

## REPORT FOR ROTHERHAM SCHOOLS FORUM

1.	Date of meeting:	16th January 2026
2.	Title:	2026/27 DSG & Schools Funding Settlement
3.	Directorate:	Corporate Services

### PURPOSE OF THE REPORT

1. The purpose of this report is to update Schools Forum members on the 2026/27 schools funding settlement for Rotherham, as announced by the Department for Education (DfE) on 17 December 2025.

### RECOMMENDATION(S)

2. That members of Schools Forum note the content of the report.

### BACKGROUND

3. The Dedicated Schools Grant (DSG) allocated to local authorities is made up of four funding blocks – schools, high needs, early years and central school services.
4. In November 2025, the local authority consulted with schools, academies, and the Schools Forum on the local funding formula, as required by regulations. This consultation was based on estimated funding levels, as the Department for Education (DfE) had not yet released indicative allocations.

### SCHOOLS DSG FUNDING ALLOCATIONS

5. On 17 December 2025, the DfE published the DSG allocations for the 2026/27 financial year. The provisional allocations for Rotherham are as follows.

DSG Allocations	2025/26 Latest	2026/27 Provisional	Change
Pupil Numbers	39,798	39,331	-467
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Schools block	260,995	271,959	10,964
High needs block	62,459	66,989	4,530
Early years block	42,395	49,712	7,317
Central schools services block	1,794	2,488	694
<b>Total DSG</b>	<b>367,643</b>	<b>391,148</b>	<b>23,505</b>

## SCHOOLS BLOCK

6. The 2026/27 Schools Block funding allocation is £271.959m. This funding is distributed to mainstream schools and academies in the borough based on pupil numbers recorded in the October 2025 census. The allocation is determined using the national funding formula, which applies separate primary and secondary units of funding, along with additional amounts reflecting historic growth, premises costs, and mobility.
7. The October 2025 census recorded 39,331 pupils across the borough, representing a decrease of 467 pupils compared with the October 2024 census.
8. The 2026/27 Schools Block allocation of £271.959m for Rotherham reflects a net increase of £10.964m compared with the current year. This change is driven by the following factors:
  - Increase in baseline funding: £7.187m
  - School Budget Support Grant and National Insurance Contributions Grants rolled into baseline funding: £6.587m
  - Reduction in pupil numbers: -£2.942m

## HIGH NEEDS BLOCK

9. The High Needs Block allocation for 2026/27 is £66.989m, which funds education for pupils with special educational needs and disabilities (SEND) requiring specialist provision. This represents an increase of £4.53m compared with 2025/26 and reflects additional national funding to help local authorities manage rising SEND-related cost pressures.

10. High Needs Block funding is normally calculated using a national funding formula based on several factors. However, for 2026/27, the DfE has temporarily suspended the High Needs National Funding Formula (NFF). Instead, allocations has been based on each local authority's 2025/26 funding levels, with some adjustments. The government intends to introduce wider SEND system reforms in early 2026, after which the methodology for allocating high needs funding will be reviewed to align with the new arrangements.
11. For 2026/27, each local authority's High Needs Block allocation is based on its 2025/26 DSG High Needs Block, plus the following:
  - Grant funding for independent special schools, SPI, ILPs and hospital education: £0.350m
  - Grant funding for special units and resource provision: £0.052m
12. Due to the suspension of the High Needs NFF, allocations will not include updates to basic entitlement pupil numbers in special schools or any special free school adjustment. However, the import/export adjustment—which reflects changes in the number of pupils educated inside or outside the local authority area—will continue to apply.
13. The HN funding allocation for 2026/27 need to be considered in the context of rising demand for EHCP and for specialist provision, resulting in significant financial pressures on the High Needs Block. Financial deficits are projected for 2026/27 and for future years.
14. In 2026/27, financial support from the DfE through the Safety Valve Programme will cease. As a result, the Council will be required to manage high needs expenditure within its overall DSG allocation and ensure long-term financial sustainability without additional government funding.

