

**Consultation on schools funding formula
changes for 2026/27**

Closing date for responses: Friday 21st November 2025

About this consultation

This consultation paper outlines the latest position from the Department for Education (DfE) and Rotherham Metropolitan Borough Council (RMBC) regarding school funding for 2026/27.

Ordinarily, the annual consultation takes place after the DfE releases provisional Dedicated Schools Grant (DSG) allocations. This timing allows technical papers to be prepared, illustrating the potential impact of proposals under consultation and giving schools and academies an early indication of their funding for the following year to support future planning.

However, on 30 June, the DfE confirmed that, due to the timing of the 2025 Spending Review, the announcement of National Funding Formula (NFF) allocations for 2026/27 will be delayed and is not expected until later in the autumn.

In August 2025, the DfE published an updated summary policy document setting out the structure of the schools' NFF for 2026/27. However, allocations, operational guidance, and technical notes have yet to be issued to local authorities.

The policy note can be found at : [Schools national funding formula \(NFF\) summary policy document for 2026 to 2027 - GOV.UK](#)

The policy note confirms that local authorities will remain responsible for maintaining local funding formulae for maintained schools and academies within their area for 2026/27. Funding allocations will continue to be determined by RMBC's local school formula.

As in previous years, the Local Authority (LA) must consult with all maintained schools and academies on any changes to the local schools funding formula and on how the Schools Block element of the Dedicated Schools Grant (DSG) is distributed.

The detailed NFF allocations for schools and local authorities, along with all supporting documents for 2026/27, are expected to be published by the end of autumn 2025.

This consultation must follow the usual timeline to ensure decisions are made in time for the LA to meet the January 2026 submission deadline for the Authority Proforma Tool. This will allow schools to receive confirmation of their final budgets by 28 February 2026.

The consultation is based on the 2026/27 National Funding Formula (NFF), using the same factors as in 2025/26. It seeks the views of schools and academies on the following:

- Changes to the funding arrangements and the formula for allocating budgets to schools, i.e. funding factors and unit values and applicable minimum funding guarantee used in the formula, to align as closely to the NFF.
- The proposal to transfer funding (0.5%) from the Schools Block to the High Needs Block to help alleviate the financial pressures within the high needs funding block of the schools' system.

The views of schools and academies provided through this consultation will be fed back to the Rotherham Schools Forum on 5th December 2025.

Who is being consulted?

- Maintained schools / academies.
- Multi-academy trusts
- Schools forum reps

Issue date

The consultation was issued on 11th November 2025.

Responding to the consultation

To help us analyse the responses please complete the attached template and email it to the following address: louise.keith@rotherham.gov.uk

Deadline

The consultation closes on Friday 21st November 2025.

Enquiries

If you have any questions about this consultation, please contact Louise Keith.

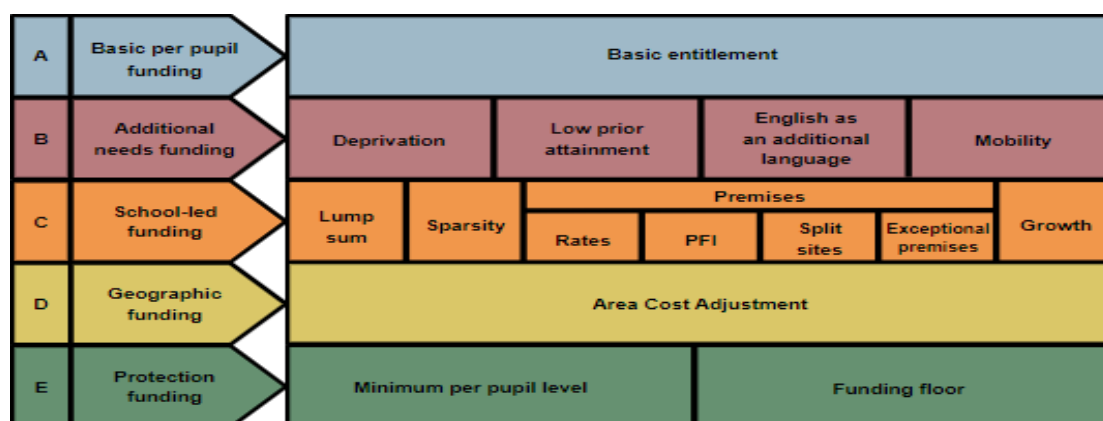
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Consultation Part A

Features of the 2026-27 National Funding Formula

There will be no substantial changes to the NFF for 2026-27. The 2026-27 schools NFF will use the same factors as the 2025-26 NFF. These are shown below:



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. Table 1 below shows the amounts that will be added into the core factor values in 2026-27 in respect to the grants. For the SBSG, this represents the full-year equivalent amount.

