

Report subject	Dedicated Schools Grant (DSG) High Needs Expenditure Forecast 2025/26
Meeting date	17 December 2025
Status	Public Report
Executive summary	This report responds to the agreed action in the quarter two budget monitoring report for 2025/26 for the Corporate Director for Children's Services to bring forward to December Cabinet a detailed report on the DSG high needs expenditure forecast and available mitigation measures. This report also seeks Council approval for additional resources required over the approved budget. The quarter two budget monitoring for the DSG reported to the council's Cabinet on 26 November was a projected increase in the high needs funding gap for 2025/26 from the budgeted gap of £57.5m to £71.8m. This reflects higher than expected growth in demand in the later months of the last financial year with this unabated and with a significant increase in the costs of pupil placements. The cumulative deficit at 31 March 2026 is projected to be £183.1m.
Recommendations	It is RECOMMENDED that CABINET recommend to COUNCIL: a) Approval of a £14.3m increase in the 2025/26 high needs budget. This brings the forecast expenditure to £71.8m more than the grant made available by government as part of the DSG. b) Request the Corporate Director of Children's Services implement the deficit management measures outlined in this report.
Reason for recommendations	The council's financial regulations require that all budget overspends are approved by the Council.
Portfolio Holder(s):	Councillor Richard Burton – Children and young People
Corporate Director	Cathi Hadley – Director of Children's Services

Report Authors	Lisa Linscott, Director of Education
Wards	Council-wide
Classification	Decision

Background

1. DSG high needs funding shortfalls have been well documented over recent years, with the latest report from the National Audit Office (NAO) in 2024 showing that while there has been a 58% real terms increase in DfE high needs funding between 2014/15 and 2024/25 to £10.7 billion, 43% of local authorities will have deficits exceeding or close to their reserves by March 2026. Overall, this contributes to a national cumulative deficit of between £4.3 billion and £4.9 billion.
2. Whilst funding has increased, this has not kept pace with the rise in the number of EHCPs, resulting in funding per plan decreasing by 35% over the same period. The system is both unsustainable financially, and crucially, not delivering outcomes for children despite record spend.
3. State special schools are over capacity. This may mean children are not in the most appropriate setting, including more expensive independent schools where the number of children with EHCPs increased by 17,000 between 2018/19 and 2023/24. This costs local authorities £2.0 billion in 2022/23, a real-terms increase of 46% from 2018/19. The NAO report concludes that if left unreformed, the SEND system is economically unsustainable. Looking ahead, for 2027/28 there is an estimated mismatch of between £2.9 billion and £3.9 billion when comparing current funding, maintained in real terms, against forecast costs.
4. SEND tribunal and appeals data underlines how challenging the SEND system has become. Since April 2018, in addition to judgements relating to education provision, the SEND Tribunal has also been able to make non-binding recommendations on the health and social care elements of EHCPs. Statistics from the Ministry of Justice show that in 2023/24, 17,000 outcomes in relation to SEN appeals were recorded, a 43% increase compared with the previous year, 2022/23. Data from 2014/15 shows 3,300 recorded outcomes for SEN appeals meaning that since the 2014 reforms, appeals have increased exponentially by four times (415%). Furthermore, 11,000 SEN appeals were decided by tribunal in 2023/24. This compares with only 792 in 2014/15. In 2023/24, nationally the local authority success rate was 1.3% of cases that went to a full hearing, meaning they won only 150 out of 11,157 cases. The increase in appeals is likely due to several factors, including the growth in families seeking assessments, the continued effect of the 2014 SEND reforms, and the expansion of the tribunal's powers to make recommendations on health and social care.
5. DfE statistics show that the number of EHCPs has increased to unsustainable levels over the past decade, increasing from 240,183 in 2014/15 to 638,745 by January 2025. This is an increase of 166% across this time period, and in the last year alone, January 2024/2025, there has been an increase of 10.8%. In 2024, 105,340 EHC needs assessments were carried out; this is 15.7% more than in 2023. 46.4% of

plans were issued within the 20-week statutory timescales. Timeliness has decreased over time as demand has increased. In the 2024/25 academic year there were 482,640 pupils in schools in England with an EHCP. This is an increase of 11.1% from 2023/24. 5.3% of all pupils in England now have an EHCP, an increase of 4.8% from the previous year.

