Dorset Schools' Forum

Date of Meeting:	**27th March 2026**
Report Title:	**Dedicated Schools Grant (DSG) 2026/27**
Executive Director:	**Paul Dempsey, Executive Director for People - Children**
Director	**Jen Furnell, Director of Education and Learning**
Report Authors: **Title:**	**Steve Gorson (Service Manager – Children's Finance)** **Hannah Chapple (Senior Accountant – Children's Finance)** **Ross Bowell (Head of Service Head of Service Health, Education & SEND Commissioning)** **Ellen Eager (Sufficiency and Funding Manager)**
Presenting Officer:	**Steve Gorson (Service Manager – Children's Finance)**
Report Status:	**Public**
Reason for Submission to Schools' Forum:	**For APPROVAL & CONSULTATION as detailed in the report** **Under Forum power/responsibilities**: 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. and 2b) iv) administering the allocation of central government grants paid to schools via the local authority. and

	2d) such other matters concerning the funding of schools which the LA sees fit and 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. **FOR APPROVAL** a. None **FOR CONSULTATION** a. None
Recommendation(s):	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. To provide a formal view on the approvals contained in the section above.
Reason for Recommendation(s):	Schools' Forum is sighted on the overall budget allocations for 2026/27 in totality. 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.
DECLARATIONS OF INTEREST	**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.**

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. What has been agreed so far:

1. CSSB
2. Schools Block
3. Early Years Block

1.5. This paper completes the DSG 2026/27 budget build with the High Needs Block (HNB) and the finalised Schools Block and Individual Schools Budgets position.

1.6. For financial year 2026/27 High Needs Block recharges have been removed from the budget and so Schools Forum will not be asked for their approval as in previous years.

1.7. The 2026/27 High Needs Block is summarised in Table 2:

£m	2023-24	2024-25	2025-26 * Q3	2026-27
TOTAL HNB FUNDING	-53.82	-56.02	-60.21	-64.90
TOTAL BUDGET REQUIREMENT	77.44	94.22	116.16	136.89
TOTAL DSG IN-YEAR DEFICIT / (SURPLUS)	23.66	37.29	55.95	71.99
CUMULATIVE DEFICIT (INC. BLOCK TRANSFERS)	59.57	95.63	150.26	220.91

TABLE 2: HNB Summary position

1.8. This is based on the expected increase in the number of children and young people requiring an EHCP (circa 4,700 to 5,014 by January 2027), increased investment into mainstream SEND (mainstream specialist packages) and increased costs in the independent specialist market and Alternative Provision.

2. Schools Block and Individual Schools Budgets 2026/27

2.1. Options for closing the budget shortfall were discussed at the January 2026 Schools' Forum.

2.2. Following the meeting, it was confirmed by the Secretary of State that the proposed block transfer of 0.5% has been approved. This equates to approximately £1.348m and Forum were presented with options 1 and 2 which included the block transfer.

2.3. Forum voted in favour of Option 1 to close the gap of £1.359m which was to reduce basic entitlement down compared to NFF. Officers used Forum's preferred option 1 in order to prepare the APT (Authority Proforma Tool) and that version has now been approved as compliant by the DfE.

2.4. Notification of the High Needs Block deficit grant came after the block transfer was confirmed by the Secretary of State.

2.5. Final basic entitlement values submitted and agreed are as follows:

Basic Entitlement	Dorset 2025-26	NFF 2026-27	Dorset 2026-27	Diff from 2025-26	% Diff	Diff from NFF	% Diff
Primary	£3,847	£4,064	£4,033	£186	4.84%	-£31	0.76%
KS3	£5,422	£5,686	£5,643	£221	4.07%	-£43	0.76%
KS4	£6,113	£6,410	£6,361	£248	4.06%	-£49	0.76%

TABLE 3: Final basic entitlement values

3. High Needs Block: National context

3.1. The focus on SEND, Local Authority deficits and the national picture continues to sharpen.

3.2. This is useful context demonstrating that Dorset is not in a unique position and overall national reform and change in funding is required combined with local strategies.