Table 1: Factor value uplifts from the rolling in of grants

Factor	NICs	SBSG	Total
Primary basic per-pupil	£78	£55	£133
Key stage 3 basic per-pupil	£68	£78	£146
Key stage 4 basic per-pupil	£77	£88	£165
Primary FSM6 per-pupil	£75	£49	£124
Secondary FSM6 per-pupil	£60	£72	£132
Lump sum	£2,400	£2,086	£4,486

Grant for Extension of Free School Meals (FSM)

In June 2025, the government announced that, from September 2026, free school meals (FSM) will be extended to all children in households receiving Universal Credit.

For 2026/27, no changes are proposed to the schools' National Funding Formula (NFF) to account for this expansion. Instead, the additional funding required will be provided through a separate grant. The Department for Education (DfE) has confirmed that details of how this grant will be calculated will be published in due course.

There may also be a small uplift to the core factors within the NFF, beyond the rolling in of previous years' grant funding, to reflect anticipated pay and inflation pressures in 2026/27. At this stage, the Local Authority (LA) has no indication of the level of any additional increase.

Methodology for the calculation of school budgets in Rotherham

The calculation of school level budgets is undertaken using the DfE's National Funding Formula (NFF). The NFF uses set factors and funding rates prescribed by the DfE and are updated on an annual basis.

Whilst we are required as an LA to use the DfE's NFF to calculate budgets, there does remain limited local discretion in several areas:

- **Funding rates** – Local Authorities are currently considered compliant if they set funding rates for each factor plus or minus 2.5% from the published rates. As the DfE look to move all authorities closer to the NFF this flexibility may reduce in future years.
- **Minimum Funding Guarantee (MFG)** – The MFG is used to protect the amount of funding schools receive per pupil compared to the previous year. The range is set by the DfE and is determined by the overall uplift in schools funding nationally.
- **Capping and Scaling of budgets** – These mechanisms are used to balance the overall cost of school budgets to the available grant. The cap on per pupil increases is also referred to as the 'gains ceiling'.
- **Block transfers** – Local Authorities have limited ability to move funding between Dedicated Schools Grant (DSG) blocks with the appropriate schools forum approval.

Since the introduction of the NFF in 2018-19, Rotherham has been striving to align its local factors to the NFF. This consultation is currently seeking views on the proposed 2026/27 schools funding formula including changes to the capping used to balance the overall school budget and indicative block transfers.

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.

2026/27 Rotherham's local funding formula proposed changes

As in previous years, local factor values within +/-2.5% of the corresponding National Funding Formula (NFF) values will be considered as 'mirroring' the NFF. This means that local authorities can set their 2026/27 factor values anywhere within +/-2.5% of the 2026/27 NFF values. In addition, no local authority will be required to move its factor values closer than +/- 2.5% of the NFF as a result of the 10% tightening requirement.

Basic Entitlement (AWPU)

All local authority formulae must include a basic amount that every pupil attracts to their school. This funding is allocated through an Age-Weighted Pupil Unit (AWPU) factor, with separate unit values for primary, Key Stage 3 (KS3), and Key Stage 4 (KS4). While AWPU rates are set by the NFF, local authorities can determine their own rates within the permitted range to move closer to the NFF.

In 2025/26, Rotherham's AWPU values mirrored the NFF i.e. it is within +/- 2.5% of the NFF. For 2026/27, Rotherham proposes to remain within the permissible range i.e. as close to the NFF as the funding allocation allows.

	2025/26 NFF	2025/26 RMBC	Variance	2026/27 NFF	2026/27 RMBC
Primary	£3,847	£3,827	-0.52%	tbc	tbc
Secondary KS3	£5,422	£5,395	-0.50%	tbc	tbc
Secondary KS4	£6,113	£6,077	-0.59%	tbc	tbc

Additional Needs

In 2026/27, the Government will continue its policy of supporting schools with pupils who have additional needs, ensuring they receive sufficient funding to address low attainment.