6. The workforce challenges are widespread, with shortages among services such as speech and language therapists, health visitors and Educational Psychologists (EPs). In 2023, the DfE report into educational psychology services found that 88% of local authorities' Principal EPs reported that they were currently experiencing difficulties recruiting. Early support is essential for helping children thrive and a key moment to build relationships with parents. The statutory requirement for EP advice for all EHCPs means that this valuable resource is deployed for assessment rather than intervention purposes. EPs themselves have called for their role to do more early intervention and systemic work as part of a graduated response to prevent children and young people's needs from escalating, and therefore potentially reducing the demand for EHCPs.
7. School capacity data from 2023/24 shows that around 8,000 more secondary pupils are on roll in special schools than the reported capacity. Around two thirds of special schools report they are at or over capacity. It is important to acknowledge that current measurements of capacity do not take type of need into account, meaning the real term levels of capacity may be even more stretched. Since 2014/15 there has been an increase of 60% in placements in state-funded special schools, while placements in independent and non-maintained special schools (INMSSs) have risen 132%. Based on the current system, local authorities forecast that the total anticipated number of pupils in years Reception to 11 with an EHCP that will need a place in specialist provision to be an estimated at 273,000 by 2028/29.
8. The Isos Partnership research has previously looked at factors that were contributing to higher demand and cost. Those typically reported to them by local authorities included:
 - a. Extension of local authority responsibilities to include the 16-25 age range without financial support
 - b. Increased demand for special school places, with pressures on local capacity leading to increased use of placements in the independent/non-maintained sector
 - c. Reduced inclusivity of (some) mainstream schools
 - d. Higher rates of school exclusion and use of alternative provision
 - e. Greater complexity of need, with particular growth in numbers of children with an autism diagnosis and those with social, emotional and mental health difficulties (SEMH)
9. While the Isos Partnership research identified some influence of increasing levels of need and demographic changes, a number of the above factors were reported to be linked to the impact of national policy, particularly expectations generated by the national SEND reforms 2014 (without funding to match statutory requirements) and increased attainment pressures on mainstream schools (which were making it more difficult for them to prioritise effective provision for SEND and inclusion).

10. The Schools White Paper due in autumn 2025 was to set out reforms to start tackling the system widely regarded as broken. It has been delayed to early 2026 and will likely be too late to inform the 2026/27 DSG high needs budget for councils. The Local Government Association (LGA) meanwhile has provided assurance that this change in timing does not change the commitment to supporting local authorities with the significant pressures from funding DSG deficits. It is understood that the LGA is working closely with HM Treasury and the Department for Education to finalise the details with more information to be provided through the provisional Local Government Finance Settlement in late December.

BCP High Needs Budget and Forecast 2025/26

11. The budget projection for 2025/26 at quarter two is for a funding gap of £71.8 compared with the budget of £57.5 due to expenditure on high needs budgets as set out in the table below:

