

## BRIEFING PAPER FOR SCHOOLS FORUM

1.	Date of meeting:	5 December 2025
2.	Title:	School Funding Formula 2026/27 Consultation outcome – Part B (School funding transfer to high needs)
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 responses received to Part B of the Schools Funding Formula consultation for 2025/26 and to seek approval for the proposed transfer of 0.5% from the Schools Block to the High Needs Block within the Dedicated Schools Grant (DSG) for 2025/26.
- 1.2 The confirmed schools funding formula must be submitted to the Department for Education (DfE) late January 2026.

### 2. RECOMMENDATION(S)

- 2.1 That the Schools Forum note the outcomes of the recent consultation with schools regarding the proposed transfer of funding to the High Needs Block.
- 2.2 That the Schools Forum approve the Council's proposal to transfer 0.5% of the Schools Block funding in 2026/27 to the High Needs Block to help address ongoing cost pressures.

### 3. BACKGROUND

- 3.1 Within the Dedicated Schools Grant, the funding guidance permits Schools Forums to transfer up to 0.5% between funding blocks. This proposal seeks to transfer 0.5% from the Schools Block to the High Needs Block, equating to approximately £1.3 million, to partially mitigate financial pressures within the High Needs Block. This proposal applies only to the 2025/26 budget allocations and will not affect future years.
- 3.2 It should be noted that High Needs and SEND funding pressures are a national issue, with local authorities continuing to raise financial sustainability concerns with DfE.
- 3.3 A consultation exercise was undertaken in November 2025, seeking views on potential changes to Rotherham's local schools' funding formula and the proposed transfer from the Schools Block to the High Needs Block.

- 3.4 The Council was unable to model the impact on individual schools' budgets of the 0.5% block funding transfer as 2026/27 indicative National Funding Formula allocations and the Authority Proforma (modelling) Tool were not made available by the DfE (like in previous years) in sufficient time.

## 4. CONSULTATION PROCESS

- 4.1 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.
- 4.2 A total of 62 academies and maintained schools responded to the consultation. This included 56 primary schools and 6 secondary schools. Responses from multi-academy trusts have been disaggregated to reflect the number of schools within each Trust (e.g., a MAT with six schools is counted as six responses).
- 4.3 The table below summarises the overall responses to the 2026/27 consultation on the funding formula changes and block funding transfer proposals. Further details are provided in Appendix A of this report.

	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 Almost half the number of schools and academies in Rotherham (49%) responded to this consultation, although it represents a reduction when compared to the response rate of 55% in the previous year consultation.

## 5. BLOCK FUNDING TRANSFER PROPOSAL

- 5.1 Rotherham continues to experience pressures on its High Needs budget which is a trend that is being experienced nationally, mainly due to the increasing EHCP numbers / exclusions / cost of out of authority SEN placements. In addition, the increasing number of pupils in mainstream schools with EHC plans requiring support, some with complex needs, continues to rise.

- 5.2 The Council has consulted on this block funding transfer proposal, which mirrors the approach taken in 2025/26. The funding transfer - estimated at £1.3m (subject to confirmation of schools block funding allocation) - would help mitigate in-year budget pressures within the High Needs Block. This measure is considered necessary because the DSG High Needs Block allocation remains insufficient to meet the financial challenges and commitments for 2026/27.

**Question 6:** Considering the demand and financial challenges facing the SEND system in Rotherham and to ensure continued support for the most vulnerable children & young people, do you support the LA's proposal to transfer 0.5% from the schools' block to the high needs block?

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

Consultation outcome	Yes	No	Total
Primary	17	26	43
Secondary	11	-	11
All-Through	1	-	1
<b>Total responses</b>	<b>29</b>	<b>26</b>	<b>55</b>
<b>Response Rate (%)</b>	<b>53%</b>	<b>47%</b>	<b>100%</b>

- 5.6 Of the 55 schools that responded to the consultation, 29 schools (53%) are supportive of the block funding transfer proposal, whilst 26 schools (47%) are against the proposal. The percentage of schools supportive of the funding transfer proposal is higher when compared to last year's consultation (38%). This demonstrates a wider awareness and understanding of the demand and financial challenges facing the SEND system.
- 5.7 No additional comments were put forward by schools in their responses to explain the position taken or the context.

