

REPORT FOR SCHOOLS FORUM

1.	Date of meeting:	30th January 2025
2.	Title:	2025/26 Schools Funding Settlement
3.	Directorate:	Finance and Customer Services

1. PURPOSE OF THE REPORT

To provide an update to Schools Form members as to the 2025/26 schools funding settlement for Rotherham as announced by the Government in December 2024.

2. RECOMMENDATION(S)

That members of Schools Forum note the content of the report.

3. BACKGROUND

The Dedicated Schools Block (DSG) allocations to local authorities consist of four blocks:

- Schools Block
- High Needs Block
- Early Years Block
- Central School Services Block

In November 2024 the local authority sought consultation with schools, academies and Schools Forum on the local funding formula decisions as set out in the regulations and the consultation was based on estimated funding due to a delay in the publication of indicative allocations from the DfE.

5. SCHOOLS DSG FUNDING ALLOCATIONS

On 18th December 2024, the Department for Education published the DSG allocations for the 2025/26 financial year. The provisional allocations for Rotherham are;

DSG funding allocations	2024/25 £'000	2025/26 £'000	Change £'000
Schools block	243,724	260,995	17,271
Central schools services block	1,586	1,794	208
Early Years block	30,908	42,202	11,294
High Needs block	58,226	62,340	4,114
TOTAL	334,444	367,331	32,887

6. SCHOOLS BLOCK

The 2025/26 Schools Block funding allocation is £261m and is allocated to mainstream schools and academies in the Borough based on pupil numbers taken from the October 2024 census. The allocation is calculated by a national formula based on separate primary and secondary units of funding, plus an amount based on historical information for growth, premises, and mobility.

The October 2024 census count shows that there are a total number of pupils across the borough of 39,800; this is a decrease of 328 pupils from the October 2023 census count.

The table above shows that the overall school block funding allocation has increased from £243.7m in 2024/25 to £261.0m 2025/26.

The 2025/26 schools block includes funding for pay and pensions costs that were previously funded through specific grants but has now been rolled into DSG funding. This mainly explains the increase in the schools' block funding of £17m compared to 2024/25. This ensures that these additional funding forms part of schools' core budgets going forward.

The proposal to transfer 0.5% from the school block to the high needs block was approved by the Schools Forum meeting on the 13 December 2024.

7. HIGH NEEDS BLOCK

The High Needs Block allocation for 2025/26 is £62.3m and is used to fund education for pupils with special educational needs and disabilities (SEND) who require specialist education. This is an increase of £4.1m compared to 2024/25 and reflects the additional funding provided nationally to support local authorities in meeting the cost pressures in relation to SEND. The High Needs Block funding is calculated using a national funding formula based on the following:

- A basic entitlement factor, which allocates funding using data on the pupil and student numbers in specialist provision. The basic entitlement funding rate will remain at £4,660 per pupil or student for 2025/26.

- A historic spend factor, which was updated in 2022/23, to provide every local authority with a set percentage (50%) of their 2017/18 spending on high needs.
- Allocations using several proxy data indicators / factors such as population, free school meals, income deprivation index data (IDACI), disability factor, Key Stage 2 & 4 attainment data etc.

The requirement for specialist school provision for pupils with SEND has increased, creating further pressure on the system nationally. In Rotherham, the number of children and young people that are receiving additional support via an Education, Health and Care Plan (EHCP) has more than trebled since 2014 to 3,603 at December 2024. The increasing number of EHCP's has led to financial pressures on the High Needs Block in Rotherham. To address the cost pressures, the Council implemented a four-year DSG Management Plan covering the period 2022/23 to 2025/26.

8. EARLY YEARS BLOCK

The 2025/26 Early Years Block is £42.2m and represents an increase of £11.3m compared to 2024/25 (due to the expansion of the 2 years old and under 2's entitlements). The funding allocation includes funding for free childcare entitlement for eligible children and working parents of 3 & 4 years olds (£17.8m); 2-year-olds (£11.1m) and under 2's (£11.1m) in schools, private, voluntary, and independent early years settings.

The early years funding rate per pupil has increased to £5.71 for 3&4-year-olds, £8.15 for 2-year-olds and £11.12 for under 2. In addition, the Early Years Block includes and Maintained School Nursery Supplementary funding allocation of £1.28m, Early Years Pupil premium of £579k and Disability Access Fund (DAF) £238k to provide additional support to vulnerable pupils.

9. CENTRAL SERVICES SCHOOLS BLOCK (CSSB)

The Central Services Schools Block funding allocation for 2025/26 is £1.794m and comprises of funding for ongoing statutory responsibilities of the local authority in relation to schools. The funding allocation represents an increase of £0.2m compared to the current year.

10. OTHER SCHOOLS GRANT FUNDING

10.1 PUPIL PREMIUM FUNDING

The Schools Pupil Premium is additional funding provided to schools to improve educational outcomes for disadvantaged pupils. The funding is comprised of the following:

- Disadvantaged Pupil Premium is paid for all pupils who claim free school meals or have claimed free school meals in the last six years.
- The Pupil Premium Plus, which is paid for every pupil who has left Local Authority care through adoption, a special guardianship order or a child arrangement order.
- The Service Premium, for every pupil with a parent serving in the forces or who is retired on a Ministry of Defense pension.

The Pupil Premium amounts for 2025/26 are yet to be confirmed.

10.2 UNIVERSAL FREE SCHOOLS MEALS

The ESFA pays the UIFSM grant directly to academies and free schools open before 1 May 2024. Local authorities allocate the grant to its maintained schools.

New policies or funding rates could not be announced during the pre-election period in 2024. The allocations for the first 2024 to 2025 payments were therefore calculated using the 2023 to 2024 academic year UIFSM funding rate of £2.53.

It has now been confirmed that a further uplift to £2.58 will be implemented for the 2024 to 2025 academic year. This additional payment will be delivered alongside the final allocation for 2024 to 2025 in June/July 2025. This will be backdated to the start of the academic year.

Each meal taken by an eligible pupil now attracts £2.58. An allocation assumes that pupils will take 190 school meals over an academic year, providing £490.20 per eligible pupil.

10.3 PE and Sport Premium Grant

The PE & Sport premium grant is allocated to schools to make additional and sustainable improvements to the provision of PE and sport for the benefit of all primary aged pupils to encourage the development of healthy, active lifestyles.

Allocations for the academic year 2024-25 are calculated using the number of pupils in years 1 to 6 as recorded in their January 2024 census.

10.4 NATIONAL INSURANCE CONTRIBUTIONS GRANT

The DfE has announced that schools will be funded by way of a separate grant in 2025-26 to cope with the net effect of the rise in employer national insurance contributions (NICs). Full details and allocations are expected to be published by the DfE imminently.

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