

## REPORT FOR SCHOOLS FORUM

1.	<b>Date of meeting:</b>	<b>13<sup>th</sup> June 2025</b>
2.	<b>Title:</b>	<b>Schools Budget - 2024-25 outturn and 2025-26 latest update</b>
3.	<b>Directorate:</b>	<b>Finance and Customer Services</b>

### 1. PURPOSE OF REPORT

- 1.1 To inform school forum members of the final school's budget position of the delegated budget for maintained schools and centrally retained budgets for 2024/25 both of which are funded from the Dedicated Schools Grant (DSG).
- 1.2 To provide an update on the schools funding for 2025/26 and the Local Authority maintained schools budget position based on the initial budget submissions received in May 2025.

### 2. RECOMMENDATION(S)

- 2.1 **It is recommended that the schools forum note the final reported position for LA maintained schools and the centrally retained DSG budgets for 2024/25.**
- 2.2 **That Schools Forum note the latest budget projections of Rotherham's maintained schools for 2025/26 and the identified financial risks against the schools DSG budgets.**

### 3. OVERALL SCHOOLS BUDGETS 2024/25

- 3.1 The final DSG funding allocation for Rotherham for 2024/25 was £109.99m. (Confirmed by the DfE in March 2025). This amount is net of academy recoupment for the 94 academies within Rotherham at a total of £212.260m.

<b>2024-25 DSG Funding Blocks</b>	<b>Allocation (£m)</b>
Schools Block	30.04
Central Block	1.56
Early Years Block	32.51
High Needs Block	45.86
<b>Total DSG</b>	<b>109.99</b>

- 3.2 The above DSG budgets excludes schools' surplus balances (£2.264m) carried forward by maintained schools from the previous financial year and available to schools in 2024/25 to spend.
- 3.3 It also excludes pupil premium grant (£3.358m) and other specific grant funding provided by the DfE in 2024/25 and allocated directly to schools in accordance with the grant conditions e.g. Universal Infant Free School Meals, Primary PE & Sports grant, Recovery Premium, Teachers Pay Additional Grant and School Led Tutoring Grant.

#### 4. DELEGATED SCHOOLS BUDGETS OUTTURN 2024/25

- 4.1 DSG delegated funding has been allocated to individual schools through the local schools funding formula. The final outturn position (i.e. surplus balances) for all Rotherham maintained schools in 2023/24 is as follows:

Surplus Balance	23/24 Outturn £'000	Feb 2025 Forecast £'000	Final Outturn £'000
Nurseries	440	664	806
Primary	1,466	827	1,223
Secondary	556	138	509
Special	-70	-	-
PRU	-131	-341	-182
	<b>2,260</b>	<b>1,287</b>	<b>2,357</b>

- 4.2 During the 2024/25 year, 2 primary schools and a special school converted to academies. Of the 22 maintained schools remaining (excluding Aspire PRU), the table below illustrates the combined values of surplus and deficits for the year.

	2025/26		
Surplus Balance bands	No. of Schools	% number of schools	Total surplus balance (£m)
Deficit Balance	3	9%	-0.257
Surplus £1,001 - £50,000	8	38%	0.227
Surplus £50,001 - £100,000	3	14%	0.206
Surplus £101,001 - £250,000	4	19%	0.645
Surplus £250,001 +	4	19%	1,550
<b>Total*</b>	<b>22</b>	<b>100%</b>	<b>2,539</b>

\* The above excludes the deficit for Aspire PRU of £182k

- 4.3 At the time of the original budget submission, there were 3 primary schools that entered the year with an agreed planned budget deficit position, which collectively amounted to £136k. Recovery and actions were put in place

alongside some additional financial support (total £60k) to help schools return to a sustainable position within the agreed timeframe. At the end of 2024/25, only 2 of the schools reported deficit positions amounting to a total of £90k. The PRU also reported a deficit of £182k.

- 4.4 At the end of the financial year reported surplus balances are rolled forward and added to the schools' budgets for the following financial year. In total, the carry forward balances for all maintained schools is an overall combined surplus of £2.357m for 2024/25 compared to £2.260m in the previous financial year. The increase in surplus balances is despite the increased budget pressures schools faced in 2024/25 (e.g. pay increases) and can be explained by increased funding from DfE to address cost pressures.
- 4.5 Surplus balances are deemed to be excessive when they are greater than 5% of the total budget for secondary schools or 8% for primary schools. NB: Nursery schools are not captured under the excess surplus balance clawback mechanism.
- 4.6 At the end of 2024/25 a total of 3 schools were identified to have excess surplus balances and have been contacted to submit governor approved spending plans by 30<sup>th</sup> May 2025. These plans will be reviewed by the Assistant Director for Education & Inclusion to ensure that any planned use of these balances meets the needs of pupils by the end of the summer term.

