early intervention support.

**Report ends**