- **Deprivation Factor**

Rotherham's local schools funding formula currently allocates deprivation funding through two measures:

- Free School Meals (FSM) – EVER6
- Income Deprivation Affecting Children Index (IDACI), based on the 2019 updated data.

For 2026/27, it is proposed to increase the Primary and Secondary FSM6 factor value closer to the National Funding Formula (NFF). These are the only factors where Rotherham is further adrift of NFF, even though it is still within the permissible +/- 2.5% range of the NFF.

	2025/26 NFF	2025/26 RMBC	Variance	2026/27 NFF	2026/27 RMBC
Primary FSM	£495	£495	0%	tbc	tbc
Secondary FSM	£495	£495	0%	tbc	tbc
Primary FSM6	£1,060	£1,034	-2.4%	tbc	tbc
Secondary FSM6	£1,555	£1,516	-2.5%	tbc	tbc
Primary IDACI (A-E)	£443	£441	-0.4%	tbc	tbc
Secondary IDACI (A_E)	£636	£633	-0.5%	tbc	tbc

• Mobility Factor

This factor provides additional funding to schools where a significant proportion of pupils join part way through the academic year. To qualify, the proportion must exceed the 6% threshold. In 2025/26, Rotherham's values were fully aligned with the National Funding Formula (NFF), and the proposal is to maintain this alignment for 2026/27.

	2025/26 NFF	2025/26 RMBC	Variance	2026/27 NFF	2026/27 RMBC
Primary Mobility	£965	£965	0%	tbc	tbc
Secondary Mobility	£1,385	£1,385	0%	tbc	tbc

• Low Prior Attainment Factor

Low Prior Attainment allocates funding to schools based on the following:

1. proportion of primary pupils identifying as not achieving the expected level of development in early years foundation stage profile.
2. and secondary pupils not reaching the expected standard in KS2 at reading, writing or maths.

In 2025/26, Rotherham's local formula was fully aligned with the National Funding Formula (NFF), and the proposal is to maintain this alignment for 2026/27.

	2025/26 NFF	2025/26 RMBC	Variance	2026/27 NFF	2026/27 RMBC
Primary Mobility	£965	£965	0%	tbc	tbc
Secondary Mobility	£1,385	£1,385	0%	tbc	tbc

- **English as an Additional Language Factor (EAL)**

This factor allocates funding to schools for pupils whose first language is not English, for up to three years after they enter the statutory school system. Separate unit values apply for the primary and secondary phases. In 2025/26, Rotherham's local formula was fully aligned with the National Funding Formula (NFF), and the proposal is to maintain this alignment for 2026/27.

	2025/26 NFF	2025/26 RMBC	Variance	2026/27 NFF	2026/27 RMBC
Primary EAL	£595	£595	0%	tbc	tbc
Secondary EAL	£1,595	£1,595	0%	tbc	tbc

School-led funding factors

These factors include the lump sum, premises-related elements (such as rates, split sites, and PFI), and growth. The following outlines the proposed approach 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.

	2025/26 NFF	2025/26 RMBC	Variance	2026/27 NFF	2026/27 RMBC
Primary Lump Sum	£145,100	£141,473	-2.5%	tbc	tbc
Secondary Lump Sum	£145,100	£141,473	-2.5%	tbc	tbc

- **Premises factors**

These comprised the following: **business rates** and **PFI factor**. In the main these factors allocate funding to schools to cover actual cost incurred in the year (e.g. business rates) or to cover additional unavoidable contract cost (e.g. PFI contract). An inflationary uplift would be applied to the PFI factor consistent with the NFF.

- **Split Site factor**

This factor provides funding and support to schools that operate from a number of sites separate from the main site of the school. Funding provided is comprised of a standard lump sum for eligible schools plus a top up amount based on the separate sites distance from the main site.

The basic eligibility criteria for split sites funding requires additional sites to:

- be part of the main school, that is, to share the same unique reference number (URN) with the school's main site.
- be separated from the school's main site by a public road or railway.
- have a building on them which is maintained by the school, and which is primarily used for the education of 5 to 16- year-old pupils in mainstream education. This excludes playing fields, 'ancillary buildings and buildings leased out full time by the school to another entity.