## **6. ROTHERHAM COUNCIL'S RESPONSE TO THE CONSULTATION**

- 6.1 The following explains the rationale for the proposed transfer of 0.5% from the Schools Block to the High Needs Block, as outlined in the consultation document.

### **Why is a funding transfer needed?**

*Increasing Cost Pressures*

- 6.2 The recurring annual deficit in the High Needs budget is primarily due to funding not keeping pace with the significant growth in SEND numbers in Rotherham. Continued placements in independent, non-maintained special schools remain a major cost driver. This is compounded by a challenging economic environment, including high cost-of-living and inflationary pressures.

#### *Rising Demand*

- 6.3 Rotherham is experiencing unprecedented growth in demand with significant pressure on SEND services. Requests for Education, Health and Care Plan (EHCP) assessments continue to increase and have more than doubled since 2019 (from 471 to 959 in 2024). This is reflected in the number of pupils and learners with EHCPs, which has increased by 39% over three years (from 2,600 in 2022 to 3,623 in 2025). While the Council has created additional specialist provision and expanded the number of SEND places in several resource bases, demand challenges persist—particularly in meeting the complex needs of pupils locally.

#### *Funding Pressures*

- 6.4 High Needs and SEND funding pressures are a national issue. Local authorities across England are reporting significant deficits in their High Needs budgets, driven by rising demand for specialist provision and increasing complexity of needs. Despite additional funding through the DSG and targeted SEND reforms, many councils have highlighted that allocations remain insufficient to meet demand. The DfE acknowledges these challenges, and national lobbying continues for a sustainable funding solution to address the growing gap between need and available resources.

#### *Financial sustainability*

- 6.5 The cumulative Dedicated Schools Grant (DSG) deficit is forecast to reach £3.7m in 2025/26. This figure includes the in-year deficit of £3.3m currently projected for the financial year. Looking ahead to 2026/27, an in-year deficit of £3.3m is currently anticipated, with cumulative deficit expected to rise to £7m by the end of March 2027. This projection assumes the current proposed 0.5% transfer from the Schools Block and anticipated increase in high needs funding allocation.
- 6.6 Critically, 2025/26 is the final year of Safety Valve support from the DfE and after this, there will be no additional government funding to offset deficits. Without the proposed transfer, the deficit would be significantly worse.

#### **What are we doing to address the problems?**

- 6.7 Rotherham's SEND Sufficiency Strategy, developed and implemented in 2020, sets out a clear and deliverable action plan to tackle these challenges. The strategy aims to create a more coherent, effective, and sustainable system for commissioning education placements for pupils with SEND.
- 6.8 Key actions and developments implemented under the strategy include:

- Investment in specialist provision using allocated DfE Special Provision Capital resources to fund additional places and expand existing provision where appropriate;
- Creation of additional places through the SEND Sufficiency Strategy to reduce reliance on high-cost independent sector placements, supported by robust annual review processes;
- Improved governance around placement decisions to ensure appropriate use of provision and prevent escalation of needs;
- Post 16 planning and commissioning of Social, Emotional and Mental Health (SEMH) places;
- Collaboration with schools to maintain pupils in mainstream settings wherever possible

6.9 The increase in local specialist places has helped reduce the number of young people educated in Independent Non-Maintained Special Schools (INMSS). However, in 2025, Rotherham continues to educate a lower proportion of children with an EHCP in mainstream schools (36.6%) compared to the national average (39.7%).

#### **What is the impact on individual schools' budgets?**

6.10 The proposed 0.5% transfer (£1.3m) represents a very small proportion of the overall Schools Block funding of £270m. This approach is specifically designed to minimise disruption to mainstream school budgets. To protect schools, the Council will apply a Minimum Funding Guarantee (MFG) of 0% for 2026/27, ensuring that no school experiences a reduction in its per-pupil funding compared to 2025/26, even after the transfer. This means schools will maintain stability in their core funding allocations.

6.11 In addition, the Council intends to align Rotherham's local schools funding formula with the Government's National Funding Formula (NFF). This alignment ensures that schools receive funding consistent with national expectations, providing transparency and predictability in future allocations.

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