Thurrock Borough Council
Schools Forum

Agenda Item No: 04

THURROCK SCHOOLS FORUM REPORT	
DATE:	18 June 2026
SUBJECT:	Dedicated Schools Grant 2025/26 - Outturn
REPORT OF:	David May
THE REPORT IS:	For Information and Comment

1. EXECUTIVE SUMMARY

1.1 The Dedicated Schools Grant reports an outturn position of £5.302m (2.94%) overspend, against a revised budget of £71.977m. The 2025/26 budget identified risk of £3.731m, that were reflected in the DSG Management Plan.

1.2 There continues to be significant risk within the High Needs Block:
- Continued increase in demand for EHCP’s; and
- Sufficiency of local offer to prevent high-cost external placements.

1.3 The DSG Management Plan is updated monthly to reflect current and forecast demand within the High Needs Block. Current forecasts show that by the end of 2028/29 financial year, the deficit is projected to be £42.530m.

1.4 In February 2026, the government announced its approach to support local authorities with DSG deficits. The High Needs Stability Grant will provide funding to cover 90% of a local authority's eligible, high needs-related DSG deficit accrued up to the end of the 2025/26 financial year. To receive the grant, authorities must secure Department for Education (DfE) approval for a local SEND reform plan. This plan must detail a pathway toward a financially sustainable and inclusive system.

1.5 The accrued deficit at the end of 2025/26 is £4.919m. The 10% contribution that Thurrock would be expected to make up to 2025/26 is £0.492m.

2. RECOMMENDATIONS

2.1 The Schools Forum is sighted on the:

a) The DSG outturn 2025/26 position, the significant areas of demand and impact on future years.
b) The introduction of the High Needs Stability Grant 2025/26
c) Impact of the Accumulated DSG Management Plan deficit.
d) Key areas and long term solutions to the current position that can be considered by the Schools Forum sub group.

3. PURPOSE OF THE REPORT

3.1 To inform members of the Schools Forum of the outturn position for 2025/26, in accordance with the Schools Forums (England) Regulations 2012.

4. DEDICATED SCHOOLS GRANT 2025/26

4.1 The Dedicated Schools Grant reports an outturn position of £5.302m (2.94%) overspend, against a revised budget of £71.977m. The 2025/26 budget identified risk of £3.731m, that were reflected in the DSG Management Plan.

Table 1 – Dedicated Schools Grant

Dedicated Schools Grant	Budget as at Q3 2025/26	DSG Movement Q4	Final Budget 2025/26	Outturn 2025/26	Variance to Budget 2025/26	Variance to Budget Q3 2025/26	Movement in Variance from Q3
	£m	£m	£m	£m	£m	£m	£m
School Block	£5.811	£0.000	£5.811	£5.015	(£0.796)	(£0.400)	(£0.396)
Central Services Block	£1.598	£0.000	£1.598	£1.584	(£0.014)	(£0.009)	(£0.005)
High Needs Block	£34.372	£0.000	£34.372	£40.623	£6.251	£7.213	(£0.962)
Early Years Block	£30.135	£0.061	£30.196	£30.057	(£0.139)	(£0.040)	(£0.099)
Total DSG	**£71.915**	**£0.061**	**£71.976**	**£77.278**	**£5.302**	**£6.764**	**(£1.461)**

4.2 The DSG and budget are frequently updated by the Department for Education to reflect updated census and academic year data. The revised budget of £71.977m, a decrease of £0.249m, reflects changes in:

- HNB Academy recoupment;
- Import / Export Adjustment that reflects the increase in Post-16 pupils educated outside of Thurrock
- Updates to Early Years funding reflecting the outcome of Summer 2025, Autumn 2025 and Spring 2026 census data.

Table 2 – Dedicated Schools Grant Funding Blocks

DSG 2025/26	SB	CSSB	HNB	EYB	Total
	£'m	£'m	£'m	£'m	£'m
Funding Settlement	180.524	1.598	41.870	30.192	254.184
Academy Recoupment	(174.713)	0.000	(7.246)	0.000	(181.959)
Original DSG	**5.811**	**1.598**	**34.624**	**30.192**	**72.225**
DfE Update Academy Recoupment	0.000	0.000	(0.187)	0.000	(0.187)
DfE Update 22-07-2025	0.000	0.000	(0.084)	(0.472)	(0.556)
DfE Update 24-11-2025	0.000	0.000	0.018	0.415	0.433
DfE Update 31-03-2026	0.000	0.000	0.000	1.255	1.255
EY Adjustment	0.000	0.000	0.000	(1.194)	(1.194)
Final DSG	**5.811**	**1.598**	**34.372**	**30.196**	**71.977**

4.3 The net overspend is driven by:

- Top Up Funding Academies - £1.366m. Increase in the number of EHCPs and hours awarded to support pupils in mainstream academies.
- Resource base - £0.465m. Includes additional payments required to fund the Minimum per pupil Guarantee and additional commissioned places.
- Special schools - £0.104m, increase in commissioned places.
- OLA Mainstream/Academies - £0.451m. Increase in placements.
- Independent schools/OOB - £2m – risk removed in setting 2025/26 budget. Increase in unit costs and full year impact of 2024/25 placements.
- Post 16 - £0.730m
- Tuition - £0.717m. Reflection of current students receiving tuition.
- Additional High Needs Targeted – £0.250m increase in demand for behavioural therapists and professional mediation.