3.3. On 9 February 2026, the High Needs Stability Grant was announced. This outlined proposals for central government to provide a grant to cover up to 90% of the High Needs-related DSG deficit up to 31st March 2026.

3.4. Each Local Authority is required to submit a Local SEND Reform Plan and this plan requires Secretary of State for education approval prior to any grant being made available.

3.5. First drafts of the local SEND plans are due by 19th June 2026.

4. High Needs Block: Dorset

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. This increase to the high needs block is slightly misleading as multiple other grants, previously received separately, have now been rolled into the high needs block allocation for Dorset totalling £4.689m.

4.3. The amounts that the Local Authority are required to distribute for these grants is based upon different criteria than the grant monies received, this has been challenged unsuccessfully with the

DFE. The total amount of grant to be distributed in 26-27 is £5.17m which creates a high needs block pressure of £0.481m.

4.4. High needs block funding for Dorset in 26-27 has therefore seen a real terms decrease of around £0.5m.

4.5. The funding for the block was previously based on a high needs national funding formula covering 12 factors, however this has been suspended for 26-27. Instead, local authority allocations have been based upon their 25-26 allocations with some adjustments.

4.6. The suspension of the national funding formula comes following wider reforms as set out in the SEND white paper released on 23rd February 2026. The impact of the white paper on High Needs block funding for Dorset is still to be established.

4.7. Given the funding issues mentioned above, modelling has predicted that the High Needs Block is £73.33m short of a balanced budget for financial year 26-27 with forecast expenditure at £138.23m, an increase of £22.0m on the quarter 3 forecast for 25-26. The increase of £22.0m includes the additional £5.17m of grant to be distributed as mentioned above. This is based on the following variables (Table 4):

Assumption description	Assumption
Number of children and young people (CYP) with an EHCP	5,014 (Jan '27)
New local specialist placements become available	183
Change in the FTE number of children and young people requiring an independent specialist placement	24
Increase in budget for Alternative Provision	25%
Costs driven by the external market, not independent specialist provision	Office of Budgetary Responsibility CPI

TABLE 4: Main HNB Variables

4.8. Appendix B details the overall HNB breakdown by each area. A summary below:

4.9. <u>Places (£24.8m | 17.9% of the entire HNB)</u>

4.10. This section of the HNB funds the place funding at special schools, learning centres, resourced provision and further education. This covers Dorset and Other Local Authority children in Dorset schools.

4.11. An additional 183 places are planned to be commissioned in 2026-27 as the SEND capital strategy continues and the strategy to use Dorset funded provision matures.

4.12. The total number of places is 2022.

4.13. <u>Placements and Direct Payments (£36.3m | 26.3% of the entire HNB)</u>

4.14. A projection of 330 Full Time Equivalent (FTE) children and young people will require independent specialist provision in 2026-27. This broadly equals a headcount of 407 children and young people.

4.15. The current number of children and young people in independent specialist provision is 306 FTE as at the end of January 2026. The increase to 330 FTE has been modelled by Mastodon C.

4.16. <u>Top up payments (£53.8m | 39.0% of the entire HNB)</u>

4.17. This area funds the top up packages, depending upon a young person or child's need at a mainstream, special school, resourced provision, learning centre and further education settings.

4.18. This includes the Mainstream Specialist top up, an amount of £6.9m to support 339 children and young people to remain within a mainstream setting.

4.19. <u>AP and Exceptional Packages (£13.5m | 9.8% of the entire HNB)</u>

4.20. Funding alternative provision (non-learning centre) and other bespoke packages to support additional need. This budget has been increased by 25% for 26-27 following historic trends and based upon the predicted new framework.