In 2026-27 split site funding will be included in Rotherham's local funding formula when allocations are announced in December.

- **Sparsity**

The sparsity factor is a compulsory factor in the NFF and provides specific funding to small schools in sparsely populated areas, e.g. local rural schools. Rotherham does not have any qualifying schools eligible for the funding.

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?

Minimum Funding Guarantee (MFG)

The MFG is designed 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. The Department for Education (DfE) will announce the MFG arrangements for 2026/27 in the autumn, alongside other school funding details. At this stage, it is assumed that the allowable range will remain similar to 2025/26, at - 0.5% to 0.0% per pupil compared to the previous year's funding.

For 2025/26, Rotherham applied an MFG of 0.0% (maximum protection allowable). This approach replicated the funding floor within the National Funding Formula (NFF) and safeguarded schools against losses during a period of tight budgets. In 2025/26, 37 out of 112 schools (33%) received MFG protection, costing a total of £391k, with individual school protections ranging from £162 to £83,808.

Consistent with our policy 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)?

Capping & Scaling

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. 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 affordability and fairness across all schools.

- Capping - this limits the maximum percentage increase in funding that a school can receive compared to the previous year. For example, if gains are capped at 1.03%, no school's funding can rise by more than 1.03%, even if the formula suggests a higher increase.
- "Scaling" - this reduces all gains proportionally to make the overall funding fit within the available budget. For instance, if scaling is set at 85%, schools only receive 85% of the increase they would otherwise get under the formula.

In 2025/26, the cost of implementing the National Funding Formula (NFF) exceeded Rotherham's allocated Schools Block funding. To remain within the available budget, it was necessary to cap gains at 1.03% and apply a scaling factor of 85%. This resulted in a total of £337k being redistributed across schools within the funding formula to ensure affordability.

Rotherham intends to use capping and scaling within the 2026/27 schools funding formula to ensure both fairness in resource distribution and overall affordability. Importantly, any adjustments 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).

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?

Pupil Growth

Since 2024/25, local authorities have been required to provide growth funding where a school agrees with the authority to create additional places—such as adding bulge classes or increasing the Published Admission Number (PAN)—to meet basic need in the area.

A growth policy, agreed by the Schools Forum, sets out the funding criteria and calculation method. It is proposed that the Growth Fund continues to be established by deducting an agreed amount from the Schools Block funding. The amount to be deducted is based on projected additional places and commitments agreed with specific schools. The growth fund is managed outside the local funding formula by the local authority, with regular reporting to the Schools Forum. Any under- or overspend on the Growth Fund will form part of the overall Dedicated Schools Grant (DSG) balance available for use by schools.

For 2026/27, it is proposed that £100k be deducted from the Schools Block to support schools providing additional places. This represents a £50k reduction compared to 2025/26.

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.

Falling Rolls Fund

Funding will be allocated to local authorities in 2026/27 on the basis of falling rolls as well as growth and will be distributed based on the reduction in pupil numbers that local authorities experience each year.

Local authorities will continue to have discretion over whether to operate a falling rolls fund. It is proposed that the Falling Rolls amount to be deducted from the 2026/27 allocation be set at £50,000.

This funding 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 £50k? It is proposed the fund will be provided from the DSG allocation.

