

Report to the Schools Forum 21 May 2026

Dedicated Schools Grant (DSG) Outturn 2025/26

1 Council DSG Position

- 1.1 As noted in previous meetings of this Forum, the High Needs area of DSG and therefore Councils' overall DSG positions, continue to be under pressure, both in T&W and elsewhere.
- 1.2 For Telford and Wrekin, the DSG balance at the end of 2025/26 was deficit of £9.208m. At the start of 2025/26 the deficit was £4.662m, so the closing balance represents an in-year deficit of over £4.5m.
- 1.3 Comparing 2025/26 expenditure to 2024/25, areas of high needs with the largest increase in expenditure were special schools, EHCPs, PRUs and alternative provision. Expenditure on independent placements also started to increase again after reducing in 2024/25.
- 1.4 The increase in funding in high needs DSG funding in 2025/26 compared to 2024/25 was £3.072m. (£39.651m in 2025/26 compared to £36.579m in 2024/25). This represents a higher increase than 2024/25 but a lower percentage increase than that received in previous years.
- 1.5 For 2026/27, the high needs allocation for Telford & Wrekin is £42.187m, an increase of £2.536m compared to 2025/26. However, the increase is due to legacy (payroll) grants being absorbed within DSG. There is no like-for-like increase as the DfE have 'suspended' the use of the high needs funding formula, pending a 'review of the high needs funding system'.
- 1.6 Resources available for high needs in 2025/26 have again been supplemented by the 0.5% of the Schools Block that the Forum agreed to transfer, amounting to £0.931m (£0.036m more than 2025/26) and £0.520m transferred from the 2026/27 early years block, the same proportion as in previous years but an increase of £0.060m due to the increase in the size of the early years block.
- 1.7 Given that 2025/26 DSG expenditure was £4.546m more than the available resources, a net zero increase after taking account of incorporation of grants has nothing to cover inflationary pressures (e.g. from pay awards) even before any impact from demand pressures. There is little indication that the demographic, social and legislative pressures underlying high needs budget pressures are easing.
- 1.8 In the context described above, the existing deficit will increase significantly in 2026/27 and this will be reported in the local area's SEND Reform Plan, with a deadline of 19 June to be submitted to the DfE.
- 1.9 As noted at previous Forum meetings, the context to this situation is the national high needs deficit, at over £3.596bn at 31st March 2025 as compared to £1.7bn at the end of March 2024, with two-thirds of relevant local authorities showing a DSG deficit at that time. It is very likely that that there will have been a further large increase in the national deficit position during financial year 2025/26.