Table 1: High Needs Block Budget 2025/26

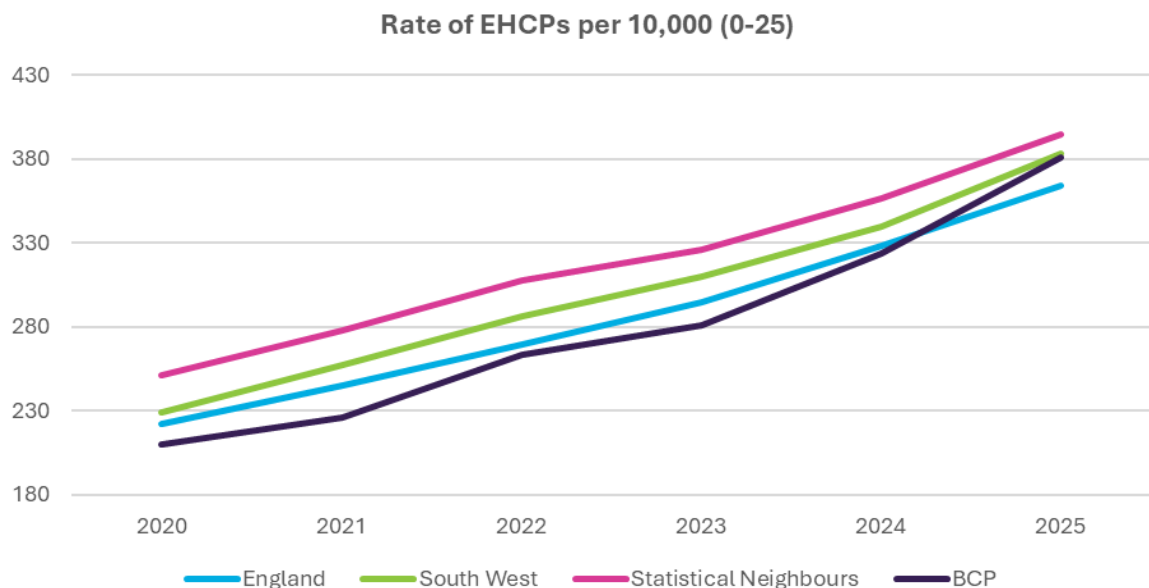
Expenditure Area	2024/25 Actual £000's	2025/26			Annual Increase £000's
		Budget £000's	Forecast £000's	Variance £000's	
Independent & NMSS	30,248	31,237	38,742	7,505	28%
Post 16 only providers	8,063	11,982	9,194	(2,788)	14%
Special Schools	19,020	18,306	21,720	3,414	14%
Mainstream & Units	15,570	15,522	19,518	3,996	25%
Other EHCP provision	11,624	14,612	17,016	2,404	46%
EHCPs top up	84,525	91,659	106,190	14,531	26%
Centrally commissioned (including place funding)	19,511	23,226	22,577	(649)	16%
TOTAL SEND EXPENDITURE	104,036	114,885	128,767	13,882	24%
TOTAL ALTERNATIVE PROVISION	7,870	8,326	8,190	(136)	4%
TOTAL EXPENDITURE	111,906	123,211	136,957	13,746	22%
DSG FUNDING	(62,232)	(65,709)	(65,175)	534	5
FUNDING GAP	49,674	57,502	71,782	14,280	45%

12. Demand in the system from pupils with high needs has continued to rise over the second quarter of 2025/26 with the high needs funding gap increase now projected at £14.3m over that budgeted (£13.75m additional expenditure and £0.53m reduced funding).
13. There are many assumptions in the year end projection with a significant data lag in the system for new cases and changes in provision. An allowance for future cases has been allocated across provider types according to recent trends so individual EHCP categories may be less reliable than the overall total.

BCP EHCP numbers:

14. The scale of increase in EHCP numbers in recent years has been unprecedented making this difficult to forecast. This growth for BCP is typically higher than for other councils with the prevalence in BCP moving from below the national average to above.
15. Rate of EHCPs per 10,000 population (0-25): The council's [SEN2] data provides information on the numbers of children and young people with an EHCP as of January each year.
16. The data shown below in figure 1 shows that BCP's rate of EHCPs is now above the England average rate whilst remaining below the southwest and almost equal to statistical neighbours. The steeper gradient from January 2024 to 2025 will reflect the extra capacity created by the council to clear the backlog of cases that had grown over the previous year and with this backlog substantially cleared by December 2024.