Consultation Part B

Introduction

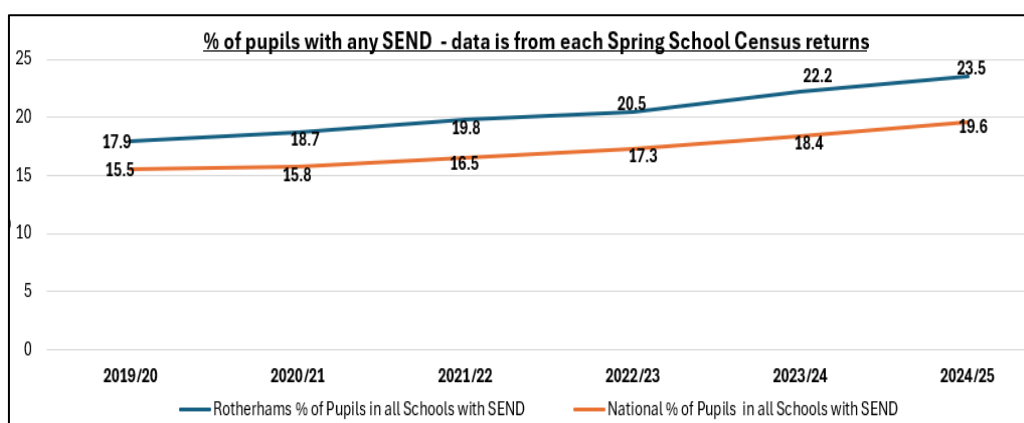
Like many other local authorities, Rotherham faces significant challenges in managing its SEND and High Needs budget. These challenges include rising demand for services, inflationary cost pressures, and an increasing accumulated budget deficit. By 31 March 2026, the cumulative Dedicated Schools Grant (DSG) deficit is forecast to reach £3.7 million, after accounting for £2.0 million of Safety Valve funding from the Department for Education (DfE). This figure includes the in-year deficit of £3.3 million currently projected (as of September 2025) for the 2025/26 financial year.

Looking ahead to 2026/27, an in-year deficit of £3.3 million is currently anticipated. This projection assumes an increase in the High Needs funding allocation and includes the proposed 0.5% transfer from the Schools Block. The Council intends to consult on this block funding transfer proposal, which mirrors the approach taken in 2025/26. The funding transfer - estimated at £1.3 million (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.

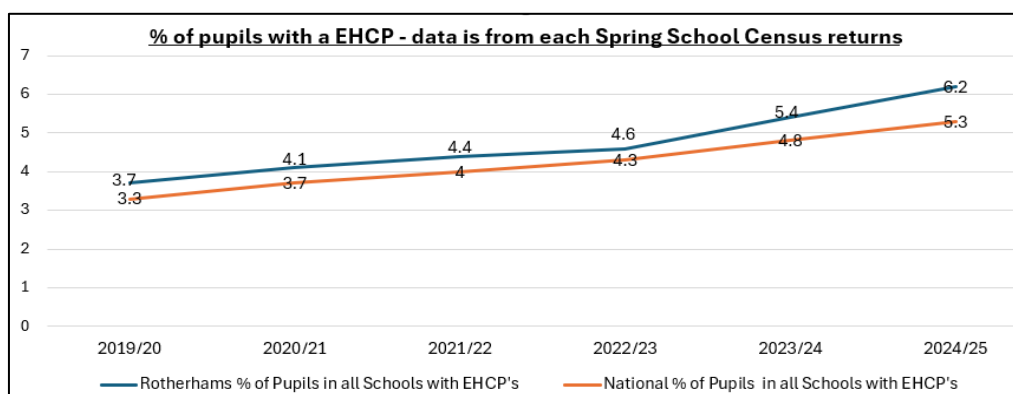
Demand challenges

Number of pupils with EHCPs

As of January 2025 (Rotherham School Census), there are 45,531 children and young people attending schools in Rotherham. Of these, 23.5% of statutory school-aged pupils either have a statutory Education, Health and Care Plan (EHCP) for Special Educational Needs and Disabilities (SEND) or are receiving SEND support. This is significantly higher than the national average of 19.6% across all local authorities in England. Furthermore, the growth in the proportion of pupils with an EHCP or receiving SEND support in Rotherham since 2020/21 has exceeded the national rate of increase – i.e. the gap to the national average has widened in that period.



