



**DEDICATED SCHOOLS GRANT OUTTURN 2025/26**

**Purpose of the Report**

1. The purpose of this report is to provide the Early Years & Schools Forum (the Forum) with a summary of the Dedicated Schools Grants (DSG) 2025/26 final outturn.

**Information and Advice**

2. The DSG is a ring-fenced grant that is paid to Local Authorities specifically to be used in support of the schools budget. For 2025/26 Nottinghamshire County Council’s total DSG is £974.288m, after adjusting for the calculated Early Years block final allocation.
3. The final financial position of the DSG in 2025/26 is an overspend of £41.464 million. A summary of the DSG by block is set out in the table below.

<b>Previous Variance £m</b>	<b>Funding Block</b>	<b>Budget £m</b>	<b>Outturn £m</b>	<b>Outturn Variance £m</b>
-	Schools	705.750	705.583	<b>(0.167)</b>
38.153	High Needs	130.155	172.393	42.237
<b>(0.486)</b>	Early Years	132.464*	131.942	<b>(0.522)</b>
-	Central Services	5.919	5.835	<b>(0.084)</b>
<b>37.667</b>	<b>Total</b>	<b>974.288</b>	<b>1,015.753</b>	<b>41.464</b>

\*This figure represents the anticipated final Early Years block allocation which differs from the latest published DSG allocations.

**Explanation of Significant Under and Overspends by DSG block**

**4. High Needs Block £42.237 million overspend**

The pressure on the high needs block is primarily attributable to continuing increases in the numbers of pupils with EHCPs across mainstream schools, special schools, post-16 provisions and independent specialist provisions. Due to the significant rise in the number of children with EHCPs and increasing complexity of need, it has not been possible to accommodate all pupils with an EHCP in a maintained school or academy placement, despite new places being created

in year. This has necessitated an increased the use of Independent and Non-maintained Special Schools

The number of pupils funded in 2025/26 within special schools and academies is 1,593 (January 2026 moderation). This includes Horizons that opened in January 2026 with the school being funded to educate 144 pupils.

**Table 1** below provides a breakdown of the High Needs block, with the main variances contributing to the overspend being;

**Independent Specialist Provision (EHC Plan)** has overspent by £29.5m with expenditure of £58.2m in against a budget of £28.7m. This is a vast increase in expenditure compared to 2024/25 where expenditure was £37.2m against a budget of £26.7m, resulting in a £10.5m overspend.

There was a total of 871 children educated in independent non maintained (INM) settings throughout 2025/26, an increase of 188 pupils (28%) since April 2025.

Alternative Provision placements for children with EHCPs increased by 130% since April 2025 (550) to 1,265 by year end.

The **Post 16 Budget** has overspent by £4.7m, with total expenditure of £12.6m. The overspend is partly due to Portland College as their schedule for academic year 2025/26 is almost £7.0m, an increase of £1.7m compared to 2024/25. A total of 665 Post 16 placements were funded during 2025/26.

Mitigation work will have an effect on future years expenditure, and it is expected that this will start to reduce costs from the 2026/27 academic year.

**Independent Specialist Provision (Non EHC Plan)** also known as Education Other Than at School (EOTAS) has overspent by £3.3m. The overspend is a result of continued high number of exclusions in schools and academies, a total of 455 permanent exclusions during 2025/26 which is a 10% increase on last year, and a 31% increase to the average weekly costs of provision. Budget of £2.7m has been transferred from primary and secondary partnership's allocation to EOTAS because of retained partnership budget from schools to contribute towards the costs of alternative provision.

**Targeted High Level Needs (HLN)** has overspent by £4.0m due to high levels of requests for support. Compared to the previous financial year there has been, on average, a 44% termly increase in the volume of children supported. In March 26 HLN support was distributed to 175, the largest monthly increase during 2025/26 and is the main driver behind the increased variance.

**Other Local Authority (OLA) Special School Budget** has overspent by £0.9m due to the number of pupils placed in other local authority special schools, most notably Nottingham City Council, and the budget being insufficient to meet this cost.

The 'Import/Export Adjustment' factor of the High Needs Block has seen Nottinghamshire's High Needs Block reduce by £0.5m, contributing to the overall overspend.