Figure 1



17. In the absence of concrete information about how the national SEND system is to change, a reasonable assumption would be that the current trajectory for growth will continue. The 15-year deficit recovery plan developed two years ago had assumed demand for new ECHPs had started to peak and would gradually reduce each year from the actions included in the SEND improvement plan. The planned trajectory has not been realised and the scale of expenditure growth in 2025/26 indicates that new demand is still rising.
18. The report to the council's Children's Services Overview and Scrutiny Committee in November provides actions currently underway or planned but the financial impact has not yet been established. The committee report is comprehensive, with two examples expected to have high system improvement and financial impact included below.
19. Funding has been secured from the DfE SEND Intervention Support Fund to drive improvement and transformation within Education Services leading to development in three key areas which should have some impact on the budget:

- a. The BCP graduated approach and ordinarily available provision toolkit to provide timely, high-quality support and services to children and young people through early intervention.
 - b. A sustainable three tier alternative provision model based on best practice with improved monitoring and oversight.
 - c. Inclusive whole school practice with the support of an established educational charity (The Difference).
20. As part of the SEND sufficiency strategy, 140 additional specialist places were delivered during the academic year 2024/25 and the plan for delivering beyond this is mapped out in a separated report to the November Children's Services Overview and Scrutiny Committee. The proportion of children in independent and non-maintained specials schools has been reducing, but it is still above the national average, and the growth in EHCPs means that the number of children placed in these schools is still rising.

Alternative Provision Budget and Permanent Exclusions

21. Alternative provision is less than 10% of the overall high needs budget but has still grown by around a third since 2023/24. Some of this growth has been due to the increase in children with mental health issues or those entering or returning to education after a period of elective home education. The larger part of the budget is spent on pupils permanently excluded from schools, being re-integrated after an exclusion or at risk of exclusion.
22. Details of the rate of permanent exclusions is provided in the table below.

Table 2 shows the permanent exclusion rate in BCP compared with regional and national benchmarks (per 10,000 children)

	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25 (Provisional)
BCP	0.12	0.09	0.14	0.23	0.17	0.20
SW	0.07	0.05	0.09	0.13	0.15	n/a
Stat Neighbour	0.06	0.05	0.07	0.10	0.12	n/a
England	0.06	0.05	0.08	0.11	0.13	n/a

The above table shows:

- BCP's permanent exclusion rate has fluctuated over the six-year period, starting at 0.12 in 2019/20 (12 permanent exclusions per 10,000 children), dipping to 0.09 in 2020/21, then rising sharply to 0.23 in 2022/23.
- Although the rate dropped to 0.17 in 2023/24, the provisional figure for 2024/25 is 0.20. BCP's exclusion rate has consistently exceeded the Southwest regional average, statistical neighbours, and national figures in every year. For example, in 2022/23, BCP's rate of 0.23 was significantly higher than the national 0.11, the South West's 0.13, and statistical neighbours' 0.10.

23. Details of the number of Permanent Exclusions is included in the table below:

Table 3: Number of Permanent Exclusions by academic year

	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25 (Provisional)
BCP	60	48	76	105	91	105

The number of exclusions increased from 60 in 2019/20 to a provisional 105 for 2024/25.

24. The report to the council's Children's Services Overview and Scrutiny Committee in November provides further data and analysis with the following conclusions:
- a. The data reveals a persistent and disproportionate pattern of permanent exclusions among pupils with special educational needs in BCP, indicating ongoing systemic challenges in supporting this group.
 - b. Exclusion rates for pupils with an EHCP in BCP have also risen sharply and this is significantly higher than the national EHCP rate and suggests that even those with the highest level of statutory support are at increasing risk of exclusion locally. In contrast, pupils without SEND in BCP have consistently lower exclusion rates, aligning more closely with national averages.
 - c. The data suggests that current systems may not be adequately meeting the needs of SEND pupils, and that exclusion is being used as a response to unmet need rather than as a last resort. Strategic investment in SEND support, staff training, and behaviour pathways will be essential to reversing this trajectory

