Schools Forum

10 July 2026

DSG Outturn Q4 2025/26

2025/26 DSG Outturn

DSG Allocation	Budget £m	Outturn £m	Variance £m
Schools Block	138.166	138.151	(0.015)
Less Recoupment	(71.797)	(71.797)	-
Less NNDR adj	(1.306)	(1.306)	-
Schools Block	**65.063**	**65.048**	**(0.015)**
Central Block	**0.934**	**0.924**	**(0.010)**
High Needs Block	28.786	46.277	17.492
Less Recoupment	(5.254)	(5.254)	-
High Needs Block	**23.532**	**41.024**	**17.492**
Early Years Block	**23.893**	**22.818**	**(1.075)**
Total DSG 2025/26	**113.422**	**129.814**	**16.393**

* Funding as per DfE website Mar 2026 allocation update

2025/26 Overall DSG Variances

- Schools Forum recommended a High Needs budget of £43.5 million for 2025/26, with a funding gap of £20.0 million.
- The outturn position has resulted in the in-year deficit being lower than when the budget was set. The end-of-year position is an overspend of £16.4 million.
- A net £3.6 million reduction in the deficit as detailed:

Overall DSG	**Q4 Draft Outturn Variance £m**
Fees to Independent Schools and Alternative Provision	(5.4)
Complex Needs	(1.1)
High Needs SEN Protection	(0.3)
Early Years Block	(1.1)
Other (Misc.)	(0.1)
Forecast Underspend	**(8.0)**
SEN Top Up Payments Mainstream/Special/PRU	1.6
High Need Post 16 Top ups	2.1
S19 Education Costs	0.2
Inter Authority Recoupments	0.5
Forecast Overspend	**4.4**
Net Outturn Underspend vs Budget	**(3.6)**

Outturn

- The **Schools Block outturn is a £15k underspend**, arising from increased Trade Union facilities traded income exceeding associated expenditure.

- The **Central Block outturn shows a £10k underspend**. This reflects a £40k underspend within the admissions administration budget, driven by higher traded income relative to salary costs, offset by a £30k overspend on the DfE licences budget.

- The **Early Years Block outturn** is **£1.1 million underspent**, arising from the timing of spring and summer term 2025 payments, which were delayed due to the Easter holiday period. When the 2024/25 Early Years outturn was reported to Schools Forum, an overspend was presented, with the expectation that a corresponding underspend would materialise in 2025/26, although the value was not known at that time.

High Needs Block Outturn

High Needs Block	Budget £m	Outturn £m	Variance £m
Special School Places	1.207	1.222	0.015
PRU Places	1.033	1.076	0.043
PRU Top Ups	0.512	0.815	0.303
Early Years SENIF Grants	0.270	0.228	(0.042)
Nurture Provision	0.291	0.204	(0.087)
Resource Bases (inc. top ups)	0.552	0.866	0.314
Autism Bases	0.566	0.315	(0.251)
SEN Support Services	1.471	1.178	(0.293)
Inter Auth Recoupment	(0.060)	0.407	0.467
Fees to Independent Schools	20.626	15.237	(5.389)
S19 Education costs	-	0.194	0.194
Tier 4 Hospital School Provision	-	0.011	0.011
High Needs – School Top Ups	5.809	7.038	1.229
High Needs – Special Top Ups	5.424	5.753	0.330
High Needs – Post 16 Top Ups	2.808	4.916	2.108
High Needs SEN Protection	1.544	1.229	(0.315)
DSG Complex Needs Contributions	2.558	1.452	(1.106)
High Needs Contingency (Block Transfers)	(1.098)	(1.116)	(0.018)
High Needs Block Budget Requirement	**43.513**	**41.024**	**(2.487)**
High Needs Block 2025/26 Net Allocation	(23.532)	(23.532)	-
High Needs Block 2025/26 Deficit	**19.981**	**17.492**	**(2.487)**

Cumulative Deficit Balance

- At the 31st of March 2026, the outturn has increased the carried-forward **DSG Deficit cumulative balance to £36.3 million**, as analysed in the table below:

