

REPORT TO: Schools' Forum

DATE: 21 January 2026

REPORTING OFFICER: Operational Director – Finance

PORTFOLIO: Children, Young People & Families

SUBJECT: DSG Forecast Outturn for 2025/26

WARD(S) Borough wide

1.0 PURPOSE OF THE REPORT

1.1 To report the Dedicated Schools Grant forecast outturn for 2025/26.

2.0 RECOMMENDATION: That the report be noted.

3.0 SUPPORTING INFORMATION

3.1 Grant settlement

The finalised Dedicated Schools Grant allocation for 2025/26 is £168,645,754, following Department for Education's revisions to the Early Years and High Needs blocks:

Schools Block	£117,833,053
CSSB	£ 765,250
Early Years Block	£ 20,287,728
High Needs Block	£ 29,759,723

Of this, £62,843,886 is recouped from the Schools Block for direct funding of mainstream Academies, and an estimated £4,506,670 recouped from the High Needs Block for academies and further education. These figures are based on the latest (November) DSG settlement update provided by the DfE.

3.2 Schools Block

Following agreement with Schools Forum, an amount of £117,752,106 in relation to the Schools Block was devolved to mainstream primary and secondary schools and academies through the local funding formula.

We are mirroring the National Funding Formula (NFF) factors and criteria, as well as the NFF cash values for all formula components.

3.3 Central Schools Services Block (CSSB)

The revised CSSB of £846,197 is currently forecast to budget in respect to the central services supported by this block.

3.4 Early Years Block

The revised Early Years Block of £20,287,728 (amended during the Summer in respect of the January 2025 EY census) is currently forecast to budget, but is subject to future variation based on termly headcount data.

3.5 High Needs Block

The High Needs block allocation of £29,759,723 is reduced by recoupment of £4,506,670 (see details below) and the balance of £25,253,053 is insufficient to meet the total estimated expenditure required for 2025/26 of £38,001,314. We estimate a shortfall of £12,748,261.

Place Deductions	Current Nos.	Recoupment
Academy Resourced Provisions: Pre-16 (filled)	76.92	£468,500
Academy Resourced Provisions: Pre-16 (vacant)	6.42	£52,501
Special Academies: Pre-16	193.92	£1,939,167
Special Academies: Post-16	27.33	£273,334
Special free schools: Pre-16	57.33	£573,334
Special free schools: Pre-16 AP		£5,834
FE/ILP	199.00	£1,194,000
		£4,506,670

The projected £12.75m in-year deficit within the High Needs Block is broken down as overleaf (includes the effect of the recoupment):

	<i>CURRENT GROSS BUDGET</i>	<i>CURRENT GROSS FORECAST</i>	<i>VARIANCE</i>
High Needs place funding- Mainstream Units	£1,431,940	£2,047,001	-£615,061
High Needs place funding- Special	£4,945,835	£7,365,085	-£2,419,250
High Needs place funding- PRU	£995,833	£1,089,000	-£93,167
Top-up funding- maintained mainstream schools	£2,728,439	£4,512,368	-£1,783,929
Top-up funding- maintained special schools	£2,150,842	£2,845,091	-£694,249
Top-up funding- maintained PRU	£1,743,236	£1,739,387	£3,849
Top-up funding- academies, free schools & colleges	£2,028,918	£3,382,810	-£1,353,892
Top-up funding- Special academies	£989,608	£3,335,875	-£2,346,267
Top-up & other funding- non-maintained and independent providers	£7,272,179	£11,086,503	-£3,814,324
Top-up & other funding- Post-16 FE	£2,796,102	£2,167,449	£628,653
SEN support services	£2,280,293	£2,233,815	£46,478
Special free school	£330,606	£579,168	-£248,562
Exclusions		£58,540	-£58,540
Support for inclusion	£45,492	£45,492	£0
Therapies and other health-related services	£20,400	£20,400	£0
Totals	£29,759,723	£42,507,984	-£12,748,261

The projected overspend is in the main due to significant expansions in numbers and specifications of resource bases, increasing numbers and costs of high-cost specialist placements in or out of Borough, and increases in numbers and value of EHCP (Education & Health Care Plan) assessments.

We began the financial year anticipating a shortfall of £9.4m, so the first 8 months of 2025/26 have seen that increase by a net £3.35m (£3.84m of spend, less £0.49m increase in Block funding)

3.6 DSG Balances

Taking into account the deficit brought forward from 2024/25 of £5,348,546, and anticipating the ongoing pressures specifically faced by the High Needs Block forecasting an in-year deficit of £12,748,261, the cumulative forecast DSG deficit by the end of 2025/26 (31st March 2026) is £18,096,807.

The accumulating deficit has resulted in Halton being included in tranche 3 of the DfE intervention 'Delivering Better Value (DBV) in High Needs where work has taken place to develop a realistic and robust recovery plan for the approval of the DfE.

4.0 **POLICY IMPLICATIONS**

None

5.0 **FINANCIAL IMPLICATIONS**

- 5.1 Further savings and reducing overspends are essential to getting back to a balanced DSG position.

6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

6.1 Improving Health, Promoting Wellbeing and Supporting Greater Independence

None

6.2 Building a Strong, Sustainable Local Economy

None.

6.3 Supporting Children, Young People and Families

It is essential that schools and education support services receive sufficient funding to allow them to support all children and young people.

6.4 Tackling Inequality and Helping Those Who Are Most in Need

The High Needs budgets – those under greatest pressure – are key to improving outcomes for those greatest in need.

6.5 Working Towards a Greener Future

None.

6.6 Valuing and Appreciating Halton and Our Community

None.

7.0 RISK ANALYSIS

7.1 Continued overspending against DSG will impede plans to change and improve services and provision.

8.0 EQUALITY AND DIVERSITY ISSUES

8.1 The Local Authority must discharge its statutory responsibilities in relation to all schools and settings.

9.0 CLIMATE CHANGE IMPLICATIONS

None