DSG Management Plan

26. The DfE published DSG management guidance in June 2022: [High needs budgets: effective management in local authorities](#) This document summarises some of the best practices identified adopted by top-performing councils in England to manage high-needs deficits. These practices are drawn from research and sector guidance. However, the report states that 'Judging their impacts on the management of high needs funding is a complex task which really requires a more longitudinal evaluation. However, it indicated that it is possible to provide some quantitative evidence of changes which may help identify practices that have had a particular impact.'. It is of note that of the ten 'good practice' local authorities in the report, all ten are reporting a deficit in 2025/26.
27. The above report cited the following recommendations based on the findings of the case studies, with a brief statement on BCP Council's position in relation to each recommendation:
- a. **'Local authorities should invest properly in SEND leadership, with dedicated time for strategic functions to avoid constant distractions from operational pressures'**: this is built into the SEND Improvement governance in BCP Council. Key leadership roles within Education and Skills have been recruited to and SEND is of a high strategic priority.
 - b. **'Authorities should review their joint commissioning arrangements to support more balanced contributions to high needs provision from the three key services (Education, Health and Social Care)'**: there have been some challenges with this, that are being addressed through more robust financial decision-making protocols and commissioning processes. Collaboration with partners informs joint commissioning plans through joint planning and data sharing.

- c. **‘Officers with SEND and Finance responsibilities should have joint accountability for effective management of this area, with high priority given to effective communication and mutual support, building on the positive practices identified in this report.’**: Joint accountability is in place and communication is improving but keeping the data up to date for committed expenditure on pupil placements and other costs remains challenging for commissioners, with the impact on being able to set robust budgets, forecasts and undertake medium term financial planning. There is already a programme of work in place to address this.
- d. **‘Local authorities should review their capacity for SEND support (and its funding base) to help strengthen their influence on the range of relevant outcomes. They should develop clearer agreements with services which set out commissioning expectations and monitoring arrangements.’**: Outreach provided by special schools has been a SEND support service funded by the high needs block over many years. Re-integration officers have also been introduced, and we should be seeing reduced reliance on alternative provision, but this is instead still growing. Early Years support includes area SENCos, a pupil assessment and outreach service (Dingley’s Promise) has recently been introduced, and a portage service has been funded for many years. Support services that schools could purchase had been declining over the years prior to LGR as schools reported that they were too expensive, with these services not reinstated for BCP. There has been a lack of robustness to the monitoring of the services that are commissioned so this has been addressed and going forward more robust monitoring will be in place. The service is currently learning from other LAs in relation to what kind of early support services they are funding from the High Needs Block.
- e. **‘Local authorities should review their current staffing levels and structures for SEND casework and enhance these where necessary, as part of their broader strategy for improving management of high needs expenditure and quality of service delivery.’**: A redesign of the SEND Service was completed in 2024, informed by good practice, parents and carers, and financial resource available. The phased pod structure is now embedded and receives positive feedback in terms of the approach. However, the high levels of request for statutory support mean that the teams struggle to meet statutory requirements. This is in line with the picture nationally.
- f. **‘Local authorities should review and further develop their approaches to partnership with key stakeholders, taking into account some of the positive practices described in this report (in addition to any broader policy emphasis on this area).’**: the work of the local area partnership has significantly improved. The partners have created and embedded a culture of shared values: Trust, Empathy, Belonging, Communication, and Respect. The strengthened partnership working is demonstrated by shared accountability, clear roles and responsibilities and significant progress in SEND Improvement Board meetings.
- g. **‘When creating new specialist provision, local authorities should be clear about the expected range and levels of need that this will cater for. They should also consider the potential impact on future demand and whether this can be financially sustained. The case for any proposed development**

should include detailed projections on the balance between investment and savings.': detailed modelling has taken place in relation to SEND sufficiency. Special school satellites and resourced provision in mainstream schools have recently been introduced but the effectiveness of these provisions now requires review.

