AGENDA ITEM 4

**Title of report: DSG Monitoring**

**Date Prepared: 8 September 2025**

**Date to present paper to Schools Forum: 8 October 2025**

**Author of the paper: Leslie Oosthuizen**

**Officer to present the paper to Schools Forum: Leslie Oosthuizen**

**Details on who has been consulted with on this paper to date: Kudzi Mambara**

**Executive Summary:**

This report sets out the Dedicated Schools Grant (DSG) projected forecast for 2025-2026.

The provisional position of the Dedicated Schools Grant (DSG) at the end of 2024-25 is an overspend of £4.2 million from the budget position.

**Details of recommendations and timescales for decisions:**

Schools Forum was asked to note the outturn position at the Schools Forum meeting on 18th June 2025. This has been reported to the DfE and included in the Note to the Accounts year-end statement.

Schools Forum are asked to note the 2025-2026 DSG budget and the projected forecast to the year end.

## **DSG Outturn 2024-24**

* 1. The Dedicated Schools Grant (DSG) is distributed by the Department for Education (DFE) on a nation formulaic basis. This specific grant is allocated to local authorities in four blocks: Schools Block (SB), Early Years Block (EYB), High Needs Block (HNB) and the Central Schools Services Block (CSSB).
  2. The outturn position is shown after deductions have been made for direct payments to academies, and no prior year balances are included.
  3. The year-end DSG position excludes all the schools’ balances carried forward from previous years. It reconciles to the annual allocation. This was reported back to the DfE in the Section 151 Outturn Statement and feature in the Boroughs Note to the Accounts.

|  |  |  |  |
| --- | --- | --- | --- |
| **Block** | **Allocated DSG funding £m** | **Expenditure £m** | **Net £m** |
| Schools block | 208.3 | 206.4 | 1.9 |
| Central school services block | 2.5 | 2.5 | 0.0 |
| High needs block | 80.7 | 89.1 | -8.4 |
| Early years block | 39.2 | 36.9 | 2.3 |
| **Total DSG allocation** | **330.7** | **334.9** | **-4.2** |

1. **DSG Forecast for 2025-26**
   1. The DSG Budget, actuals to date, projected forecast and projected variances for the financial year 2024-2025 are shown in the table below:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **DSG Block** | **Budget**  **£m** | **Actuals to Date**  **£m** | **Projected Forecast to Year End**  **£m** | **Projected Underspend / (Overspend) at Year End**  **£m** |
| Schools Block | 206.6 | 65.7 | 204.6 | 2.0 |
| Central Schools and Services Block | 2.9 | 1.2 | 2.9 | 0.0 |
| High Needs Block | 85.3 | 45.5 | 96.3 | -11.0 |
| Early Years Block | 44.7 | 24.7 | 44.7 | 0.0 |
| **Total DSG** | **337.6** | **127.3** | **340.2** | **-8.9** |

* 1. **Schools Block**

There is a projected underspend of £2.6 million wholly attributable to the Growth Fund.

* 1. **Central Schools and Services Block**

The Central Schools and Services Block is projected to spend to budget.

* 1. **High Needs Block**

There is a projected overspend of £11.0 million on the High Needs Block, which is further analysed in the table below:

|  |  |
| --- | --- |
| **High Needs Block Area** | **Amount of 2025-2026 Projected Overspend (£m)** |
| Children in complex needs for special equipment to support special schools. | -2.7 |
| Mainstream schools including special schools’ placement and top up funding. High top up funding and legacy funding requiring review.  Cost of Phoenix Project | -6.2 |
| Academies and Free Schools, increase in EHCP plans and costs | -2.1 |
| **Total DSG High Needs Block 2025-2026 projected overspend** | **-11.0** |

High Needs Block expenditure has grown by 20% in Tower Hamlets sine the 2020-21 financial year.

37% of spend is on maintained special schools, 34% on maintained schools, and 9% on independent settings (Delivering Better Value Report January 2024).

Continuous increase in the number of children and young people with Education, Health and Care Plans (EHCPs) has led to the significant overspend in the High Needs Block.

There are steps are in place to reduce the steep trajectory of requests for statutory assessment and resulting EHCPs including:

* supporting early years settings and schools to manage without triggering the statutory process.
* developing an early intervention programme in pre-school, which will support stakeholders to meet need without an EHCP when they attend school.
* introducing a Tower Hamlets inclusion framework to guide schools on what is expected as ordinarily available provision and SEN support.  
  1. **Early Years Block**

The Early Years Block is projected to spend to budget.