

## BRIEFING PAPER FOR SCHOOLS FORUM

1.	Date of meeting:	5 <sup>th</sup> December 2025
2.	Title:	School Funding Formula 2026/27 - Consultation outcome
3.	Directorate:	Finance and Customer Services

### 1. PURPOSE OF THE REPORT

- 1.1 The purpose of this report is to inform the Schools Forum of the outcomes from Part A of the Schools Funding Formula consultation for 2026–27. It sets out the proposed changes to the funding formula, which will be used to determine individual school budgets. The finalised funding formula must be submitted to the Department for Education (DfE) by late January 2026.

### 2. RECOMMENDATION(S)

- 2.1 That members of the Schools Forum note the contents of this report.

### 3. BACKGROUND INFORMATION

- 3.1 In line with DfE operational guidance, local authorities are required to consult with schools on proposed changes to the local funding formula, including the methods, principles, and rules to be applied. Final decisions on the local formula remain the responsibility of the local authority.
- 3.2 Unlike previous years, the Local Authority has been unable to provide detailed proposals for the Rotherham mainstream funding formula. This is due to delays in publishing the National Funding Formula (NFF) allocations and schools funding details following the spending reviews early in the year.
- 3.3 To assist local authorities with budget planning, the DfE published a summary policy note in August 2025. This note outlined the structure of the schools NFF for 2026–27, including the funding factors and values to be applied.
- 3.4 The structure of the Schools' NFF will remain largely unchanged in 2026-27. However, the DfE has confirmed that the schools budget support grant (SBSG) and the National Insurance Contributions (NIC) grant will be rolled into the NFF for 2026-2027 using a similar approach to previous grants.

### 4. CONSULTATION OUTCOME

- 4.1 A consultation exercise was carried out in November 2025 to gather views on proposed changes to Rotherham's local formula and on the proposal to transfer funding from the schools' block to the high needs block. (This is covered in the Schools Funding Formula Consultation Paper 2026–27 – Part B).

4.2 The following steps were undertaken as part of the consultation with schools;

- The consultation document was issued via email on 11 November 2025 to all mainstream schools and academies.
- The consultation closed on Friday, 21 November 2025
- Responses have been analysed and are presented in this report.

4.3 A total of 49 academy schools from 8 separate trusts and 6 maintained schools responded to the consultation. This consisted of 43 primary, 11 secondary and 1 all through school. Responses from Multi Academy Trusts (MAT) have been disaggregated to reflect the number of schools within the Trust (e.g A MAT with 6 schools is counted as 6 responses). See summary position in the table below:

	Maintained Schools	Academies	Total
Primary	6	37	43
Secondary	-	11	11
All-Through	-	1	1
<b>Total school responses</b>	<b>6</b>	<b>49</b>	<b>55</b>
<b>Total nos. of schools</b>	<b>16</b>	<b>97</b>	<b>113</b>
<b>Response Rate (%)</b>	<b>38%</b>	<b>51%</b>	<b>49%</b>

4.4 The following summarises schools' responses to the proposed changes to Rotherham's local funding formula as detailed in the consultation paper as well as the Council's proposed intention for 2026/27.

#### **Formula Funding Factors**

4.5 The consultation detailed the various funding factors and values currently included in Rotherham's local funding formula, comprised of the Basic Entitlement, Additional Needs (e.g. deprivation, mobility, low attainment, and English as an Additional Language), and the Schools-led Factors (e.g. lump sum, premises, etc).

4.6 Rotherham's existing local funding formula already closely mirrors the NFF and will continue to allow factor values for 2026/27 to be set within a range of +/- 2.5% of the NFF values.

*Question 1: Do you support the continued inclusion of the above funding factors in Rotherham's 2026/27 schools funding formula and the intention to mirror, or align as closely as possible, to the National Funding Formula (NFF) values?*

4.7 The following summarises the outcome of schools' responses to the above proposal:

Consultation outcome	Yes	No	Total
Primary	43	-	43
Secondary	11	-	11
All-Through	1	-	1
<b>Total responses</b>	<b>55</b>	<b>0</b>	<b>55</b>
<b>Response Rate (%)</b>	<b>100%</b>	<b>0%</b>	<b>100%</b>

- 4.8 All 55 schools (100%) that responded to the consultation were supportive of the proposal to continue to reflect all existing funding factors in the local funding formula for 2026/27 and the intention to mirror or align as closely as possible to the NFF.