- h. **'With regard to developments in local mainstream provision, investment should be targeted at strengthening inclusion, with impact monitored and evaluated at that level.'**: This is a clear priority across the current development work, evidenced in the SEND and AP Improvement Plan. All BCP schools' data share, enabling a system leadership approach to addressing the challenges and strengths what the data reveals. Termly Head Teacher Forums enable meaningful discussion and prioritisation of actions in relation to inclusion. The Belonging Strategy is in the course of being delivered.
- i. **'Local authorities should set out more clearly their expected pathways for young people with different levels of need, ensure that these are presented earlier and more clearly to young people and their parents, and evaluate quality and outcomes on a more regular basis. Pathways should be realistic but ambitious.'**: some of the pathways have been strengthened as part of the delivery of the previous SEND Improvement Plan. The Balanced System and Early Years support for speech and language is a good example of this. However, some pathways are at different stages of development. There is a strong mental health transformation plan in place for example, but this work is only just starting.
- j. **'Local authorities should learn from positive examples of innovative approaches to mainstream funding (including the option of greater devolution of resources to individual schools/groups of schools with clear expectations of outcomes).'**: this has not been in place to date. However, a shared targeted funding model is being developed for consideration.

SEND and Alternative Provision Plan

- 25. The revised SEND and Alternative Provision Plan was approved by the SEND Improvement Board in September 2025. It was revised with partners including Parent Carer Forums, BCP Council, NHS Dorset Integrated Care Board (ICB), education settings and health providers. Actions remain under the eight headings identified under the previous plan:
 - a. SEND Leadership, Management and Governance
 - b. Communication and Co-production
 - c. Early Identification and Intervention
 - d. Inclusion
 - e. Pathway
 - f. Sufficiency
 - g. Preparation for Adulthood (PfA)
 - h. Managing Resources
- 26. Funding has been secured to support demand management measures to impact the trajectory of high needs funding and help stabilise the system. This includes new investment to support schools in creating inclusive environments that meet the needs of all children and young people. Investment is made up of the:

- a. SEND Intervention Fund noted above of just under £600,000
 - b. SEND Inclusion Fund of £1.2m from the transfer of surplus school block funding to the high need block. The funding is earmarked to support outreach support, training and the recruitment of Inclusion Leads.
27. Further details of investment are detailed below as part of key actions included in the updated SEND and Inclusion Improvement Plan which includes:
28. **Belonging and Inclusion:** During the summer, the council hosted a well-attended Belonging Conference, bringing together school leaders, practitioners, and national experts to share best practice and strengthen our collective response. We are now working with The Difference—a charity focused on inclusive leadership—and the Ted Wragg Trust to embed inclusive practice and build capacity across our schools.
29. **Three-Tier Alternative Provision (AP) Model:** With a total investment of £143,000 from the SEND Intervention Fund, the Council is working with the Difference and in partnership with local schools, to develop a model of alternative provision aligned with plans set out in the government's national SEND and AP Plan. A multi-agency working group is in the process of developing a BCP three-tier AP model, which aligns with plans set out in the government's national SEND and AP Plan. The three-tiers will comprise of: Targeted early support within mainstream school, time-limited intensive placements in an alternative provision settings and longer-term placements to support return to mainstream or a sustainable post-16 destination. The model is designed to offer flexible, graduated support for children at risk of exclusion. This model includes:
 - i. Tier 1: School-led internal provision
 - ii. Tier 2: Commissioned outreach and short-term placements
 - iii. Tier 3: Full-time specialist placements
30. **Inclusion Practice in Schools:** We have funded and filled 50 places for our school leaders on 'The Difference's' Inclusion Leadership Course. This professional development initiative is designed to help school leaders improve whole-school inclusion, reduce lost learning and enhance outcomes for children and young people with vulnerabilities.
31. **Co-production of best practice guidance in relation to Emotionally Based School Non-Attendance (EBSNA):** The council is developing best practice guidance to support schools in responding to Emotionally Based School Non-Attendance (EBSNA). The guidance sets out clear strategies for identifying and addressing emotional barriers to attendance, with a focus on early support, inclusive practice, and multi-agency involvement. It aims to help schools create safe, nurturing environments where pupils feel a sense of belonging and are supported to re-engage with learning.
32. **Development of 'Way Forward' meetings:** *Way Forward* meetings are planned to provide structured support and planning when an Education Health and Care Needs Assessment Request (EHCNAR) is declined, or a decision is made not to issue an EHCP. These meetings bring together professionals and families to

review the child's needs, explore alternative support options, and agree next steps to ensure continued progress and inclusion within education settings.

