

# Dorset Schools' Forum

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| <b>Date of Meeting:</b>                         | <b>16 January 2026</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Report Title:</b>                            | <b>Dedicated Schools Grant (DSG) 2026/27</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Executive Director:</b>                      | <b>Paul Dempsey, Executive Director for People - Children</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Director</b>                                 | <b>Jen Furnell, Corporate Director of Education and Learning</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Report Authors:<br/>Title:</b>               | <b>Lee House (Service Manager – Finance)<br/>Hannah Chapple (Senior Accountant – Finance)<br/>Vanessa Eddey (Team Manager Schools, Finance &amp; Support)</b>                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Presenting Officer:</b>                      | <b>Lee House (Service Manager – Finance)</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Report Status:</b>                           | <b>Public</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Reason for Submission to Schools' Forum:</b> | <p><b>For APPROVAL &amp; CONSULTATION as detailed in the report</b></p> <p><b>Under Forum power/responsibilities:</b></p> <p>1(b) (i), (ii), (viii), (x), (xi) Central spend on Pupil Growth; Admissions; servicing of Schools' Forum, and contribution to responsibilities local authorities hold for all schools.</p> <p>and</p> <p>2b) iv) administering the allocation of central government grants paid to schools via the local authority.</p> <p>and</p> <p>2d) such other matters concerning the funding of schools which the LA sees fit</p> <p>and</p> |

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|                                  | <p>2f) The establishment of priorities where the draft budget strategy indicates that additional money is expected to become available or where a shortfall compared to the current financial year is anticipated.</p> <p><b>FOR APPROVAL</b></p> <ol style="list-style-type: none"> <li>1. The Central Schools Services Block (CSSB) requires approval: <ol style="list-style-type: none"> <li>a. contribution to responsibilities the local authority holds for all schools; £698,904;</li> <li>b. admissions £475,000;</li> <li>c. servicing of Schools' Forum £53,200;</li> <li>d. Dorset SACRE (Standing Advisory Council on Religious Education) £6,000;</li> <li>e. Miscellaneous (purposes not falling within any other paragraph of Schedule 2 to the School and Early Years Finance (England) Regulations, provided the expenditure does not amount in total to more than 0.1% of the authority's overall Schools' Budget) £51,600;</li> <li>f. DSG Premature Retirement commitments £525,400</li> <li>g. Licences (excl. VAT) £359,000</li> </ol> </li> </ol> <p>Please note that formal approval for the High Needs Block will be sought at a subsequent Schools' Forum.</p> <p><b>FOR CONSULTATION</b></p> <ol style="list-style-type: none"> <li>a. None</li> </ol> |
| <p><b>Recommendation(s):</b></p> | <p>To note the DSG allocations from central government in relation to 2026/27, and the projected spend against those funding allocations in each block, where available.</p> <p>To provide a formal view on the approvals contained in the section above.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |

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| <b>Reason for Recommendation(s):</b> | <p>Schools' Forum is sighted on the overall budget allocations for 2026/27 in totality.</p> <p>To meet the requirements to consult with Schools' Forum over decisions relating to the Schools' Budget as required by the Schools' Standards and Framework Act 1998, the Schools' Forum (England) Regulations 2012, and the Schools' and Early Years' (Finance) England Regulations.</p> |
| <b>DECLARATIONS OF INTEREST</b>      | <p><b>Schools' Forum members are reminded of their responsibility to make a declaration of interest in any agenda item in which they have an interest, to the Chair or the Clerk, preferably in advance of the meeting.</b></p>                                                                                                                                                         |

## 1. Executive Summary

- 1.1. The provisional DSG allocation for 2026/27 was announced by the DfE on the 17 December 2025. Dorset's allocation is £387.2m.
- 1.2. The overall increase in DSG allocation for Dorset is £16.5m (4.4%). £4.8m of the increase is within the Early Years Block, £4.7m increase in the High Needs Block and £6.9m to the Schools Block.