## **5. CENTRALLY RETAINED DSG BUDGETS OUTTURN 2024/25**

- 5.1 A year end overspend or deficit of £2.8m is reported across all centrally retained DSG budgets and mainly relates to high needs / SEND budget pressures although offset by underspends in other central DSG budgets (e.g. Early Years).
- 5.2 High Needs (overspend of £3.7m) – the overspend relates to spend on education provision on pupils with special education needs and disabilities. It compares unfavourably to the £1.2m deficit assumed in the Safety Valve Agreement agreed with the DfE. The increased high needs budget deficit for 2024/25 reflects increased pressures in the SEND system, namely; inflationary costs; increase in pupils with EHCPs in mainstream and special schools; and continuing placements in independent specialist settings outside the Borough.
- 5.3 Other Central DSG budgets (underspend of £0.9m) – this is mainly attributable to the Early Years DSG budgets and reflects increased funding received at year end for the expansion of the childcare and nursery entitlement for 2-year-olds and under 2s' that was implemented from September 2024.
- 5.4 The above centrally retained DSG overspend of £2.8m has been transferred into the DSG Reserve account. The closing position of the DSG reserve for 2024/25, after adjusting for Safety Valve monies received from DfE, was an

accumulated deficit of £2.9m. This year-end deficit balance has been rolled forward into 2025/26.

## 6. 2025/26 SCHOOLS BUDGET - LATEST UPDATE

- 6.1 The DfE published Rotherham's DSG funding for 2025/26 in December 2024. This informed the budget setting process for the 2025/26 financial year. Individual school budget shares were issued in February 2025 in accordance with the statutory deadline; with a requirement for Local Authority maintained schools to submit approved detailed 3-year budgets to the council by the 16<sup>th</sup> of May 2025.
- 6.2 The latest confirmed DSG funding allocation for Rotherham for 2025/26 is £121.6m net of academy recoupment.

DSG Funding Blocks	Mar 2025 Allocation (£m)
Schools Block	29.585
Central Schools Services Block	1.794
Early Years Block	42.202
High Needs Block	48.031
<b>Total DSG</b>	<b>121.612</b>

- **Schools Block** – the actual delegated budget for 2025/26 currently stands at £28.287, after adjusting for the schools block transfer of 0.5% to the high needs budget and funding de-delegated from maintained schools.
  - **Central Schools Services Block** – the DSG allocation for the CSSB is £1.794m for the year and is used to support ongoing commitments such as SACRE, Teachers Pensions costs, Schools forum admin costs, Schools Admissions and Copyright Licensing.
  - **High Needs Block** – the actual high needs budget for 2025/26 is £49.33 (net of recoupment for high needs places funded directly by DfE) and includes the block funding transfer (£1.3m) from the schools block.
  - **Early Years Block** – The Early Years allocation is £42.02m. The forecast includes utilising £228K for under 2s in 25/26 due to higher number of hours taken in the summer term under the stretched offer.
- 6.3 In accordance with the Scheme for Financing schools, maintained schools were required to submit detailed budget plan for 2025/26 together with a three-year budget plan for the period 2025-26 to 2027-28 to the Council by Friday 16<sup>th</sup> May 2025. The total net surplus balances as reported by all maintained schools / nurseries in their submitted budget plans for 2025/26 is summarised below:

