

Agenda Item 2

	London Borough of Hammersmith & Fulham SCHOOLS FORUM Tuesday 3rd March 2026
DEDICATED SCHOOLS GRANT MONITORING QUARTER 2 2025-26	
Open	
Wards Affected: (All Wards); All	
Accountable Director: Jacqui McShannon, Executive Director People's Services	
Report Author: Tony Burton Head of Finance for Children's Services and Education	Contact Details: E-mail: tony.burton@lbhf.gov.uk

Purpose of the report

This report updates forum on:

The 2025/26 Quarter 2 monitoring position on the Dedicated Schools Grant following the retrospective Early Years Dedicated Schools Grant Funding adjustment for 2024/25.

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 31st March 2026 at Quarter 2 2025/26

2. Summary Position

2.1. Table 1 below shows the high-level position for 2025/26 financial year at quarter 2.

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	2025/26 Forecast Variance Qtr2	Comments
	£m	£m	
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	4.9m (deficit)	In-year deficit forecast of £4.9m in 2025/26 on High Needs versus DSG funding. This will result in a retained DSG deficit forecast of £7.6m at 31 st March 2026. Note there is significant risk of further in-year expenditure versus forecast as a result of sustained EHCP demand following 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.
TOTAL DSG 25-26	96.964	(4.9)	Forecast In-year deficit
Cumulative Deficit 31/03/26		(7.6)	Forecast retained DSG deficit at year end is £7.6m with significant downside risk

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 **£4.9m** versus the funding allocation in 2025/26 at Quarter 2 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 forecast assumes that financial benefits realisation with respect to new resource provision will occur from September 2025, however there is risk that the expected savings occurring from the investment may be limited in the remainder of 2025/26 financial year.
- 3.6. In addition, further risks with respect to the forecast exist for 2025/26 with respect to:
 - sustained EHCP growth following the start of the academic year above the forecast level
 - placement needs driving cost growth due to increasing complexity of need presenting

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 for the block transfer to High Needs totalling £38.560m.
- 4.2. A further £84.434m of the Schools Block has been recouped by the ESFA and paid directly to academy and free schools via their GAG funding.
- 4.3. No variances are expected, with dedelegated and statutory education functions budgets fully spent in 2025/26.
- 4.4. De-delegated budgets include £96,900 for contingency for maintained primary schools in financial difficulty.

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
Total Schools Block received by LBHF	38.560	38.560	0

4.5. Three schools in financial difficulty have requested support with redundancy costs as part of stabilisation and deficit recovery plans. The total support requested is £212,020 against the available funding of £96,900.

4.6. The proposed support would fund 45.7% of the support requested in each case as per the table 3 below:

Table 3: Proposed Support from Contingency for Schools in Financial Difficulty

School	Support Requested £	Support Proposed £	Purpose of Support
Miles Coverdale	66,176	30,365	
Flora Gardens	55,844	25,635	Support with costs to reduce cost base and move to sustainable medium-term position
St Pauls C of E	90,000	41,297	
Total	211,176	96,900	

4.7. Maintained Primary representatives on Schools Forum are asked to agree the contingency payments to schools linked to ongoing financial recovery planning for budget sustainability and licenced deficit agreements with the local authority to be agreed in due course.

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.
- 6.2. A further adjustment to Early years funding expected in Autumn 2025 and following Spring 2026 census with respect to revised activity which is not expected to have caused any pressures to the budget.
- 6.3. The estimated budget outturn position will be presented at June 2026 Schools Forum which will be subject to final retrospective funding adjustments by DfE in July 2026.
- 6.4. Note that following the technical adjustment in Qtr1, funding has been deployed in line with revised quality supplement for mainstream primary schools for historic pay and pension grants.

Report ends