**Table 1: 2026 to 2027 DSG allocations (£), before deductions for national non-domestic rates, and direct funding of high needs places by Education and Skills Funding Agency (ESFA) plus the additional funding announcement**

|                                                            | Schools Block | Central School Services Block | High Needs Block | Early Years Block | Total       |
|------------------------------------------------------------|---------------|-------------------------------|------------------|-------------------|-------------|
| DSG Allocation                                             | 269,608,315   | 2,169,104                     | 64,896,913       | 50,555,910        | 387,230,242 |
| Mainstream Schools Additional Grant: indicative allocation |               |                               |                  |                   | -           |
| Additional high needs allocation                           |               |                               |                  |                   | -           |
| Total available funding 2026-27                            | 269,608,315   | 2,169,104                     | 64,896,913       | 50,555,910        | 387,230,242 |
| Total available funding 2025-26                            | 262,663,518   | 2,160,057                     | 60,208,139       | 45,721,070        | 370,752,784 |
| £ - Change                                                 | 6,944,797     | 9,047                         | 4,688,774        | 4,834,840         | 16,477,458  |
| % - Change                                                 | 2.6%          | 0.4%                          | 7.8%             | 10.6%             | 4.4%        |

- 1.3. A breakdown of the DSG allocation, before recoupment and deductions, can be found in Appendix A.
- 1.4. Increased DSG allocations generally need to cover three factors: Increased need and complexity, increased inflationary-driven or statutory costs and any new responsibilities.
- 1.5. This report will detail the proposed budgets for the Schools Block, Early Years Block and the Central School Services Block only.
- 1.6. The High Needs Block will be presented at a future Schools Forum.
- 1.7. The Early Years Block allocations for Dorset settings is being presented at this Schools Forum meeting in a separate paper.

## 2. Schools Block

- 2.1. For detail, please refer to the 'Mainstream Schools' funding formula for 2026/27 Schools' Block' report, contained within this report pack.
- 2.2. The main change for 2026/27 is the rolling of the school budget support grant (SBSG) and the National Insurance contributions (NICs) grant from 2025 to 2026.
- 2.3. De-delegation was agreed at the November 2025 Schools Forum, but for completeness is included below:

|                                      | Primary phase | Secondary phase * |
|--------------------------------------|---------------|-------------------|
|                                      | £             | £                 |
| 1. Trade Union facilities            | 1.29          | -                 |
| 2. Termination of employment costs   | 3.02          | -                 |
| 3. Free school meal checking service | 0.65          | 0.65              |
| <b>Total per pupil</b>               | <b>4.96</b>   | <b>0.65</b>       |

|                        | Primary phase | Secondary phase * |
|------------------------|---------------|-------------------|
|                        | £             | £                 |
| functions              | 15.00         | 15.00             |
| <b>Total per pupil</b> | <b>15.00</b>  | <b>15.00</b>      |

- 2.4. For detail regarding Dorset's pupil growth allocations and requirements, please refer to the 'Mainstream Schools' funding formula for 2026/27 Schools' Block' report, contained within this report pack.

## 3. Central School Services Block (CSSB)

- 3.1. The central school services provide funding for local authorities to carry out central functions on behalf of compulsory school age pupils in maintained schools and academies in England. The funding for the block is based on a national funding formula: 90% of the funding is distributed through a basic per pupil factor, and 10% of the funding through a deprivation factor based on the proportion of pupils eligible for free school meals within the past six years (FSM6) in mainstream schools
- 3.2. There are two parts to the formula: ongoing responsibilities and historic commitments.
- 3.3. The historic commitment element was reduced by 20% in 2024/25 and 2025/26, however this was overturned. The historic element has again been reduced by 20% for 2026/27, and again Dorset will submit evidence (showing spend is still occurring) to try and reverse the reduction. If successful, this would increase the contribution to responsibilities the local authority holds on behalf of all schools by £76,800.
- 3.4. The CSSB funds the School Admission Service, the support for Schools' Forum, national copyright licences, Historic Premature Retirement Compensatory costs (PRC) and Dorset SACRE (Standing Advisory Council on Religious Education).

