

THURROCK SCHOOLS FORUM REPORT

DATE: 1 October 2026
SUBJECT: Dedicated Schools Grant 2026/27
REPORT OF: David May
THE REPORT IS: For Information and Comment

1. EXECUTIVE SUMMARY

- 1.1 The Dedicated Schools Grant reports a projected outturn position of £11.189m (14%) overspend, against a revised grant allocation of £78.506m. The 2026/27 budget identified risk of £10.361m, 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 regularly 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 £43.764m, an increase of £1.234m from that previously reported.
- 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. Detail is awaited on the level of support to be received for 2025/26 and 2026/27.
- 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 projected outturn 2026/27 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 projected outturn position for 2026/27, in accordance with the Schools Forums (England) Regulations 2012.

4. DEDICATED SCHOOLS GRANT 2026/27

- 4.1 The Dedicated Schools Grant reports a projected outturn position of £111.189m (14%) overspend, against a revised grant allocation of £78.506m. The 2026/27 budget identified risk of £10.361m, that were reflected in the DSG Management Plan. The latest outturn projection is an increase of £0.828m reflecting increase in both EHCP's and complexity of need.

Table 1 – Dedicated Schools Grant

Dedicated Schools Grant	Budget as at Q1 2026/27	DSG Movement	Final Budget 2026/27	Projected Outturn 2026/27	Variance to Budget 2026/27	Period 4 Variance 2026/27	Movement in Variance from Period 4
	£m	£m	£m	£m	£m	£m	£m
School Block	£5.697	£0.000	£5.697	£5.697	(£0.000)	(£0.000)	£0.000
Central Services Block	£1.534	£0.000	£1.534	£1.534	(£0.000)	(£0.000)	£0.000
High Needs Block	£36.469	(£0.091)	£36.378	£47.677	£11.299	£10.361	£0.938
Early Years Block	£34.897	£0.000	£34.897	£34.787	(£0.110)	£0.000	(£0.110)
Total DSG	£78.597	(£0.091)	£78.506	£89.695	£11.189	£10.361	£0.828

- 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 £78.506m, reflects changes in:

- HNB Academy recoupment;
- Import / Export Adjustment that reflects the increase in Post-16 pupils educated outside of Thurrock

Table 2 – Dedicated Schools Grant Funding Blocks

Dedicated Schools Grant 2026/27	School Block	Central Services Block	High Needs Block	Early Years Block	Total
	£m	£m	£m	£m	£m
Funding Settlement	186.530	1.534	44.035	34.897	266.996
Academy Recoupment	(180.833)		(7.566)		(188.399)
Original DSG	5.697	1.534	36.469	34.897	78.597
DFE Update Academy Recoupment	0.000	0.000	(0.037)	0.000	(0.037)
DFE Update Import/Export			(0.054)		(0.054)
Final DSG	5.697	1.534	36.378	34.897	78.506

4.3 The increase in the projected overspend is driven by:

- Top Up Funding Academies - £0.456m. Increase in the number of EHCPs and hours awarded to support pupils in mainstream academies.
- Post 16 - £0.112m, reflects latest pupil numbers.
- Tuition - £0.403m, reflection of current students receiving tuition.
- Independent schools/OOB - £0.474m, reflects current and projected student placements.
- Change in DfE funding – Import / Export Adjustment £0.054m

Offset by:

- Resource base - £0.389m, a reduction in the forecast due to delays in the opening of additional resource bases.
- Special schools - £0.039m, a reduction in costs against budgeted expenditure.
- OLA Mainstream/Academies - £0.025m, a reduction in costs against budgeted expenditure.
- Early Years Central Team - £0.110m. Maximisation of grant funding and delays in recruitment.

5. DSG RESERVE

- 5.1 On 1 April 2026, the DSG deficit was £4.919m. The 2026/27 projected overspend of £11.189m will increase the deficit to £16.108m. Decision on the SEND Reform Plan and level of High Needs Stability Grant to be received will provide some mitigation to the accumulated deficit. Currently, there is no detail on level of support to be available in 2026/27 and 2027/28.

Table 3 – Use of Reserves

Description	Balance at 31 March 2026	Drawdown from reserve 2026/27	Final Contribution To Reserve 2026/27	Balance at 31 March 2027
DSG Unusable reserve	£4.919	£0.000	£11.189	£16.108
DSG Usable Reserve	£0.000	£0.000	£0.000	£0.000
Total DSG Reserve	£4.919	£0.000	£11.189	£16.108

- 5.2 The table below shows the funds remaining to support the expansion of the early years offer.