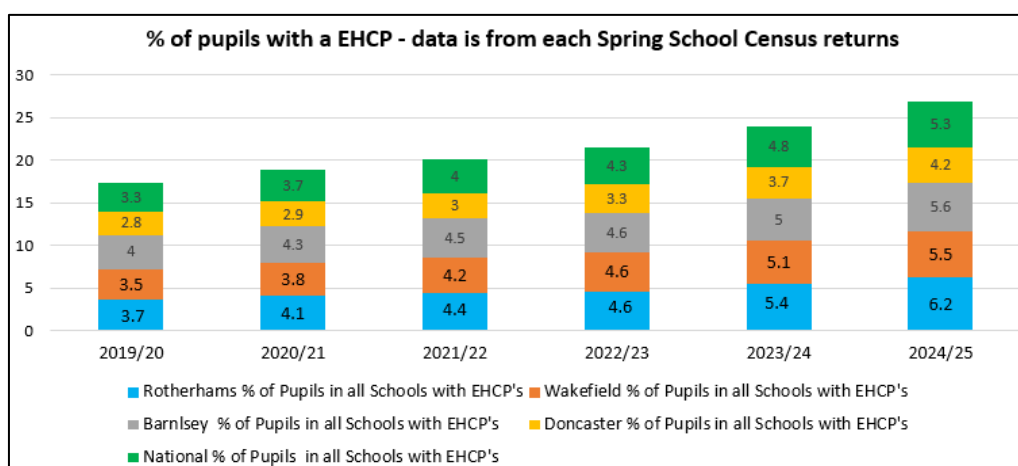
As of the SEN2 census date in January 2025, Rotherham had 3,623 active Education, Health and Care Plans (EHCPs) in place for children and young people aged 0–25. This represents an increase of 313 (equates to 9.5%, slightly below the national average of 11%) compared to January 2024. The number of active EHCPs account for 6.2% of Rotherham’s statutory school-aged population, which is higher than the national average of 5.3% (see chart below).



Over the past three years, Rotherham has experienced a 39% increase in the number of EHCPs. According to the SEN2 return:

- In 2022, there were 2,600 children and young people aged 0–25 with active EHCPs.
- By 2025 return, this number had risen to 3,623, an increase of 1,023 plans.

When compared with statistical neighbours, Rotherham ranks 3rd out of 11 local authorities for the highest number of active EHCPs. The graph below illustrates the trend in EHCP prevalence from the Spring School Census, showing Rotherham’s position relative to national figures and neighbouring authorities.



Demand for EHCP Assessments

The volume of requests for Education, Health and Care Plan (EHCP) assessments in Rotherham continues to grow at a significant pace, placing increasing demand on local

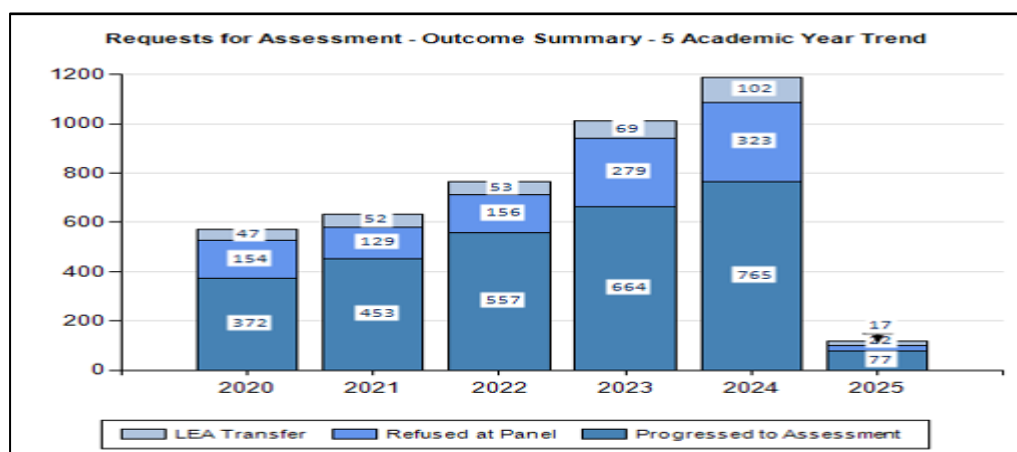
services:

- In the calendar year 2024, a total of 959 requests were received — more than double the 471 requests recorded in 2019.
- During the 2024/25 academic year, the EHCP team received 1,190 requests, an increase of 424 compared to the previous academic year.

This upward trend clearly demonstrates the sustained and growing need for statutory support among children and young people with SEND in Rotherham. It also reflects the increasing pressure on local assessment services to meet this rising demand. In terms of request origin from academic year 2024/25:

- 52% of new EHCP assessment requests came from schools.
- 34% were submitted by parents, carers, or family members.

These proportions have remained relatively consistent since 2019. The chart below presents a five-year overview of EHCP request trends, including the outcomes of those requests, offering valuable insight into the scale and progression of need.



