

Addendum to Full Council report on budget strategy

This addendum covers an update which affect the budget strategy following the publication of the final local government finance settlement on 9 February 2026.

The publication of the final Local government finance settlement

1. The statement

- 1.1 On 9 February 2026, the final local government finance settlement for 2026/27 was published.
- 1.2 The final settlement follows consultation on the provisional settlement which closed on 14th January 2026.

2. Increases in the quantum

- 2.1 Following the consultation the Government announced an additional £740 million in grant funding as part of the final Settlement for 2026-27. Which was allocated as follows:
 - 2.1.1 A £440 million additional uplift to the Recovery Grant, aimed at the councils most impacted by cuts during austerity, bringing the total to £2.6 billion through the multi-year Settlement;
 - 2.1.2 £272 million in additional allocations within the Homelessness, Rough Sleeping and Domestic Abuse Grant, bringing the total through the grant to £2.7 billion;
 - 2.1.3 An additional £39.6 million for Mayors to build their capacity, bringing the total to £138.6 million through the multi-year Settlement; and
 - 2.1.4 An additional £15 million over the multi-year Settlement to support standalone Fire and Rescue Authorities.

3. Local impact

- 3.1 At a local level the funding changes are set out in the table, below.

Dorset Council

Illustrative Core Spending Power of Local Government:

	Provisional settlement 2026-27 £ millions	Final settlement 2026-27 £ millions	Increase in funding 2026-27 £ millions
Fair Funding Allocation¹	133.0	133.0	
<i>of which: Baseline Funding Level</i>	56.8	56.8	
<i>of which: Revenue Support Grant²</i>	60.8	60.8	
<i>of which: Local Authority Better Care Grant³</i>	15.4	15.4	
Legacy Funding Assessment	0.0	0.0	
<i>of which: Legacy Business Rates⁴</i>	0.0	0.0	
<i>of which: Legacy Grant Funding⁵</i>	0.0	0.0	
<i>of which: Local Authority Better Care Grant</i>	0.0	0.0	
Council tax requirement^{6,7}	362.0	362.0	
Homelessness, Rough Sleeping and Domestic Abuse^{8,9}	3.2	3.4	0.3
Families First Partnership¹⁰	3.5	3.5	
Total Transitional Protections¹¹	0.0	0.0	
<i>of which: 95% income protection</i>	0.0	0.0	
<i>of which: 100% income protection</i>	0.0	0.0	
<i>of which: Fire and Rescue real-terms floor</i>	0.0	0.0	
Grants rolled in to Revenue Support Grant¹²	0.0	0.0	
Total Recovery Grant Allocation	0.0	0.0	
<i>of which: Recovery Grant</i>	0.0	0.0	
<i>of which: Recovery Grant Guarantee¹³</i>	0.0	0.0	
<i>of which: Recovery Grant Uplift¹³</i>	0.0	0.0	
Adjustment Support Grant	0.0	0.0	
Mayoral Capacity Fund	0.0	0.0	
Core Spending Power	501.6	501.9	0.3

3.2 The changes from the provisional settlement to the final settlement has seen an additional £0.3m in funding which means Dorset Council received 0.041% of the additional funding.

3.3 Dorset's allocation is as follows:

3.3.1 Homelessness, Rough Sleeping and Domestic Abuse increase of £0.3m.

4. DSG position

4.1 In addition to the announcements around the final settlement the Government also made announcements about SEND.

4.2 The Government are introducing support to address local authorities' Dedicated Schools Grant (DSG) deficits. All local authorities with SEND deficits will be eligible in 2026-27 to receive a grant covering 90% of their High Needs-related DSG deficit accrued up to the end of 2025-26. This grant will be paid in Autumn 2026, subject to each local authority submitting and securing the Department for Education's approval of a local SEND reform plan.

- 4.3 In recognition that SEND reform will take time to fully embed for deficits that arise in 2026–27 and 2027–28, local authorities can expect that Government to continue to take an appropriate and proportionate approach, though it will not be unlimited. From 2028–29, SEND spending will be covered within the government's DEL budget so local authorities will not be expected to fund future SEND costs from general funds.
- 4.4 This is a promising development, but will need to closely watch how events unfold to see what the financial impact will be for Dorset.