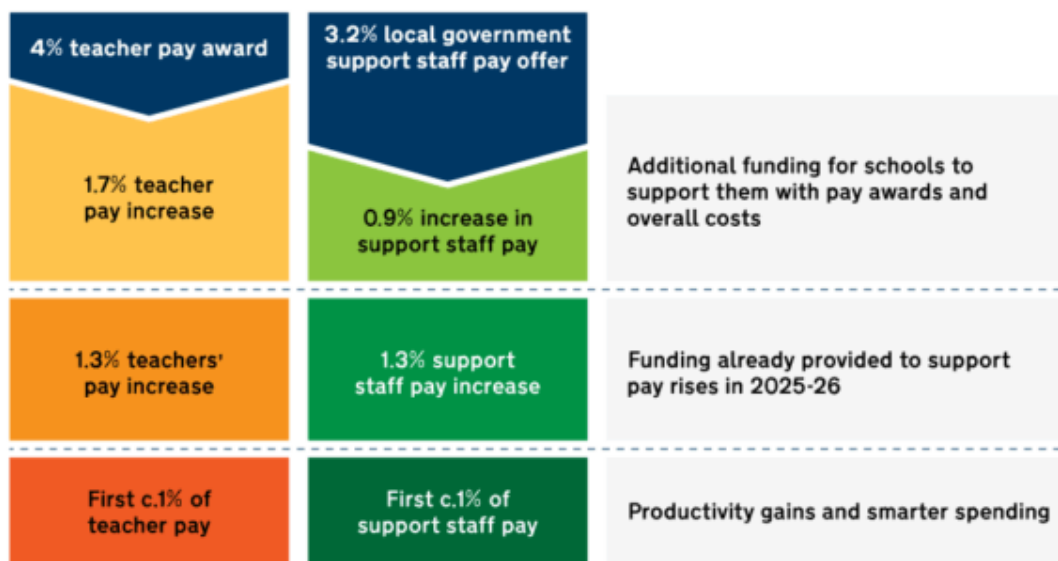
Value of Balance	No. of Schools	% of Schools	Budgeted balance (£m)
Deficit Balance	4	19%	-463
Surplus £1,001 - £50,000	6	29%	30
Surplus £50,001 - £100,000	3	14%	247
Surplus £101,001 - £250,000	7	33%	1,150
Surplus £250,001 +	1	5%	261
<b>Total</b>	<b>21</b>	<b>100%</b>	<b>1,224</b>

- 6.4 Overall, the total budgeted surplus balance for 2025/26 is £1.2m. This is significantly lower than the reported outturn for the previous year (£2.4m) and reflects the use of carry forward balances to support the budget. This is further evidence of the financial challenges (e.g. pay increases, energy costs, etc) that schools are facing. Although it is unclear at this stage to what extent recently announced grant funding to support schools with pay inflation and National Insurances increases have been factored into the submitted budget plans of schools.
- 6.5 Of the 4 schools that have submitted a deficit budget for 2025/26 consists of 3 primary schools and the Aspire PRU. These schools are currently being supported under the schools in financial difficulty framework. Dialogue is ongoing with these schools regarding approval to operate under a licensed deficit. Such approval from the local authority would be dependent on the schools putting forward viable recovery plans to return their budgets to a sustainable position going forwards. Where possible allocations from the schools in financial difficulty contingency budget is available to support schools to take appropriate actions.

## 7. FINANCIAL RISKS FACING SCHOOLS IN 2025/26

- **Teachers Pay Award** – The DfE have announced that all teachers will receive a 4% pay rise from Sept 2025. The increased pay is partially supported by increased funding to schools to support them with the costs of the staff pay awards, on top of existing funding already provided in existing budget allocations. Schools will be expected to find approximately the first 1% of the teachers pay award through improved efficiency gains, with the remaining cost covered by the additional funding. Further details on the funding rates and allocations are expected to be published later in June.
- **NJC pay offer** – an offer of 3.2% from April 2025 has been recommended and currently under negotiation. If agreed, only 0.9% will be funded by way of additional funding.

## Funding the teacher pay award and local government support staff pay offer in 2025-26



\*Chart is for illustrative purposes only

The diagram above shows how teacher and support staff pay is funded this year: It is envisaged that around 1% of staff pay increases for 2025/26 would be covered by productivity gains and smarter spending – in effect efficiency savings from schools' budgets.

- **Increase to employers National Insurance Contributions** – The DfE have announced details of the National Insurance Contributions (NICs) grant for the 2025-26 financial year. The funding provided through this grant will be to support settings with NICs costs relating to both teachers and support staff affected by the increase to employers NICs. However, the DfE methodology to calculate funding for this grant may put some schools at risk, especially if a large portion of their staff or employed on the upper pay scale.
- **Inflationary Pressures** – school budget pressures due to inflation remain a significant concern as energy costs have not reduced as originally anticipated. In addition to this, the cost of other utilities and essential resources continues to rise at a rate that outpaces funding.
- **Falling Pupil Numbers** – As the national trend for pupil numbers continues to fall it brings with it a significant impact on school funding across the borough, though fixed costs remain high placing additional pressure on school budgets.

7.1 The Local Authority is able to support schools in financial difficulty in several different ways; for through example growth funding, falling rolls funding, and schools in financial difficulty (SIFD) support. Each of these has different eligibility criteria for and schools are encouraged to engage with the authority

early to help identify/mitigate risks and access support if required to help them remain financially stable in the current challenging environment.

## **8. NAMES & CONTACT DETAILS**

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