33. **Updating our SEND and Alternative Provision Sufficiency Strategy:** An updated strategy is in development which will incorporate a dedicated secondary-phase focus to address the growing demand for secondary specialist pathways and alternative provision. This includes support for the implementation of a three-tiered model of AP—ranging from school-led interventions to specialist placements—ensuring a more flexible and graduated response to need. The strategy is being co-developed with partners and informed by data, lived experience, and national best practice, and will be monitored through the SEND Improvement Board to ensure accountability and impact.
34. **Development of Ordinarily Available Toolkit:** The council is utilising some of the above DfE SEND Intervention Support funding to second a school leader, supported by suitably experienced and qualified professionals, to develop Ordinarily Available Provision (OAP) and the graduated approach across the area. The OAP toolkit will help schools distinguish between pupils who can thrive with consistent universal support and those who require additional interventions, and build their skill and capacity to meet need, particularly in relation to out high prevalence needs.
35. **The Graduated Approach:** Linked to the OAP toolkit, the graduated approach provides structured guidance for teachers and school leaders to identify, assess, and record the needs of pupils requiring additional or special educational provision. It supports schools in planning appropriate support based on individual needs, reviewing progress systematically and ensuring that interventions are evidence-based and proportionate. By embedding this approach, schools are better equipped to intervene early and consistently, reducing the likelihood of escalation to exclusion.
36. **Inclusion Lead Pilot:** As part of a pilot, we have recently appointed three Inclusion Advisors to support schools develop inclusive practice. The impact of their work will be monitored and evaluated, and if effective this is a model that could be scaled up.
37. **Outreach offer:** The Council has commissioned outreach services in partnership with our local special schools to provide support for mainstream schools including specialist advice and support to meet the needs of complex children and/or cohorts within their school. There is further scope for outreach services from our Alternative Providers, and this is being explored.
38. **Education Effectiveness Framework:** Working with our local school partners and learning from best practice in other areas, the council is developing a robust Education Effectiveness Framework aimed at driving continuous improvement across all educational settings. The framework will bring together key strands including inclusive practice, targeted support for schools, and a commitment to equity in outcomes for all learners. By working collaboratively with school and MAT leaders, as well as other partners, the framework will provide clear guidance on responsibilities and ensure every child, regardless of background or need, has access to high-quality teaching and learning.

39. **Transition:** BCP Council has established a cross-phase transition working group to improve the experience of children and young people as they move between different stages of education. The group focuses on strengthening continuity of support, sharing key information between settings, and promoting a sense of belonging during transitions—particularly for vulnerable learners who may face additional challenges.
40. **Admissions Re-design:** Work to progress the project to re-design SEND Admission arrangements will start in November 2025. This is a major piece of work that will significantly improve our placement decision making which is a necessary foundation for commissioning sufficiency of specialist places. The purpose of the redesign is to create a fair, transparent and complaint admissions system for children and young people with an Education, Health and Care Plan, ensuring appropriate placement decisions are made through improved processes and robust governance arrangements. The project will be implemented in 4 phases over a 7-month period with implementation in from April 2026 and a period of a further 7 months thereafter for continuous review and refinement.
41. **Updated In Year Fair Access Protocol:** An updated In-Year Fair Access Protocol is in development to ensure that children requiring school placements outside the standard admissions cycle are supported through a fair, transparent, and timely process. Developed in partnership with a task and finish group of headteachers, the protocol includes a decision-making matrix that enables consistent, objective evaluations of each case. At the heart of this approach is a commitment to child-focused discussion and decision making ensuring that every placement considers the individual needs, circumstances, and best interests of the child. This collaborative framework strengthens inclusion and equity, balancing the needs of pupils and schools while promoting positive outcomes for all learners. After extensive consultation, the new protocol is expected to go live during November 2025.
42. **Transitions:** Establishment of a cross-phase transition working group to improve the experience of transitions between phases of education for our children and young people. The working group will identify best practice locally, regionally and nationally to improve outcomes.
43. **Multi-agency Belonging Forums:** Implement best practice from other local authorities who have established multi-agency forums as a way for schools to both support each other to meet the needs of children and young people with vulnerabilities and gain support from partner agencies.
44. **Pre EHCP funding:** BCP Council is currently developing its thinking around a pre-EHCP funding model to strengthen early intervention and reduce escalation to statutory Education, Health and Care Plans (EHCPs). The aim is to provide timely, targeted support for children with emerging or lower level SEND needs within mainstream settings, without requiring a full EHCP assessment. The model would offer schools access to additional resources such as specialist input, equipment, or short-term interventions based on clear criteria and evidence of need. Co-produced with schools and parent/carers representatives, the model would be designed to promote inclusion, reduce delays in support, and ensure that children's needs are met earlier and more effectively. The next step is to

