Suffolk County Council

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Committee:	Schools Forum
Meeting Date:	16th July 2026
Title:	DSG Spend 2025-26
Author:	Michael Quinton, Senior Accountant – CYP & Schools
Decision making / consultative / information:	Information
Who can vote?	N/A

What is the Forum being asked to decide?

1. Schools Forum are asked to note the DSG outturn for 2025-26.

Reason for recommendation

2. No recommendation is made as the paper is for information only.

Alternative options

3. This paper is for information only and so no alternative option is applicable.

Who will be affected by this decision?

4. Whilst no decision is required at this point in time, the DSG reserve position affects all schools and provider settings.

Main body of the Report

5. The total DSG allocation to Suffolk, net of recoupment was £308.276 million. The DSG outturn position for 2025-26 resulted in spend of £378.524 million resulting in an operational overspend of £70.248 million. This is summarised in Table 1 below. The cumulative DSG deficit position as shown in table 2 is £163.839 million.

Table 1: 2025-26 Outturn Position

		2025-26	
	Budget	Spend	Variance
Central Schools Cervices Block (CSSB)			
Regulatory & Other Statutory Duties	3,331,218	3,243,755	(87,463)
Early Help Services	1,735,496	1,735,496	0
Total CSSB	**5,066,714**	**4,979,251**	**(87,463)**
Early Years	92,439,266	91,466,853	(972,413)
High Needs Block	96,435,350	168,827,007	72,391,657
Schools (inc. de-delegated)	112,454,819	112,354,442	(100,377)
Recoupment / Rates differences	0	(105,746)	(105,746)
Growth	1,880,000	896,631	(983,369)
Total Operational DSG	**308,276,149**	**378,524,184**	**70,248,035**

6. The budgets agreed by Schools Forum for activities to be funded from the CSSB historical commitment element, after the savings of 20% against this element of funding had been applied, were fully utilised towards total expenditure. The majority of this spend is funded by core budgets, with the CSSB element reducing by a further 20% in 26-27, and a 20% reduction in each future year. This budget reduction will be met within the Local Authority from savings agreed elsewhere within the Council in order to protect services to schools. The element of the regulatory and other statutory duties budget that was not spent in year is added to the Schools Block element of the DSG reserve.

7. The Early Years underspend comprises two distinct elements. The first relates to centrally retained Early Years expenditure, which includes funding for services and initiatives delivered by the LA to support the Early Years sector, such as staffing, inclusion support, sufficiency duties, quality improvement and other centrally managed functions. This element is the £0.972 million underspend shown in table 1.

8. The second element relates to funding allocated for provider payments. Due to the recent expansion of entitlements across the Early Years sector there is more uncertainty around uptake and forecasting for this due to changes in termly headcounts. The difference between allocated funding and actual payments was £2.900 million. This has been accounted for accordingly in the year end accounts with the expectation that our 25-26 final Early Years allocation will be reduced based on updated DfE data and their actual census information. For that reason, this is not treated as a ‘real’ underspend and is not included in table 1. This is usually adjusted and published in the summer term, and we will inform forum of the final allocation during the autumn meetings.

9. The operational overspend against the High Needs block was £72.391 million and details of this are included in the High Needs Funding - End of Year Position paper. The vast majority of HNB expenditure relates to individual children, with payments being made to Suffolk schools and independent schools & colleges. These payments can be for the full cost of places or can be in the form of individual pupil “Top-ups” to the funding which Suffolk schools already receive for the pupils.

10. As mentioned in the High Needs paper, the Government's new High Needs Stability Grant will provide significant relief to local authorities by covering 90% of eligible DSG deficits accumulated up to 31st March 2026, subject to authorities agreeing and securing approval for a local SEND reform plan. The grant forms part of the Government's wider response to the national SEND funding crisis and is intended to remove the majority of historic High Needs deficits from council balance sheets, helping to stabilise local government finances and support continued investment in SEND services.

11. For Suffolk, where the forecast DSG deficit at the end of 25-26 is £163.839m, the High Needs Stability Grant (HNSG) could potentially reduce the historic deficit burden by approximately £147.400 million (90%), leaving a residual deficit of around £16.400 million to be managed locally, subject to the final grant calculation, reconciliations of numerous data sources and approval of Suffolk's SEND reform plan.

12. It does not address the underlying in-year cost pressures within the HNB. The assumptions underpinning Suffolk's SEND Reform Plan recognise that, without the successful implementation of planned system reforms, inclusion initiatives and demand management measures, the authority would continue to face recurring substantial in-year deficits over the longer term.

13. The Schools Block budget had a small underspend of £0.105 million, relating to rates adjustments, and a further underspend against growth of £0.983 million. For reference the growth budget (as agreed by forum) has been reduced for 26-27 to reflect the reduction in spend seen over the past few years and this was reallocated into schools' budgets. However, this budget will need to be reviewed each year as it also supports new schools and the cost of establishing these.

14. Below shows the overall DSG reserves closing position of £163.839 million. As well as the operating variance, as reported in Table 1 there were also in year transfers. The HNB transfer relates to the agreed 0.5% contribution from the school's block. This is agreed by school's forum at the vote held during the autumn term. The second transfer relates to historic academy conversion balances (mainly pre-2017) where school revenue balances had been overstated, and capital balances understated (overall net nil position) when paying final balances over to academies and trusts. This balance was held in a capital reserve and needed moving to correct accordingly.

Table 2 – 2025-26 DSG Reserves position

	Opening position	In-year transfers	Operating Variance	Closing position
2 Year Old Capital Monies	(286,793)			(286,793)
Pre Reforms Adjustment	0	(1,207,013)		(1,207,013)
Net Operating Underspend 14-15 (Hold for Academy Debts) (Schools)	(83,212)			(83,212)
Early Years DSG	(1,261,361)		(972,413)	(2,233,774)
Schools Block DSG	(2,007,033)		(1,171,210)	(3,178,243)
HNB DSG	101,276,105	(2,839,215)	72,391,657	170,828,547
Total DSG Reserves	**97,637,706**	**(4,046,228)**	**70,248,034**	**163,839,513**