4.4 The movement between Quarter 3 and outturn for the DSG is a net decrease of £1.461m. This is due to:

- Unallocated Growth Fund - £0.400m
- Top Up Funding Academies - £0.245m
- Top Up Funding Special – £0.200m
- Top Up OLA Mainstream/Academies - £0.186m
- Post 16 - £0.330m
- Early Years - £0.100m

5. DSG RESERVE

5.1 On 1 April 2025, the total of DSG reserves were £0.383m and were fully committed for use in 2025/26 to offset pressures in the High Needs Block.

Table 3 – Use of Reserves

Description	Balance as at 31 March 2025	Drawdown from reserve 25/26	Final Contribution To Reserve 2025/26	Balance as at 31 March 2026
DSG Unusable reserve	£1.883	£0.000	£3.036	£4.919
DSG Usable Reserve	(£2.266)	£0.000	£2.266	£0.000
Total Dedicated Schools Grant Reserve	**(£0.383)**	**£0.000**	**£5.302**	**£4.919**

5.2 The table below funds used to support the expansion of the early years offer.

Table 4 – Use of Early Years Reserve

Description	Balance as at 31 March 2025	Drawdown from reserve 25/26	Drawdown to reserve 25/26 to 26/27	Balance as at 31 March 2026

LA Capacity Funding for new entitlement and wraparound care	(216,942)	£39,462		(177,480)
New Entitlement Capital Funding	(151,433)	£151,433		£0
Early Years Professional Development Programme	(7,860)	£7,860		£0
Total Early Years Reserve	(£376,235)	£198,755	£0	(£177,480)

6. DSG MANAGEMENT PLAN

6.1 The DSG Management Plan is updated monthly to reflect current and forecast demand within the High Needs Block. Current forecasts show that by the end of 2028/29 financial year, the deficit is projected to be £42.530m. This reflects, both the national and local, significant increase in the number of EHCP's and the complexity of need. The local offer continues to be reviewed.

Table 5 – DSG Management Plan

Thurrock DSG Management Plan	**2026**	**2027**	**2028**	**2029**
Total EHCP / Places funded by HNB	**2,791**	**3,148**	**3,556**	**3,970**
DSG Management Plan	**2025-26**	**2026-27**	**2027-28**	**2028-29**
Total Expenditure	£m	£m	£m	£m
Mainstream	11.253	13.987	13.956	14.681
Resources	6.300	6.465	6.862	7.129
Special Schools	14.950	17.501	19.766	22.608
NMSS or Independent	5.863	6.138	6.418	6.349
Medical or Home Tuition	1.403	1.364	1.181	1.238
Post-16 or FE	3.862	4.137	4.538	4.989
AP	2.824	3.151	3.201	3.259
Other H2S Transport	1.600	1.600	1.600	1.600
Total	**48.055**	**54.342**	**57.523**	**61.854**
DSG Assumed	**41.804**	**44.035**	**45.356**	**46.717**
In Year Position HNB	**6.251**	**10.307**	**12.167**	**15.137**
Other Funding Blocks	**(0.949)**	**0.000**	**0.000**	**0.000**
DSG Deficit/(Surplus)	**(0.383)**	**4.919**	**15.226**	**27.393**
Accumulated Deficit/(Surplus)	**4.919**	**15.226**	**27.393**	**42.530**

6.2 In February 2026, the government announced its approach to support local authorities with DSG deficits. The High Needs Stability Grant will provide funding to cover 90% of a local authority's eligible, high needs-related DSG deficit accrued up to the end of the 2025/26 financial year. To receive the grant, authorities must secure Department for Education (DfE) approval for a local SEND reform plan. This plan must detail a pathway toward a financially sustainable and inclusive system.

6.3 Whilst the High Needs Stability Grant has only been confirmed for 2025/26 it is expected that support will be available to local authorities in 2026/27 and

2027/28. The 10% contribution that Thurrock would be expected to make up to 2025/26 is £0.492m, £1.031m in 2026/27 and £1.217m in 2027/28. A combined funding contribution of £2.739m for the 3 year period.

7. REFERENCES TO OTHER KEY DOCUMENTS / PREVIOUS REPORTS

- School Forum meeting 13-03-2025 – DSG 2025-26
- School Forum meeting 12-03-2026 – DSG 2025-26

8. CONTACT DETAILS OF LEAD OFFICER / AUTHOR

If you have any queries or comments in advance of the Schools Forum meeting about this report, please contact.

Name: David May
Role: Head of Strategic Finance, Corporate Finance
E-Mail: dmay@thurrock.gov.uk