Addressing the demand challenges

Although the Council is creating additional specialist provision and has increased the number of SEND places across resource provision and special schools, demand challenges continue to exist in meeting the complex needs of certain pupils locally in Rotherham.

The modelled forecast data suggests that there is an ongoing and increasing demand for support for children and young people with SEND and for those with EHCPs. If unmitigated, the cumulative DSG deficit would continue to rise.

In response to the challenges set out above, the Rotherham SEND Sufficiency Strategy was developed and has been implemented since 2020. The existing Strategy sets out a clear and deliverable action plan to tackle these challenges and establish a more

coherent, effective and sustainable system for commissioning education placements for SEND pupils.

Among the key objectives of the Strategy is to reset the balance between local provision and placements outside of Rotherham, improving parental choice and the quality of the pupil's experience. The following highlight key developments or progress to date:

- Use of allocated DfE special provision capital resources to fund additional specialist places and expand existing provision where appropriate.
- Review of all specialist resource provision (range and number of places) to ensure they are meeting needs and current demand.
- Additional places created through the SEND sufficiency strategy in order to minimise the number of children placed in high-cost independent Sector Placements (through the annual review process).
- Ensure appropriate use of provision and avoid escalation of children and young people's needs by improving the governance around placement decisions.
- Post 16 planning and commissioning of SEMH places.
- Continue working with schools to maintain pupils in mainstream settings wherever possible.

SEND Sufficiency phase 4 has seen increases in resource provision places being provided in 7 schools, with this achieving the additional 100 places as set out within the Safety Valve Agreement. The small grant accessibility programme has been implemented across both mainstream and special schools to support inclusion for identified cohorts of SEND pupils. In total the Accessibility Capital Funding programme has provided £3 million of capital funding to create new or improve provision for SEND learners.

The table below shows the number of EHCP pupils across different placement types from April 24 through to March 25.

No of Children and young people with EHCP's (0-25yrs) attending the following Provision types:										
High Needs / Safety Valve Monitoring Categories	No and % of CYP with EHCP as at 1st April 24		No and % of CYP with EHCP as at 1st July 24		No of CYP with EHCP as at 1st Oct 24		No of CYP with EHCP as at Census Day - 16th Jan 25		No of CYP with EHCP as at 1st March 25	
Special Schools (in borough only)	1,061	31.5%	1,067	30.8%	1,107	31.7%	1142	31.5%	1140	31.0%
Resource Provision	101	3.0%	108	3.1%	126	3.6%	134	3.7%	147	4.0%
Mainstream Schools (in borough only)	1,167	34.6%	1,271	36.7%	1,258	36.0%	1312	36.2%	1361	37.0%
Alternative Provision	74	2.2%	76	2.2%	62	1.8%	77	2.1%	81	2.2%
Independent Non Maintained Special Schools	132	3.9%	136	3.9%	133	3.8%	124	3.4%	123	3.3%
Independent Specialist Provision	172	5.1%	164	4.7%	170	4.9%	178	4.9%	175	4.8%
Post 16 / FE Colleges	443	13.1%	436	12.6%	520	14.9%	496	13.7%	485	13.2%
Other OOA Schools (OOA Mainstream and Special Schs)	72	2.1%	73	2.1%	64	1.8%	75	2.1%	78	2.1%
Other provisions for CYP with EHCP's	151	4.5%	130	3.8%	55	1.6%	85	2.3%	90	2.4%
TOTALS	3,373		3,461		3,495		3,623		3,680	