## **EARLY YEARS BLOCK**

15. The 2026/27 Early Years Block allocation is £49.712m and represents an increase of £7.317m compared to 2025/26 (largely due to the expansion of the 2 years old and under 2's entitlements). The funding allocation includes funding for free childcare entitlement for eligible children and working parents of 3&4 years olds (£18.818m); 2-year-olds (£14.391m) and under 2's (£14.024m) in schools, private, voluntary, and independent early years settings.
16. The early years funding rate per pupil has increased to £6.20 for 3&4-year-olds, £8.50 for 2-year-olds and £11.59 for under 2's.

	<b>2025/26 (£)</b>	<b>2026/27 (£)</b>	<b>Change (£)</b>
Hourly rate for 3 and 4 year old entitlements (£ / hr)	5.71	6.20	0.49
Hourly rate for 2 year old entitlement (£ / hr)	8.15	8.50	0.35
Hourly rate for under 2s entitlement (£ / hr)	11.12	11.59	0.47

17. In addition, the Early Years Block includes and Maintained School Nursery Supplementary funding allocation of £1.241m, Early Years Pupil premium of £0.919m and Disability Access Fund (DAF) £0.319m to provide additional support to vulnerable pupils.

	<b>2025/26 (£m)</b>	<b>2026/27 (£m)</b>	<b>Change (£m)</b>
Maintained Nursery Supplementary Funding	1.230	1.241	0.011
Early Years Pupil Premium Allocation	0.579	0.919	0.340
Disability Access Fund	0.238	0.319	0.081

## **CENTRAL SCHOOLS SERVICES BLOCK (CSSB)**

18. The Central Schools Services Block allocation for 2026/27 is £2.488m. This funding supports the local authority's ongoing statutory responsibilities in relation to schools. The allocation represents an increase of £0.694m compared with the current year, primarily due to rolled-in grants.

## **OTHER SCHOOLS GRANT FUNDING**

### **Pupil Premium Grant (PPG)**

19. The Schools Pupil Premium is additional funding provided to schools to improve educational outcomes for disadvantaged pupils. The Pupil Premium amounts for 2026/27 are yet to be confirmed, however it would be comprised of the following:
- Disadvantaged Pupil Premium - paid for all pupils who claim free school meals or have claimed free school meals in the last six years.
  - Pupil Premium Plus - paid for every pupil who has left Local Authority care through adoption, a special guardianship order or a child arrangement order.
  - Service Premium – paid for every pupil with a parent serving in the forces or who is retired on a Ministry of Defense pension.

## **Universal Free Schools Meals Grant**

20. For the 2026/27 year the automatic eligibility for all children in Reception, Year 1, and Year 2 at state-funded schools remain entitled to a free lunch every school day, regardless of household income. From September 2026, the government is implementing significant changes to the wider free school meal system that affect children beyond the infant years:
- Universal Credit Expansion: Every child in a household receiving Universal Credit (UC) will become eligible for free school meals.
  - Removal of Income Cap: The previous earnings threshold (typically £7,400 per year) will be removed, allowing an estimated 500,000 additional children to qualify.
  - End of Transitional Protections: "Transitional protections" (which kept children eligible even if their family income rose) are scheduled to end at the close of the 2025/26 school year.
  - Rechecking Eligibility: From the start of 2026/27, schools and local authorities will resume annual eligibility checks to ensure families meet the new criteria

## **PE and Sport Premium Grant**

21. The PE & Sport premium grant for the 2026-27 academic year is anticipated to continue at a similar level to 2025-26. This grant is allocated to schools to make additional and sustainable improvements to the provision of PE and sport for the benefit of all primary aged pupils to encourage the development of healthy, active lifestyles.
22. Allocations for the academic year 2026-27 are calculated using the number of pupils in years 1 to 6 as recorded in their January 2025 census and are likely to be made in two equal installments in Autumn and Spring.

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