- 3.5. This block also has a Miscellaneous budget and the Central Services to all Schools is a contribution to authority costs for supporting schools. This is a balancing figure that generally reduces each year as other costs within the CSSB rise. Appendix B details the proposed CSSB allocation.

## 4. **High Needs Block (HNB)**

- 4.1. The high needs funding block is a single block for local authorities to spend on provision for pupils and students aged 0 to 25, with high needs. Dorset's base budget allocation is £64.9m; an increase of £4.7m.
- 4.2. The funding for the block is based on a high needs national funding formula covering 12 factors. The most significant factors for Dorset are historic spend, population and Income Deprivation Affecting Children Index – IDACI.
- 4.3. The 2025/26 quarter 2 DSG forecast overspend is £54.279m, the majority within the High Needs Block. The 2025/26 forecast overspend increases the cumulative forecast deficit to £148.59m before Safety Valve partner contributions. Adjusting for partner contributions from the DfE and Dorset Council, the cumulative deficit is forecast to be £112.3m.
- 4.4. This is a well-documented national issue. According to the Office for Budget Responsibility, councils' total SEND deficit will reach £14bn by 2027-28.
- 4.5. The Government has announced the extension to the statutory override for the DSG from 2025/26 to March 2028. In practical terms this means that the cumulative overspend on the DSG will not fall to be funded from the Council's reserves but will instead continue to be treated as a separate, negative reserve on the Council's balance sheet.
- 4.6. Whilst the statutory override remains in place, the cost of servicing a forecast £149m deficit as at March 2026 is around £5m per year. A cost borne by local taxpayers in Dorset, and money which otherwise would be available to invest in local priorities.
- 4.7. The government has also confirmed that it will "bring forward a full Schools White Paper early in the new year. This will set out substantial plans for reform of special educational needs (SEND) provision to deliver a sustainable system which – first and foremost – supports children and families effectively, and which is also financially sustainable."
- 4.8. The provisional Local Government Finance Settlement was published on 17 December 2025 and more information will likely be shared by government early 2026. DSG headlines from the settlement are:
- Contained within the settlement consultation documents the following text in respect of DSG under [section 1.5](#)
    1. The extension to the DSG Statutory override was extended for a further two years to support local authorities to manage these impacts.
    2. The government will bring forward a full Schools White Paper early in the new year. This will set out substantial plans for reform of special educational needs provision to deliver a sustainable system which – first and foremost – supports children and families effectively, and which is also financially sustainable.
    3. The 2025 Autumn Budget set out that once the Statutory Override ends at the end of 2027-28, funding will be managed within the overall central government DEL envelope.