*RMBC's Response:*

- 4.9 The following outline the Council's proposed position for 2026/27, in light of the responses from schools.

- **Basic Entitlement:** - Rotherham proposes, as a minimum, to maintain funding within the permissible range, aligning as closely as possible to the National Funding Formula (NFF). Where the funding allocation allows, the aim will be to move fully to NFF rates.
- **Deprivation:** - Consistent with previous years, Rotherham proposes to continue allocating funding for deprivation through its local formula at levels broadly aligned with the NFF. In particular, for the Primary and Secondary FSM6 factors—where current values differ from the NFF—it is proposed to increase these factor values to bring them much closer to NFF levels.
- **Other Additional Needs** (Mobility; Low Attainment; EAL): - Rotherham is currently aligned with the NFF across these funding factors, and the proposal is to maintain this alignment for 2026/27.
- **Lump Sum:** - This factor provides a standard allocation to all schools, regardless of size or pupil numbers. In 2025/26, Rotherham's local formula 'mirrored' the National Funding Formula (NFF), i.e. it is within +/- 2.5% of the NFF. The proposal is to maintain this approach for 2026/27.
- **Premises factors** (business rates and PFI): - these factors allocate funding to schools to cover actual cost incurred in the year or to cover additional unavoidable PFI contract cost. An inflationary uplift would be applied to the PFI factor consistent with the NFF.
- **Split Site:** - for 2026/27 it is proposed to include a split site factor in Rotherham's local funding formula. This would provide funding to schools that operate from a number of sites separate from the main site.
- **Sparsity:** - this factor is mandatory and would remain in Rotherham's local funding formula for 2026/27 even though there are no qualifying schools eligible under this factor.

### **Minimum Funding Guarantee (MFG)**

- 4.10 The MFG is a national requirement to protect schools from significant reductions in per-pupil funding between years. It is set by local authorities within a range determined by the government. At the time of consultation, the MFG arrangements for 2026/27 had not been published, it was assumed that the allowable range would remain similar to 2025/26 at minus 0.5% to 0% per pupil compared to the previous year's funding.
- 4.11 For 2025/26, Rotherham applied an MFG of 0.0% (maximum protection allowable). Consistent with the principle of keeping Rotherham's local funding formula as close to the NFF as possible, it is proposed to continue with the approach in 2025/26 and implement an MFG of 0.0% for 2026/27

*Question 2: Do you support the proposal to set the minimum funding guarantee (MFG) within the local funding formula at 0% for 2026-27 (in line with the maximum protection allowed by DfE)?*

- 4.12 The following summarises the outcome of schools' responses to the above proposal:

Consultation outcome	Yes	No	Total
Primary	43	-	43
Secondary	11	-	11
All-Through	1	-	1
<b>Total responses</b>	<b>55</b>	<b>0</b>	<b>55</b>
<b>Response Rate (%)</b>	<b>100%</b>	<b>0%</b>	<b>100%</b>

- 4.13 All 55 schools (100%) that responded to the consultation were supportive of the proposal to set the MFG at 0% for 2026/27 in line with the maximum protection allowed by DfE.

*RMBC's Response:*

- 4.14 On 19 November 2025, the DfE published a policy note confirming that local authorities have the freedom to set the MFG in their local formula between minus 0.5% and 0% per pupil. Consistent with last year, Rotherham proposes to set the MFG in the funding formula at 0% for 2026/27 – which is the maximum protection allowed by DfE.

### **Capping & Scaling**

- 4.15 Local Authorities are allowed through their local funding formulae to cap overall gains for individual schools as well as scale back funding gains of schools to ensure that local formulae are affordable.

- 4.16 Capping and scaling must be applied, through the funding formula, on the same basis to all schools. It ensures that funding amounts are distributed more evenly across all schools and do not create an imbalance in the system. It also ensures that the amounts allocated through the funding factors are affordable and within the overall funding envelope for the schools block.

*Question 3: Do you support the continued use of capping and scaling in Rotherham's 2026/27 schools funding formula to ensure fairness in resource distribution and overall affordability of the funding formula?*

- 4.17 The following summarises the outcome of schools' responses to the above proposal:

Consultation outcome	Yes	No	Total
Primary	34	9	43
Secondary	11	-	11
All-Through	1	-	1
<b>Total responses</b>	<b>46</b>	<b>9</b>	<b>55</b>
<b>Response Rate (%)</b>	<b>84%</b>	<b>16%</b>	<b>100%</b>

- 4.18 Of the 55 schools that responded to the consultation, 46 schools (84%) are supportive of the continued use of capping and scaling within the funding formula, whilst 9 schools (16%) are against the proposal. No additional comments were provided by schools in the response that explains the reasoning behind why some schools are opposed to this proposal.