4.21. <u>NHS Support, Contracts and Development, Other (£9.7m | 7.0% of the entire HNB)</u>

4.22. This covers 60.03 FTE teachers and colleagues who run the Hearing and Vision Support Service, the Physical and Medical team, Specialist Teachers and Best Start in Life.

4.23. This also funds teaching provision at the Kingfisher Ward at the Dorset County Hospital and Outreach, Mentoring and SALT contracts.

4.24. Other is the section for grants that are now payable from the High needs block allocation which were previously separate totalling £5.17m. This includes grants for what was previously Teachers pay and pensions and the CSBG (Core Schools Budget Grant).

5. Demographics

5.1. To support the HNB 2026-27 budget, Dorset Council have again engaged Mastodon C to review, analyse and project the number of children and young people with an EHCP and what type of setting they would be within over the next six years. This data has been used for the 2026-27 budget build and adjusted where newer information is available.

5.2. Mastodon C offer an independent and specialist service that has been used by Local Authorities nationwide.

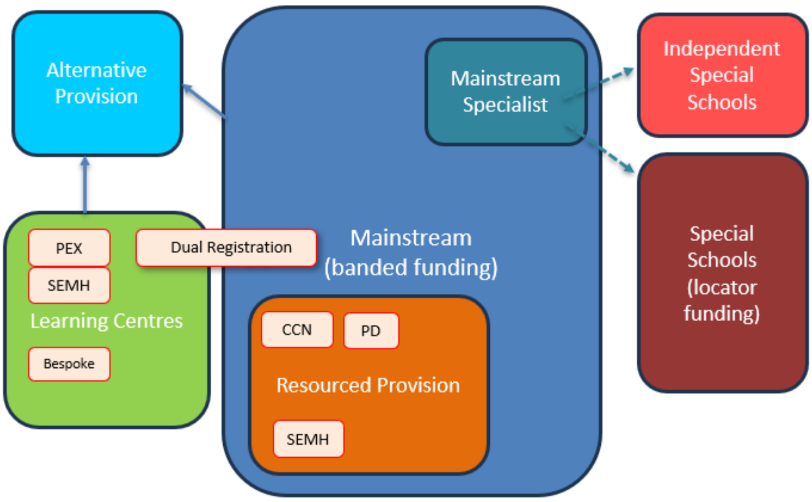
5.3. A summary of Mastodon C's analysis:

1. The number of children and young people with an EHCP will continue to grow with an anticipated peak in 2032-33 of 5,518.
2. The year-on-year growth of children and young people is projected to decline, stabilising around a 0.5-1% growth towards the end of the decade.

5.4. Mastodon C are projecting a plateau for the number of children and young people with an EHCP. This is broadly achieved through a forecast declining birth rate and reducing 0-25 population.

6. SEND Top up funding

SEND and AP Funding Categories



Mainstream Schools:
- Banded Funding
- Exceptional Top Up (including costed provision maps)
- Mainstream Specialist
- Resourced Provision with a mainstream school with fixed top ups by need

Special Schools:
- Locator Funding including infrastructure funding
- Exceptional Top Up

Learning Centres:
- Permanently excluded pupils fixed top ups
- SEMH Resourced Provision pupils fixed top ups
- Bespoke Pupils
- Medical Pupils fixed top ups (shared with home school)
- Dual Registered pupil top ups (shared with home school)

6.1. Dorset Council will engage with schools and settings through Schools' Forum as part of considering the SEND Reform changes and in response to the challenges of financial sustainability and value for money in this area, along with the practicalities of accessing exceptional funding. While recognising further work is required to understand the changes ahead, Dorset Council has budgeted for top-ups in 2026-27 as set out below.

6.2. **Mainstream schools:** The banding rates will be reviewed for 2026/27. The current rates, which came into effect from September 2025 are shown below:

	Band A		Band B	
	Lower	Upper	Lower	Upper
2026-27	£2,061	£3,679	£5,389	£8,468

6.3. With the introduction of mainstream specialist funding, the increased volume and cost of exceptional top-ups and the new banding rates, Dorset Council will have increased HNB investment in mainstream schools from £5m in 2022-23 to more than £20m forecast for 2026-27. This is equivalent to 7.4% of the Schools Block funding.