engage our partners to develop the idea and review best practice in other local authority areas.

45. **Revised High Needs Deficit Recovery Plan** is in the early stages of drafting with the following priority areas, all of which tie in closely to the SEND and AP Improvement Plan with the governance arrangements to be in place by January 2026.

- a. Build skill and capacity to meet need in mainstream
- b. Provide support at an earlier stage
- c. Develop support while waiting
- d. Strengthen support at transition points
- e. Deliver SEND sufficiency of places and proactive commissioning
- f. Provide timely and high-quality statutory support
- g. Provide strong financial oversight and governance

New governance arrangements are in development, which include creation of a suitably high level of Board that fills the gap left by the disbanding of the Safety Valve Board. Clear governance is aimed to increase trust among DfE, schools, and local partners and reduce the high needs block deficit over time, improving the council's financial position.

Options Considered

46. Options to reduce discretionary spend were considered but discounted as these are supporting early intervention in schools and early years settings or individual children. Reductions in these services could result in higher future costs and start to disrupt the service improvements being made. Reductions could not be made at any scale and the majority of spend is underpinned by staffing or third-party contracts.

Summary of financial implications

47. The November Cabinet budget monitoring report for quarter two provided the following year end projection of an overspend of £13.7m on high needs expenditure with an accumulated deficit of £183.1m.

Table 4: Summary position for dedicated schools grant

Dedicated Schools Grant	£m
Accumulated deficit 1 April 2025	113.3
Prior year additional funding – early years	(1.9)
Budgeted high needs funding shortfall 2025/26	57.5
High needs funding reduction 2025/26	0.5
High needs overspend 2025/26 - TBC	13.7
Projected accumulated deficit 31 March 2026	183.1

48. The statutory override to prevent the deficit being considered against the council's reserves position has been extended to March 2028. The 26 November 2025 Budget Statement included that government are proposing to take over the responsibility for day-to-day funding of SEND from that date onwards.

49. The current accumulated deficit and any further increase between now and the 31 March 2028 will be retained by BCP Council with any support for these elements announced as part of the December 2025 provisional local government finance settlement for 2026-27.
50. The development of a deficit management plan to limit further expenditure growth is therefore still relevant and will be dependent on the government's aspirations and timing of system change outlined in the awaited Schools White Paper expected early next year.

Summary of legal implications

51. Relevant legislation includes the assessment and (if applicable) relevant plan implementation process in accordance with the Children and Families Act 2014 and related Code of Practice (the Statutory Obligations).
52. A failure to meet the statutory obligations could result in relevant claims being made, the consequences of which could result in legal proceedings and damage to the council's reputation.

Summary of human resources implications

53. None

Summary of sustainability impact

54. None

Summary of public health implications

55. None

Summary of equality implications

56. There are no recommendations in this report that have any equality implications

Summary of risk assessment

57. There is an ongoing risk from the DSG accumulated deficit on the financial stability of the council.

Background papers

Schools Forum November 2025 meeting

Children's Overview and Scrutiny November 2025 meeting

Appendices

None