4. Local authorities will of course be expected to manage the system effectively and **where this is the case we would not expect local authorities to need to fund future special educational needs costs from general funds.**
5. We recognise that the size of deficits that some councils may accrue while the Statutory Override is in place may not be manageable with local resources alone and will bring forward arrangements to assist with them as part of broader SEND reform plans.
6. Whilst we do not expect local authorities to plan on the basis of having to meet deficits in full, any future support will not be unlimited. Councils must continue to work to keep deficits as low as possible. To support local authorities to do this, we are disseminating best practice and case studies from previous programmes focussed on efficient spending, such as Safety Valve and Delivering Better Value, and providing all local authorities with advisers to help consider how these learnings can be applied.
- 4.9. Point 4 and 6 in the above lead to a level of concern as Dorset received the highest (best) possible outcome of the Local Area SEND inspection. At the same time remain under review for the Safety Valve programme with payments frozen and no tangible support or recommendations to change practice to deliver the level of financial savings required to achieve in-year balance. It is therefore unclear how these commitments are any different to what has already been put in place across Dorset.
- 4.10. Dorset receives one of the lowest High Needs Block allocations per EHCP compared with our statistical neighbours, and roughly £4,700 less per high needs pupil than the national average.
- 4.11. Further disparity is seen on the education funding for which Dorset Council receives some of the lowest levels of education funding out of all local authorities.
- 4.12. Dorset continue to call for fair funding that acknowledges the current and very real needs of our communities and reflects the significant costs rural authorities.
- 4.13. The High Needs Block budget for 2026/27 will be presented at a future Schools Forum.
5. **Early Years Block (EYB)**
  - 5.1. The Early Years Block funds the following entitlements are:
    - 5.1.1. the 30 hours entitlement for eligible working parents of children from 9 months up to 2 years old
    - 5.1.2. the 30 hours entitlement for eligible working parents of 2-year-old children
    - 5.1.3. the 15 hours entitlement for families of 2-year-olds receiving additional support (formerly known as the 2-year-old disadvantaged entitlement)
    - 5.1.4. the universal 15 hours entitlement for all 3 and 4-year-olds
    - 5.1.5. the additional 15 hours entitlement for working parents of 3 and 4-year-olds
    - 5.1.6. Early Years Pupil Premium and The Disability Access fund.
  - 5.2. The EYB allocations change depending on census numbers based and termly headcounts.
  - 5.3. Local Authorities are required to pass-through at least 97% (96% in 2025/26) of the disadvantaged 2-year-old entitlement, the new working parent entitlements and 3 and 4-year old (universal and additional) funding from the government to early years providers. The (up to) remaining 3%, will be used to contribute towards the Early Years and central teams within Dorset Council.

5.4. There are now three separate hourly funding rates:

| Description                                                                                                                                     | £     | 5.5. The Early Years Pupil |
|-------------------------------------------------------------------------------------------------------------------------------------------------|-------|----------------------------|
| Hourly funding rate for 9-month-olds up to 2-years for the new working parent entitlement (from 1 September 2024)                               | 10.91 |                            |
| Hourly funding rate for 2-year-olds which will be the same for both the disadvantaged and the working parent entitlements (from 1 April 2024)   | 8.08  |                            |
| Hourly funding rate for 3 and 4-year-olds for the universal and additional hours entitlements (includes funding for teachers' pay and pensions) | 6.01  |                            |

Premium (EYPP) is to give additional funding to support disadvantaged 3 and 4-year-old pupils. The national funding rate is £1.15 per eligible child.

5.6. Dorset's disability access fund allocation is £0.251m, £975 per eligible child.

5.7. The separate Early Years paper has the full analysis of the budget and updates on the consultation with early years providers, together with the recommended level of central retention.

## 6. Risk and uncertainty

6.1. There is still significant uncertainty and risk within the 2026/27 budget set. This includes:

- 6.1.1. Pay awards and the impact of employers National Insurance contributions
- 6.1.2. EHCP numbers increasing more than planned.
- 6.1.3. Delays with capital programmes resulting in continued use of independent provision.
- 6.1.4. Government policy changes, including any White paper
- 6.1.5. EYB rates and new entitlements creating sufficiency and sustainability issues in the sector.

## 7. Financial Implications

7.1. As set out in this report.

## 8. Well-being and Health implications

8.1. None identified.

## 9. Climate Implications

9.1. None identified.

**10. Other implications**

10.1. None identified.

**11. Risk Assessment**

Having considered the risks associated with this decision, the level of risk has been identified as:

Current Risk: Medium

Residual Risk: Medium

**12. Equalities Impact Assessment (EqIA)**

12.1. There are no equalities implications arising from this report.

**13. Appendices**

Appendix A: Dorset 2026/27 DSG allocation after deductions

Appendix B: Dorset 2026/27 DSG allocations including academies funding and spend

**14. Background Papers**

[DSG: technical note 2026 to 2027 - GOV.UK](#)

[Government evidence to the STRB](#)

[Early years entitlements: local authority funding operational guide 2026 to 2027 - GOV.UK](#)

**Footnote:**

Issues relating to financial, legal, environmental, economic and equalities implications have been considered and any information relevant to the decision is included within the report.