6.4. **Special schools:** Locator values were uplifted by 6% with effect from September 2025, and infrastructure rates were increased by 3%. These funding rates are budgeted to continue at these levels for 2026-27:

	Locator 2	Locator 3	Locator 4	Locator 5	Locator 6	Locator 7	Locator 7+	Locator 7++
Wef September 2025	794	2,915	5,567	8,493	12,191	19,329	30,151	46,391
Previous rate	749	2,750	5,252	8,012	11,501	18,235	28,444	43,765

From September 25		Infrastructure				
	Places	General	Split Site	Hydrotherapy	Locator >=7+,>25%	per place
Beaucroft	230	386,439	164,907			2,397.16
The Harbour	140	386,439				2,760.28
Mountjoy	110	386,439		17,510		3,672.26
Westfield	230	386,439	119,480			2,199.65
Wyvern	90	386,439		17,510	154,500	6,204.99
Yewstock	165	386,439	132,977	17,510		3,254.10

6.5. **Learning Centres:** We will apply the CPI funding inflator as agreed in 2024 to September 2026 top ups and infrastructure payments as follows:

AY 2025/26	Primary PEX/SEMH	Primary DR/Medical	SEMH	Secondary PEX	Secondary DR/Medical		
	14,900	9,100	13,800	12,700	4,000	Infrastructure	436,800
from main registration school		5,800			8,700		

AY 2026/27	Primary PEX/SEMH	Primary DR/Medical	SEMH	Secondary PEX	Secondary DR/Medical		
	15,200	9,400	14,070	12,950	4,250	Infrastructure	445,536
from main registration school		5,800			8,700		

6.6. **Resourced Provisions:** The banding rates are budgeted to continue at the current uplifted rates, with updated hub specification documents to be issued shortly:

Communication and interaction, and SEMH hubs

Inclusion Hub:	Top Up Per Pupil		
	Key Stage 1/2	Key Stage 3	Key Stage 4
14 Place	£ 14,672	£ 13,244	£ 12,591
10 place	£ 15,687	£ 14,239	£ 13,606
6 place	£ 16,706	£ 15,258	£ 14,625

Physical Disability bases

PD base funding wef September 2025	Top up per pupil			Total including Place and Notional basic entitlement
	Key Stage 1/2	Key stage 3	Key stage 4	
10 Place	£25,459	£24,011	£23,377	£349,904
8 Place	£26,755	£25,307	£24,673	£290,290
5 Place	£30,643	£29,194	£28,561	£200,870

* We also pay the following contributions for PD bases: £17,510 for bases with a hydrotherapy pool and £17,723 as a supplement for schools with less than 180 pupils.

7. Risk, uncertainty and future

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

1. Pay awards and the impact of employers National Insurance contributions, VAT and business rates in the private sector.

2. EHCP numbers increasing more than planned.
3. Delays with capital programmes resulting in continued use of independent provision.
4. Government policy changes, including the newly released SEND white paper.
5. EYB rates and new entitlements creating sufficiency and sustainability issues in the sector.
6. Potential for further investment where a business case demonstrates material return on that investment which supports greater inclusion and enhances the financial sustainability of the Dorset SEND system.

8. Financial Implications

8.1. As set out in this report.

9. Well-being and Health implications

9.1. None identified.

10. Climate Implications

10.1. None identified.

11. Other implications

11.1. None identified.

12. Risk Assessment

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

13. Equalities Impact Assessment (EqIA)

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

14. Appendices

Appendix A: Dorset 2026/27 DSG allocation after deductions
Appendix B: Dorset 2026/27 DSG proposed budget allocations

15. **Background Papers**

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

[DFE: The national funding formula for schools and high needs 2026-27]

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.