

REPORT FOR SCHOOLS FORUM

1.	Date of meeting:	12th September 2025
2.	Title:	Schools Budgets 2025-26 – Latest Position (Sept)
3.	Directorate:	Finance and Customer Services

1. PURPOSE OF REPORT

- 1.1 To provide an update on the schools funding for 2025/26 and the latest monitoring position for the Local Authority maintained schools budgets and centrally retained Dedicated Schools Grants (DSG) budgets.

2. RECOMMENDATION(S)

- 2.1 It is recommended that the schools forum note the latest DSG funding for schools for the 2025/26 financial year.
- 2.2 That Schools Forum note the forecast positions of Rotherham's maintained schools and the centrally retained DSG budgets for the year.

3. LATEST DEDICATED SCHOOLS GRANT 2025/26

- 3.1 The latest confirmed DSG funding allocation for Rotherham for 2025-26 is £121.076m, which includes a total of £28.744m in Schools Block funding for the LA maintained schools.

	Mar 2025 Allocation (£m)	Jul 2025 Allocation (£m)	Change (£m)
Schools Block	29.584	28.744	-0.840
Central Schools Services Block	1.794	1.794	-
Early Years Block	42.202	42.387	0.185
High Needs Block	48.031	48.151	0.120
Total DSG	121.611	121.076	-0.535

- 3.2 The latest allocation includes the following changes since the last position reported to School Forum in June 2025:

- **Schools Block** – A reduction of £840k due to the academisation of a maintained primary school. There is no impact on existing maintained schools overall funding position.

- **Early Years Block** – An increase of £185k attributable to an increase in numbers eligible for universal entitlement for 3 & 4 year olds (£271k) and 2 year old disadvantage entitlement (£6k) partially offset by a reduction in numbers for the additional 15 hours entitlement for eligible working parents of 3 & 4 year olds (£92k).
- **High Needs Block** – the increase of £120k represents a positive funding adjustment made by DfE to reflect actual number of pupils in receipt of high needs funding that are placed in specialist schools within and outside the borough (referred to as the import/export adjustment).

4. UPDATE ON CENTRALLY RETAINED DSG BUDGETS

- 4.1 These relate to budgets for schools' expenditure that are retained centrally and where it is cost effective to be managed by the council. It comprises in the main, elements of the schools' block, early years, and the high needs DSG blocks. The table below summarises the latest forecast position across all the centrally retained DSG budgets.

	Budget 2025/26 (£m)	July 2025 Forecast (£m)	Forecast Variance (£m)
Schools Block	0.362	0.362	-
Central Schools Services Block	1.794	1.794	-
Early Years Block	42.110	42.110	-
High Needs Block	49.329	52.412	3.083
Total DSG	93.595	96.678	3.083

Schools Block

- 4.2 The centrally retained schools block budget of £362k represents the amount de-delegated from maintained schools' funding and managed centrally by the council. Overall the de-delegated budgets - Schools in Financial Difficulty (SIFD), School Improvement & Trade Union Facility Time - are all showing a forecast balanced position for 2025-26. The LA has committed to supporting two schools using the SIFD funding for 2025-26 and it is likely that additional commitments will need to be made as schools continue to face rising costs alongside a drop in pupil numbers.

Central Schools Services Block (CSSB)

- 4.3 The DSG allocation for CSSB remains unchanged at £1.794m for the year. The CSSB DSG funding is used to support ongoing commitments such as SACRE, Teachers Pensions costs, Schools Forum admin costs, Schools Admissions and Copyright Licensing. A balanced budget position is currently forecast for the year across the CSSB budgets.

Early Years Block

- 4.4 Aa balance position is currently forecast across the early years block, with the brought forward balance from 2024/25 to be utilised to fund the Inclusion Support Grant (Tier 3) funding commitments. At this stage it is assumed that participation numbers for the 2-year-olds and 3 & 4 year old childcare entitlement (including the expansion) will be in line with budget projections.

High Needs Block Budgets

- 4.5 A cost pressure of £3.083m is currently forecast for the High Needs block and mainly relates to SEND provision and support. The latest forecast is an increase compared to the planned approved deficit for 2025/26 of £2.5m. The forecast deficit is mainly due to the following; inflationary costs; increase in EHCP pupils in mainstream and special schools; and continuing placements in out of authority independent settings (although it should be noted that placements in out of borough schools have stabilised). Work is ongoing through the SEND sufficiency programme to create more local places and provision aimed at further reducing expensive out of authority specialist placements.
- 4.6 It should be noted that DSG deficits would need to be managed within allocated DSG funds, as LAs are not allowed to cover DSG deficits using their General Fund resources. The Safety Valve Programme (inclusive of the SEND Sufficiency Strategy) is the framework for managing the demand challenges and cost pressures in the high needs block. It details the actions / measures to be implemented in 2025/26 and beyond to achieve the planned deficit.

Overall DSG Reserves forecast position

- 4.7 An overall deficit is currently anticipated in the DSG reserves (£3.6m) in 2025/26 compared to a balanced position assumed in the signed Safety Valve Agreement. It should be noted that 2025/26 represents the last year of the Safety Valve Agreement / programme. The forecast deficit in the DSG reserves in 2025/26 is due to the cumulative impact of demand challenges and cost pressures facing the SEND system over recent years.
- 4.8 The current statutory deficit protections has been extended by the Government for another 2 years to 31 March 2028 (originally planned to cease by the end of the current year). This would now provide flexibility for the Council to carry forward the 2025/26 year end DSG reserve deficit of £3.6m. DfE has asked the council to put forward a DSG plan covering the next 5 years. This will show the financial trajectory (costs and funding) beyond the SV agreement and whether financial sustainability can be achieved in the medium term.

5. UPDATE ON DELEGATED SCHOOLS BUDGETS

- 5.1 The forecast net balances as reported by 24 LA maintained primary, secondary and special schools and nurseries in their July budget monitoring statements are shown below.

	2024/25 Outturn (£m)	2025/26 Original Budget (£m)	2025/26 Latest forecast (£m)	Variance (£m)
Nursery	0.806	0.666	0.546	-0.120
Primary	1.223	0.790	0.883	0.093
Secondary	0.509	0.126	0.138	0.012
PRU	-0.182	-0.358	-0.378	-0.020
	2.356	1.224	1.189	-0.035

5.2 Main highlights from the above:

- The July forecast positions indicate a decrease in surplus balances of £1.167m compared to the 2024/25 final outturn position. This could be attributed to the increased financial pressures faced by schools.
- When compared to the original budget, the July monitoring position shows a net decrease in reported balances of £35k. Nursery schools balances have decreased by £120k and the PRU by £20k. This is partially offset by an increase of £93k across primary schools and £12k in secondary.
- The latest position includes a total of 3 schools operating under a licensed deficit for 2025/26, of which 2 schools will receive funding through the Schools in Financial Difficulty (DSG) fund. All schools in deficit have budget recovery plans in place to return their budgets to a sustainable position with an agreed timeframe. The following detailed the latest position for those schools with deficit balances:

	Original budget	July 2025 position	Comments
Aston Fence J&I	-£0.034	-£0.034	
Wales Primary	-£0.045	-£0.010	£20k SIFD funding
Rawmarsh Ryecroft	-£0.026	-£0.006	£12k SIFD funding

- Local Authority maintained schools will submit their 2025/26 revised budgets to the council on 17th October 2025.

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