Table 1 – High Needs Block Summary

Service	Budget Allocation 2025/26 £000	Expenditure 2025/26 £000	Variance 2025/26 £000	Previous Variance £000	Change in Variance £000
Special School Budgets (Including Academy place funding paid directly by ESFA)	41,902	42,848	946	(29)	975
Special School Equipment	850	877	27	148	(121)
SEND Improvement	323	276	(48)	(46)	(2)
Place Funding for AP, CCP and FE providers (AP Recoupment & FE Recoupment)	1,554	1,632	78	164	(86)
Mainstream Enhanced Provision	1,496	1,343	(153)	(162)	10
Inclusion Services	5,628	5,686	58	102	(44)
Devolved Partnership Funding	4,404	4,317	(87)	(39)	(48)
Partnership Team	1,801	1,699	(102)	(70)	(32)
SEN Home to School Transport	1,764	1,735	(29)	-	(29)
Post 16 High Needs (outside of special schools and academies)	7,890	12,631	4,740	4,852	(112)
Independent Specialist Provision (EHC Plan)	28,693	58,191	29,499	28,127	1,372
Independent Specialist Provision (Non EHC Plan)	7,489	10,771	3,283	2,035	1,248
Targeted High Level Needs (HLN)	8,619	12,668	4,049	2,300	1,749
Additional family needs (AFN)	14,016	13,736	(281)	170	(451)
Family Network Funding (FNF)	1,564	1,564	-	-	-
Health Related Education Team (HRET)	1,537	1,456	(81)	20	(101)
Physical Disability Specialist Service (PDSS)	587	549	(38)	-	(38)
SEND Divisional Costs	540	415	(125)	80	(205)
Import/ Export Adjustment	(501)	-	501	501	-
<b>Total</b>	<b>130,155</b>	<b>172,393</b>	<b>42,237</b>	<b>38,153</b>	<b>4,085</b>

## 5. Early Years Block £0.522 million underspend

For 2025/26 funding local authorities will receive for universal and additional 3 & 4 year olds and 2 year olds of families receiving additional support will continue to be calculated using the existing methodology, PTE numbers based on January census data taking 5/12ths of the January 2025 census and 7/12ths of the January 2026 census. The funding mechanism for 2 year old and under children of working parents continues to be different and will be based on termly headcounts in the summer 2025 and autumn 2025 terms, and the January 2026 census.

**Appendix A** provides a full breakdown of the Early Years Block, which contains the following variances.

- £0.225m net underspend across all age groups. The LA will receive funding for 31,332 PTE across all entitlements with actual uptake being 30,928 PTE. Receiving funding for more hours than the total number of hours paid out to the sector has created an underspend.
- £0.205m overspend on SEN Inclusion Fund, including £0.2m contribution from the High Needs block. The overspend is due to an increase in the number of children accessing SEN inclusion.
- £0.372m underspend on Disability Access Fund (DAF). The LA receives funding for all eligible children, regardless of uptake. However, payments are made to the sector only for the children taking up the entitlement. Not all eligible children have taken up the entitlement resulting in an underspend.

- £0.130m net underspend on remaining allocations including central expenditure and deprivation.

**The final financial position of the Early Years Block will be confirmed in Summer 2026 when the DfE announce the final 2025/26 funding allocation.**

**6. Schools Block £0.167 million underspend**

There was an underspend of £0.3m within the de-delegated trade union time budget. Historically de-delegated trade union underspends have been carried forward to be utilised in future years, but this is no longer permissible due to ending the financial year with a deficit on the Non ISB reserve.

There was an overspend of £0.1m on the pupil growth fund, partly due to a retrospective payment being made to Rosecliffe Spencer Academy due to their early expansion to PAN 60 relating to 2024/25.

**7. Central Schools Services Block £0.084 million underspend**

The variance is due to an in year underspend with the School Admissions Service.

**Non ISB Reserve**

The impact of the 2025/26 DSG outturn on the Schools Non ISB Reserve is as follows:

<b>Non ISB Reserve</b>	<b>Total £m</b>
<b>Balance brought forward 01.04.2025</b>	1.152
Early Years Block 2024/25 Final Allocation Adjustment	0.844
Dedelegated Trade Union Facilities	(0.284)
Small Grants c/f	(0.051)
Schools Block Underspend 2025/26	0.167
High Needs Block Overspend 2025/26	(42.237)
Early Years Block Underspend 2025/26	0.522
CSSB Underspend 2025/26	0.084
<b>Balance carried forward 31.03.2026 surplus/(deficit)</b>	<b>(39.803)</b>

**High Needs Stability Grant 2025/26**

In December 2025 DfE announced that all local authorities with a DSG deficit will be able to receive a High Needs Stability Grant in 2026 to 2027 covering 90% of their eligible high needs related DSG deficit accrued up to the end of 2025 to 2026, provided they secure approval from DfE for their local SEND reform plan.

For Nottinghamshire the deficit expected to be eligible for the stability grant is £39.803 million. If the Reform Plan, to be submitted by NCC officers in June 2026, is approved and all high needs expenditure agreed to be eligible then the grant received by NCC will be £35.823 million, leaving £3.98 million deficit with the local authority.

Treatment of future year deficits is still to be confirmed by DfE.

## **RECOMMENDATION**

**That the Early years and Schools Forum:**

- 1) Note the contents of this report.

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