School Types	% CYP in Rotherham as at SEN2 25	% CYP Nationally as at SEN2 25	Gap to National	% CYP in Rotherham as at SEN2 24	% CYP Nationally as at SEN2 24	Gap to National	% CYP in Rotherham as at SEN2 23	% CYP Nationally as at SEN2 23	Gap to National	% CYP in Rotherham as at SEN2 22	% CYP Nationally as at SEN2 22	Gap to National
*Special Schools	32.8%	25.0%	7.8%	32.8%	26.9%	5.9%	34.8%	28.2%	6.6%	32.8%	29.6%	-0.8%
*Resource Provision / SEN units	4.0%	3.8%	0.2%	2.9%	3.9%	-1.0%	1.2%	3.9%	-2.7%	3.2%	4.5%	-1.3%
Mainstream Schools	36.6%	39.7%	-3.1%	34.1%	39.2%	-5.1%	32.1%	37.4%	-5.3%	28.8%	36.0%	-7.2%
*Independent Non Maintained Special Schools	3.3%	5.3%	-2.0%	3.7%	5.2%	-1.5%	3.5%	5.0%	-1.5%	3.8%	5.2%	-1.4%
*Independent Specialist Provision	4.9%	1.5%	3.4%	3.4%	1.5%	1.8%	3.6%	1.6%	2.0%	4.3%	1.7%	2.6%
Post 16 / FE Colleges	13.7%	12.3%	1.4%	14.2%	11.7%	2.5%	13.5%	12.3%	1.2%	14.7%	14.8%	-0.1%
* All Specialist Provisions	45.0%	35.7%	9.3%	42.8%	37.5%	5.3%	43.2%	38.7%	4.5%	44.2%	41.0%	3.2%

The table above provides a national comparison. This shows that the increase in places locally has reduced the amount of young people educated in independent non-maintained special schools (INMSS). In 2025, Rotherham educate less children with an EHCP in mainstream schools (36.6%) compared to the national average (39.7%).

The data sets above have formed part of stakeholder consultation in preparation for a new SEND Sufficiency Strategy for Rotherham which will be implemented from April 2026 following the end of Safety Valve.

Financial sustainability challenges

Since 2021, the Council has been part of a Safety Valve agreement with the Department for Education (DfE). Through this programme, the DfE is providing £20.5 million over five years to help manage high needs funding pressures. This funding is conditional on the Council continuing to meet the requirements of the agreement.

Importantly, 2025/26 is the final year of the Safety Valve programme. After this point, financial support from the DfE will end, meaning the Council will need to manage high needs costs within its overall DSG resources and ensure long-term financial sustainability without additional government funding.

Rotherham's high needs funding allocation for 2026/27 has not yet been confirmed, but current forecasts suggest it will be around £50.0 million (net of recoupment) - an increase of around 3% compared to 2025/26. However, despite this projected increase, demand and cost pressures within the SEND system mean a financial deficit is still expected in 2026/27.

These pressures are driven by rising numbers of children and young people with EHCPs, increasing complexity of needs, and higher placement costs, particularly for specialist provision. To manage these challenges, the Council is taking steps such as expanding local specialist provision to reduce reliance on costly out-of-area placements, strengthening early intervention and inclusion support in mainstream schools, and implementing efficiency measures to ensure resources are used effectively.

The table below shows the anticipated high needs budget position for 2026/27, which reflects the impact of the planned actions (see above) to mitigate the rising cost pressures:

High Needs Budget	2025/26 £m	2026/27 £m
High Needs Expenditure	52.7	54.7
High Needs Funding (net of recoupment)	-48.1	-50.0
Schools Block funding transfer (0.5%)	-1.3	-1.3
Forecast In Year Deficit	3.3	3.3
Carry forward cumulative deficit	2.4	3.7
Safety Valve funding (from DfE)	-2.0	-
Cumulative DSG Reserve Deficit c/f	3.7	7.0

The forecast shows that a funding transfer from the Schools Block is required to help offset increasing cost pressures and the projected deficit for 2026/27. A 0.5% funding transfer (£1.3m) would reduce the 2026/27 in-year forecast deficit to £3.3m and the year end DSG reserve deficit to £7.0m.

The transfer helps manage rising demand and costs in the High Needs Block, which cannot be fully met by the current allocation. Without this adjustment, the deficit would be significantly higher, putting additional strain on the Dedicated Schools Grant (DSG).

Assessment of impact on individual schools

The 0.5% (£1.3m) transfer represents a small proportion of the overall Schools Block funding (£270m) and is designed to minimise disruption to mainstream school budgets. By applying a Minimum Funding Guarantee (MFG) of 0% for 2026/27, the Council will ensure that no school experiences a reduction in its per-pupil funding compared to its 2025/26 level, even after the Schools Block funding transfer.

The MFG is a statutory requirement, designed to protect schools from significant year-on-year decreases caused by funding formula changes or other adjustments. Setting the MFG at 0% guarantees stability, ensuring schools maintain at least their current per-pupil funding level and are safeguarded against adverse impacts from funding formula changes or the transfer.

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?

