BOURNEMOUTH, CHRISTCHURCH, and POOLE SCHOOLS FORUM

Subject	**Dedicated Schools Grant (DSG) - Budget Monitoring and High Needs Update at Quarter One 2026-27**
Meeting Date	21 September 2026
Status	Public
Classification	For information
Executive Summary	The quarter one budget monitoring for the DSG reported to the council's Cabinet on 2 September 2026 is a projected high needs funding gap for 2026-27 of £95.7m. Other DSG budgets for 2026-27 are forecast to be balanced. The cumulative deficit at 31 March 2027 is projected to be £275.5m
Recommendations	To note the contents of the report.
Reasons for Recommendations	Budget monitoring is an important element of current year financial management and budget planning for future years.
Portfolio Holder(s):	Councillor Richard Burton – Children and young People
Corporate Director	Juliette Blake – Interim Director of Children's Services
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Wards	Council-wide
Classification	For Information

Background

1. The DSG budget for 2026-27 was set with a funding gap of £95.7m relating to the high needs block. This budget was set using the latest trends to reflect projected spend. Other funding blocks were planned to be balanced.
2. The final Local Government finance settlements for 2026/27 included the details of government financial support available for the historic and still accruing DSG deficit up to March 2028. This included:
   a. A new high needs stability grant, to cover 90% of the deficit as at the 31 March 2026. This grant is subject to the council securing government approval for a local SEND reform plan. This plan is to reflect the aspirations in the February 2026 Schools White Paper. It was submitted to the government in June with the outcome awaited. If agreement is reached the grant will be paid during the autumn of 2026. It will be applied to the accumulated deficit balance on 31 March 2026 of £179.8m.
   b. There is an expectation that similar support will be given for further deficits that will arise in 2026/27 and 2027/28, although it was recognised that this support would not be unlimited.
3. The current accounting statutory override, which requires the council to hold a negative reserve (not normally permitted) for the DSG in its statutory accounts, will continue until the 31 March 2028.
4. The government has indicated that there should not be further deficits beyond March 2028 because from 2028/29, funding to councils for SEND will increase to fully fund expected expenditure levels. Details are to be confirmed in the 2027 Spending Review for financial year 2028/29.

DSG Funding adjustments in summer 2026

5. The early years block funding was finalised in August for 2025-26 to reflect the January 2026 schools and early year census data. Clawback of funding was anticipated in finalising the accounts for last year as the updated DfE estimate of take up of the free entitlements from the autumn 2024 data for under 2-year-olds had led to a significant increase in funding being paid. The final clawback was £0.1m less than expected.
6. The funding for 2026-27 has also been adjusted since the DSG budget was set in January. The high needs funding has been increased by £0.1m in-year to reflect the change in the number of placements in other council provisions and those hosted by the DfE from the January 2026 census. There is an outstanding query from the DfE regarding the number in specialist post-16 institutions. This could potentially result in a funding decrease of £0.2m.

High needs forecast 2026-27 at quarter one

7. The projection for 2026-27 at quarter one is for a funding gap of £95.7m in line with the budget. There was insufficient data with regards to several new placements were in the process of being agreed to provide a robust forecast. This will continue to be monitored closely with an update expected at quarter two.

Table 1: High Needs Block Budget 2026-27

Expenditure Area	2024/25 Actual £000's	2025/26 Actual £000's	2026/27 Budget £000's
Independent & Non-Maintained (INMSS)	30,248	38,805	49,297
Post 16 only providers	8,063	9,303	12,103
Special Schools	19,020	23,130	26,135
Mainstream & Units	15,570	20,247	21,896
Other provision (below)	11,624	17,463	20,667
Funding for EHCPs	**84,525**	**108,948**	**130,098**
Centrally commissioned (including place funding)	19,511	19,965	24,893
SEND Expenditure	**104,036**	**128,913**	**154,991**
Medical and Exclusion	8,114	8,128	9,042
TOTAL EXPENDITURE	**112,150**	**137,041**	**164,033**
FUNDING	-62,476	-65,446	-68,369
FUNDING GAP	**49,674**	**71,595**	**95,664**

8. The projected in year funding gap has almost doubled in the last 2 years; with the increased projected spend at Independent & Non Maintained Special Schools and Other provision being the 2 largest drivers of the increase in spend.
9. Other EHCP provision includes therapies, bespoke packages, additional special school payments, central SEND budgets for children in pre-schools and the inclusion fund. The main area for growth is for bespoke packages for children unable to attend school. This has risen in recent years from only £3.7m in 2021-22 to £17.4m last year. BCP has been identified as an outlier in all benchmarking groups for the number of children educated in this type of provision (all England, South West and Statistical Neighbours) which is significantly impacting on the budget. This has been attributed to insufficient local provision
10. The Centrally commissioned budget includes funding for core school budget grant (CSBG) and additional national insurance allocations that have been subsumed into the high needs block for specialist providers and mainstream school bases.

Summary of financial implications

11. The cumulative deficit is currently projected to be £275.5 by 31 March 2027.

Table 2: Summary position for Dedicated Schools Grant

Dedicated Schools Grant	£m
Accumulated deficit 1 April 2026	**179.8**
Budgeted high needs funding shortfall 2026/27	95.7
Projected accumulated deficit 31 March 2027	**275.5**