DSG Deficit	Pre 2022/23 Balance £m	2023/24 £m	2024/25 £m	2025/26 Outturn £m
Outturn	1.1	5.0	13.8	16.4
DSG Deficit Cumulative balance	**1.1**	**6.1**	**19.9**	**36.3**

High Needs Stability Grant (HNSG)

- The DfE announced on 23 February 2026 a new High Needs Stability Grant to offset 90% of LA historic DSG deficits up to and including the 31 March 2026. Council's will then have to fund the remaining 10% from its Earmarked Reserves. This would equate to £32.7m of HNSG funding for Herefordshire based on the Q4 outturn, with £3.6m to be found from Council reserves.

- However, the HNSG will only be paid once the DfE have approved the Local SEND Reform Plan which was submitted on 19 June. If the plan meets the DfE requirements on first assessment, HNSG funding is expected to be paid sometime during autumn 2026.

- For deficits that arise in 2026/27 and 2027/28, LAs can expect that the DfE will continue to take "an appropriate and proportionate approach", though it will not be unlimited.

DSG Update & 2027/28 Budget Planning

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- The 2026/27 De-delegated Services are funded as follows:

	2026/27 £	
Access budgeting software	23,056	Primary & Secondary
Free school meals eligibility checking	13,502	Primary & Secondary
English as an additional language	55,008	Primary & Secondary
Trade Unions	20,240	Primary only
School Improvement Service	67,170	Primary & Secondary
Contingencies	11,213	Primary & Secondary
Inclusion Outreach Team (previously the Behaviour Support Service)	31,110	Primary only
Total De-delegated Services	**221,299**	

DSG Update & 2027/28 Budget Planning

- The 2026/27 Central School Services Block (CSSB) is funded as follows:

	2026/27 £	
Statutory retained duties	390,000	Education Service Management
Schools Forum administration costs	19,000	Democratic Services supporting the Forum
School Admissions	71,288	Admissions Service & Democratic Services (i.e. appeals process)
National licences for schools	192,736	Awaiting final confirmation from DfE so estimated at 25/26 charge plus 4% inflation
SACRE funding for statutory duties	4,000	Religious education curriculum costs
Transfer to the High Needs Block	286,441	Spare unallocated budget
Total CSSB	**963,465**	

DSG Update & 2027/28 Budget Planning

- Appendix A includes a summary of the activities undertaken by each De-delegated Service. Schools Forum are invited to review these services to determine if they would like to continue to fund them in 2027/28, with decision to be made at the October meeting.

- The council is currently undertaking a review of the ongoing commitments of the CSSB and Education Management Functions ISB top slice in preparation of the 2027/28 budget. We are currently reviewing the DSG technical guidance to look for ways that we can maximise the CSSB funding and reduce the burden to the ISB if possible. A further report will be presented to the October Schools Forum report, with recommended amendments which will form part of the 2027/28 budget setting process.

DSG Update & 2027/28 Budget Planning

Timetable of 2027/28 budget setting process is included within the Schools Forum report. Key deadlines for BWG/Schools Forum to note are:

Date	Action
October 2026	Schools Forum to decide 2027/28 De-delegated Services and Education Management Functions budgets Schools Forum consider 2027/28 Disapplication requests for Secretary of State
December 2026	DfE announces schools' revenue funding settlement for 2027/28
January 2027	Schools Forum to approve 2027/28 budget for Schools, CSSB and Early Years
March 2027	Schools Forum to approve 2027/28 High Needs budget

Scheme for Financing Schools (LMS Scheme)

Scheme for Financing Schools (LMS Scheme)

- The Department for Education (DfE) published their statutory guidance to local authorities on 26 March 2026, which confirmed there are no directed changes required for 2026/27 financial year.

- In addition, Herefordshire Council will not make any local revisions to the scheme, therefore there is no requirement for consultation on this year's scheme.

- Herefordshire Council Scheme for Financing Schools (LMS Scheme) is effective immediately for 2026/27 financial year.

Questions