

## REPORT FOR SCHOOLS FORUM

1.	<b>Date of meeting:</b>	<b>16<sup>th</sup> September 2026</b>
2.	<b>Title:</b>	<b>Schools Budgets 2025-26 – Update (Dec 2025)</b>
3.	<b>Directorate:</b>	<b>Corporate Services</b>

### 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 Note the latest DSG funding for schools for the 2025/26 financial year.

2.2 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 £118.098m, which includes a total of £25.758m in Schools Block funding for the LA maintained schools.

	Jul 2025 Allocation (£m)	Nov 2025 Allocation (£m)	Change (£m)
Schools Block	28.744	25.758	-2.986
Central Schools Services Block	1.794	1.794	-
Early Years Block	42.387	42.395	0.008
High Needs Block	48.151	48.151	-
<b>Total DSG</b>	<b>121.076</b>	<b>118.098</b>	<b>-2.978</b>

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

- **Schools Block** – A reduction of £2.986 due to the academisation of a maintained secondary school. There is no impact on existing maintained schools overall funding position.

- **Early Years Block** – An increase of £8k attributable to an increase in pupil premium funding for 2-year-olds and under 2 year olds (£56.4k) plus an increase in 2 year old working parent entitlement (£3.3k). These are partially offset by a decrease in total indicative funding for under 2's (£52k).

#### 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)	Dec 2025 Forecast (£m)	Forecast Variance (£m)
Schools Block	0.36	0.38	0.02
Central Schools Services Block	1.79	1.79	-
Early Years Block	42.39	42.39	-
High Needs Block	49.45	52.73	3.28
<b>Total DSG</b>	<b>93.99</b>	<b>97.29</b>	<b>3.30</b>

##### Schools Block

4.2 The centrally retained schools block budget of £355k represents the amount delegated from maintained schools' funding and managed centrally by the council. Overall, the de-delegated budgets are showing an overall forecast overspend of £0.02m for 2025-26. This is driven by a higher commitment to supporting growth of £0.09m which is partially offset by a reduction in commitments required for Falling Rolls of £0.05m, School Improvement of £0.01m Schools in Financial Difficulty of £0.010m.

	Budget 2025/26 (£m)	Dec 2025 Forecast (£m)	Forecast Variance (£m)
School Improvement	0.15	0.14	-0.01
Growth Funding	0.10	0.19	0.09
Schools in Financial Difficulty	0.04	0.03	-0.01
Falling Rolls	0.05	-	-0.05
Trade Union Facility Time	0.02	0.02	-
<b>Total</b>	<b>0.36</b>	<b>0.38</b>	<b>0.02</b>

### 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 A balanced 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. Work is ongoing to firm the spend forecast based on headcount data for the 3 & 4 year olds, 2-year-olds and under 2s childcare entitlement (including the expansion) for the year to date and assumed numbers for January 2026. Updated forecast position will be reported to future meetings.

### High Needs Block

4.5 A cost pressure of £3.28m 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 position

4.7 An overall deficit is currently anticipated in the DSG reserves (£3.8m) 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 £3.8m. 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 19 LA maintained primary, secondary and special schools and nurseries in their December 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	0.866	0.200
Primary	1.223	0.790	0.714	-0.076
Secondary	0.509	0.126	-	-0.126
PRU	-0.182	-0.358	-0.215	0.143
	<b>2.356</b>	<b>1.224</b>	<b>1.365</b>	<b>0.141</b>

5.2 Main highlights from the above:

- The Dec forecast positions indicate a decrease in surplus balances of £991k compared to the 2024/25 final outturn position. Of this, £537k is attributable to schools that have converted since 1<sup>st</sup> April 2025 and the remaining £454k is mainly due to the increased financial pressures faced by schools.
- When compared to the original budget, the Dec monitoring position shows a net increase in reported balances of £141k. Nursery schools balances have increased by £200k and the PRU by £143k. This is partially offset by a decrease in primary school balances of £76k and the conversion of a secondary school of £126k.
- 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	Dec 2025 position	Comments
Aston Fence J&I	<b>-£0.034</b>	<b>-£0.023</b>	
Wales Primary	<b>-£0.045</b>	<b>-£0.017</b>	£20k SIFD funding
Rawmarsh Ryecroft	<b>-£0.026</b>	<b>-£0.006</b>	£12k SIFD funding

- Local Authority maintained schools will submit their 2025/26 February monitoring statements to the council on 6<sup>th</sup> February 2026.

## **NAMES & CONTACT DETAILS**

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