*RMBC's Response:*

- 4.19 It is the intention of the Council to use capping and scaling within the 2026/27 schools funding formula to ensure both fairness in resource distribution and overall affordability. However, this would be dependent *on the overall DSG settlement which will be announced later in December 2025*. It is important to note that any adjustments made through the use of capping and scaling will not result in any school receiving less than the Minimum Funding Guarantee (MFG) or the Minimum Per Pupil Level (MPPL) set by the Department for Education (DfE)

### **Pupil Growth**

- 4.20 The Council operates a Growth Fund, which provides funding and support to schools that have agreed to create additional places—such as adding bulge classes or increasing the Published Admission Number (PAN)—to meet basic need in the area. The Pupil Growth Policy, agreed by the Schools Forum, sets out the funding criteria and calculation method.
- 4.21 It is proposed to continue with a Growth Fund by deducting an agreed amount (£100,000) from the Schools Block funding based on projected additional places and commitments agreed with specific schools.

*Question 4: Do you support the proposal to deduct £100,000 from the 2026/27 Schools Block to establish a Growth Fund, which will be used to support schools providing additional places to meet basic need? This represents a £50,000 reduction compared to 2025/26.*

- 4.22 The following summarises the outcome of schools' responses to the above proposal:

Consultation outcome	Yes	No	Total
Primary	34	9	43
Secondary	11	-	11
All-Through	1	-	1
<b>Total responses</b>	<b>46</b>	<b>9</b>	<b>55</b>
<b>Response Rate (%)</b>	<b>84%</b>	<b>16%</b>	<b>100%</b>

- 4.23 Of the 55 schools that responded to the consultation, 46 schools (84%) are supportive of the proposal to continue to operate a Pupil Growth Fund and for £100,000 to be deducted from the school block funding. It should be noted that 9 schools (16%) are against the proposal.

*RMBC's Response:*

- 4.24 The Growth Fund provides revenue funding to schools and academies to cover the additional costs associated with increased class sizes and the creation of additional school places to meet rising demand. The DfE includes growth funding within the schools block allocation for this purpose.
- 4.25 In line with this, the Council intends to continue operating a Growth Fund in accordance with the policy previously agreed by the Schools Forum. It is proposed that £100,000 be deducted from the schools block funding and managed outside the local funding formula. Allocations made to schools under this policy will be reported to the Schools Forum. Any underspend will be retained within the DSG reserve and made available for use in the following financial year.

### **Falling Pupil Rolls Fund**

- 4.26 Local authorities have discretion over whether to operate a falling rolls fund. This fund will be used to support specific schools that meet the eligibility criteria of the LA's policy for Falling Rolls to provide time limited funding to ensure that schools with temporary surplus capacity can continue to deliver a broad and balanced curriculum whilst maintaining financial viability.

*Question 5: Do you agree that the Local Authority should continue to provide for a falling rolls fund of £50,000 to schools with surplus capacity from falling pupil numbers – to be deducted from the schools block funding?*

- 4.27 The following summarises the outcome of schools' responses to the above proposal:

Consultation outcome	Yes	No	Total
Primary	34	9	43
Secondary	11	-	11
All-Through	1	-	1
<b>Total responses</b>	<b>46</b>	<b>9</b>	<b>55</b>
<b>Response Rate (%)</b>	<b>84%</b>	<b>16%</b>	<b>100%</b>

- 4.28 Of the 55 schools that responded to the consultation, 46 schools (84%) are supportive of the proposal to continue to operate a falling pupil roll fund of £50,000 to be deduct from the school block funding. It should be noted that 9 schools (16%) are against the proposal.

*RMBC's Response:*

- 4.19 Projections based on birth rates indicate that pupil numbers across the borough are expected to continue declining and are unlikely to recover until the end of the decade. It is essential that the Local Authority (LA) supports schools in managing any surplus capacity that may result from this trend. To achieve this, the LA will continue to operate a Falling Rolls Fund by deducting £50,000 from the schools block allocation. Funding allocations to schools will be made in accordance with the Falling Rolls Fund Policy previously agreed by the Schools Forum.

## 5. Name and contact details

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