Table 4 – Use of Early Years Reserve

Early Years Reserve	Balance at 31/03/2026
LA Capacity Funding for new entitlement and wraparound care	(£0.177)
Total Early Years Reserve	(£0.177)

6. DSG MANAGEMENT PLAN

- 6.1 The DSG Management Plan is updated regularly 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 £43.764m, an increase of £1.234m from that previously reported. 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 funded by HNB	2,791	3,163	3,577	3,991
DSG Management Plan	2025-26	2026-27	2027-28	2028-29
Total Expenditure	£m	£m	£m	£m
Mainstream	11.253	14.168	14.874	15.726
Resources	6.300	6.554	7.215	7.735
Special Schools	14.950	17.463	19.232	21.363
NMSS or Independent	5.863	6.612	6.569	6.501
Medical or Home Tuition	1.403	1.592	1.414	1.484
Post-16 or FE	3.862	4.249	3.900	4.174
AP	2.824	3.042	3.087	3.141
Other H2S Transport	1.600	1.600	1.600	1.600
Total	48.055	55.280	57.892	61.724
DSG Assumed	41.804	43.981	45.300	46.659
In Year Position (IYP) HNB	6.251	11.299	12.591	15.065
IYP - Other Funding Blocks	(0.949)	(0.110)	0.000	0.000
DSG Deficit/(Surplus)	(0.383)	4.918	16.107	28.699
Accumulated Deficit/(Surplus)	4.918	16.107	28.699	43.764
Original Accumulated Deficit	4.918	15.226	27.393	42.530
Change From Original Plan 2026/27	0.000	0.881	1.306	1.234

- 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, £1.119m in 2026/27 and £1.259m in 2027/28. A combined funding contribution of £2.870m for the 3 year period.

7. FUNDING UPDATE 2026/27 and 2027/28

7.1 Free Breakfast Clubs 2026/27

In July 2026, the DfE confirmed that £80m will be spent on implementing the free school breakfast club programme in 2026/27 as part of [publishing the guidance for grant allocations](#). While funding allocations are yet to be published, the funding guidance suggests that schools accepted into the programme will receive:

- State-funded mainstream schools will receive:
 - a one-off £1,000 start-up grant for schools new to the programme,
 - a daily flat rate £25 per day and a per pupil rate £1 per pupil per day.
- Special and alternative provision schools will receive:
 - a one-off £1,000 start-up grant for schools new to the programme,
 - a flat rate of £18.95 per day and a per pupil rate of £3.23 per day.

Payments will be made in October 2026, March 2027 & May 2027.

7.2 Schools budget support grant 2026/27

Ahead of publishing allocations in October 2026, the DfE published [guidance underpinning the 2026 schools budget support grant](#) (SBSG). The grant will be worth £635m and is intended to provide support with increased teaching costs for:

- mainstream schools (up to Key Stage 4), worth £522m;
- special, alternative provision and hospital schools, worth £98m;
- LA centrally employed teachers and support staff, worth £14m.

The guidance sets out indicative per pupil rates which depend on the setting, key stage and FSM6 eligibility. Allocations will be confirmed in October, and payments will be made in the same month. From 2027/28, this grant will be rolled into the Dedicated Schools Grant.

Funding for the teachers' pay award related to 16 to 19 provision in schools and academies (£49m in 2026/27) is being delivered through [uplifting 16 to 19 funding allocations](#).

7.3 Early Years teachers' pay grant 2026/27

This grant is the schools-based early years setting equivalent of the schools budget support grant. It is worth in £18m in 2026/27, with allocations to be published (and payments made) in October 2026. Only school-based early years settings are eligible, and LAs will have to passport funding once received.

[The guidance for the grant](#), includes annual base rates of £60 per child for 3 and 4-year-olds, £79 per child for 2-year-olds and £106 per child for under 2's, subject to the area cost adjustment and 25/38 pro-rating as the funding covers autumn and spring terms only.

7.4 Teachers Pay Award 2026/27

Recent valuations to the LGPS will see a 4.9% reduction in employer contribution rates and deliver significant savings on schools' pay bill. DfE have confirmed this reduction in costs will not be clawed back and as such, DfE are confident that schools will be able to cover the costs of the teacher pay award, at a national level.

There are 86 LGPS Funds, and each Fund has its own amendment to the Fund average employer contribution rate. Essex Pension Fund - Academy rates decreased from 25% to 22% for 2026/27, a 3% reduction and will stay at this level until March 2029.

7.5 Reduction in education funding 2027/28 due to reduced teachers' pension contributions in 2027.

In July 2026, the DfE [confirmed that schools funding will be reduced](#) by approximately £3 billion to reflect reductions in costs associated with employer contributions toward the Teachers' Pension Scheme. The contribution rate is being reduced from 28.6% to 17.6%. There is no change to pension entitlements.

The reduction in costs (and funding) will be reflected in the 2027/28 national funding formula.

8. REFERENCES TO OTHER KEY DOCUMENTS / PREVIOUS REPORTS

- School Forum meeting 18-06-2026 – DSG 2026/27
- School Forum meeting 12-03-2026 – DSG 2026/27

9. 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