

## REPORT FOR SCHOOLS FORUM

1.	<b>Date of meeting:</b>	<b>16th January 2026</b>
2.	<b>Title:</b>	<b>2026/2027 DSG Schools Block Budget</b>
3.	<b>Directorate:</b>	<b>Corporate Services</b>

### PURPOSE OF THE REPORT

1. The purpose of this report is to update Schools Forum members on the 2026/27 Dedicated Schools Grant allocation for Rotherham. It also confirms the proposed changes to the schools funding formula, which will be used to determine individual school budgets. The finalised funding formula must be submitted to the DfE by 22 January 2026.
2. For 2026/27, the Dedicated Schools Grant is allocated across four funding blocks: Schools, Early Years, High Needs, and Central School Services. This report focuses specifically on the distribution of funding within the Schools Block.

### RECOMMENDATION(S)

3. It is recommended that the Forum:
  - Note the Schools Block DSG allocation for 2026/27 and the implemented changes to the local schools funding formula as outlined in paragraphs 7 to 19 of this report;
  - Note that the proposed 2026/27 schools funding formula incorporates a funding transfer of 0.5% to the high needs block (as approved by the Forum on 5th December 2025).
  - For maintained schools reps only - approve the funding for maintained primary & secondary schools outlined in paragraph 22 to be de-delegated and retained by the Council to fund schools related expenditure.

### SCHOOLS BLOCK FUNDING 2026-27

4. Details of the Dedicated Schools Grant (DSG) for 2026/27 were released on 17 December 2025. Under the National Funding Formula, Rotherham's Schools Block allocation for 2026/27 is £271.959m. This represents a net increase of £10.964m compared with the current year, driven by the following factors:

- Increase in funding (£7.187m)
- School Budget Support Grant and National Insurance Contributions Grants rolled into baseline funding (£6.587m)
- Decrease in pupil numbers (-£2.942)

5. For 2026/27, the National Funding Formula (NFF) sets Rotherham's schools block unit of funding at £5,115 per primary pupil and £6,640 per secondary pupil. The overall level of Schools Block funding aligns with the national settlement; however, total funding has reduced slightly due to a fall in pupil numbers.

6. The Schools Block represents the full amount of funding expected to be allocated directly to schools through *Rotherham's local funding formula*. Any funding retained centrally by the local authority is provided separately through the Central Schools Services Block.

## CHANGES TO THE SCHOOLS FUNDING FORMULA 2026/27

7. Key changes to the school's 2026/27 National Funding Formula (NFF) are:

- Rolling in the Schools Budget Support Grant (SBSG) and National Insurance Contributions Grant (NICS). Appropriate adjustments have been made to NFF factor values and baselines to reflect this.

8. Although the National Funding Formula (NFF) determines allocations to local authorities, individual school budgets for 2026/27 will continue to be set through each authority's local funding formula. The expectation is that local authorities will move their formulae closer to the NFF. Specifically:

- Local authorities may only use NFF factors in their local formulae, and must include all NFF factors, except for any locally determined premises factors.
- Local formula factor values must move at least 10% closer to the NFF values compared with their 2025/26 positions, unless they are already considered to be mirroring the NFF. For this purpose, factor values within 2.5% of the corresponding NFF value are deemed to be "mirroring." As part of this tightening requirement, authorities must not exceed ("overshoot") the NFF value by more than the 2.5% mirroring threshold.

9. A consultation exercise was carried out in November 2025 to gather views on proposed changes to Rotherham's local funding formula and on the potential transfer of funding from the Schools Block to the High Needs Block. The findings were presented to the Schools Forum in December 2025, where the overall consensus supported further aligning Rotherham's formula with the National Funding Formula wherever possible.

10. The following section outlines the changes implemented in Rotherham's local schools funding formula for 2026/27. These adjustments reflect both the outcomes of the consultation with schools and the updates introduced by the DfE to the National Funding Formula.

#### Minimum Funding Factor

11. To ensure schools continue to receive an appropriate level of funding, the mandatory minimum per-pupil funding factor rates will increase in line with the Government's recommended uplift. For 2026/27, the rates are set at £5,115 for primary pupils and £6,640 for secondary pupils.

#### Basic entitlement factor

12. In line with the National Funding Formula (NFF), the majority of funding (71.25%) will continue to be allocated through the basic entitlement factor, known as the Age-Weighted Pupil Unit (AWPU). The following changes to AWPU rates have been implemented for 2026/27:
  - Secondary schools: Per-pupil rates have increased by 4.9%, resulting in allocations of £5,668 for Key Stage 3 and £6,373 for Key Stage 4.
  - Primary schools: The per-pupil rate has increased by 5.6%, with the 2026/27 rate set at £4,043.
13. Although the AWPU rates do not yet fully match the NFF values, both the primary and secondary rates have been uplifted in line with the increase in the NFF rates. As they fall within 2.5% of the corresponding NFF values, they are considered to be mirroring the NFF.

Basic Entitlement	2025-26 NFF	2025-26 RMBC	2026-27 NFF	2026-27 RMBC	NFF % change	RMBC % change
Primary	3,847	3,751	4,064	4,043	5.6%	5.6%
Secondary KS3	5,422	5,286	5,686	5,658	4.9%	4.9%
Secondary KS4	6,113	5,960	6,410	6,372	4.9%	4.9%

#### Additional Education Needs Factors

14. The funding rates for the additional education needs factors—Deprivation, Low Prior Attainment, and English as an Additional Language (EAL)—have been uplifted and aligned with the National Funding Formula (NFF) wherever possible. Rotherham's local funding formula is now fully aligned with the NFF for all deprivation measures except the FSM6 proxy indicator.

15. For 2026/27, the FSM6 rate has been set at the minimum level permitted, however it has been uplifted by 14.15% for primary and 10.93% for secondary compared with 2025/26. These uplifts reflect the corresponding changes in the NFF factor values for 2026/27.

#### Split Site Factor

16. The split-site factor ensures that schools operating across more than one site receive funding on a consistent and equitable basis. In Rotherham, only one school will be affected by this factor in 2026/27.

#### Lump Sum

17. The Lump Sum unit value has risen by 5.24% to £148,883, which aligns with the lower limit of the NFF values for 2026/27 and therefore classified as mirroring the NFF. This approach is consistent with the position adopted in 2025/26.

#### Minimum Funding Guarantee (MFG)

18. For the 2026/27 budget, current guidance permits Councils to set the MFG between 0% and -0.5%. The MFG for 2026/27 has been set at 0%, ensuring that no school experiences a reduction in per-pupil funding. In 2026/27, 7 schools will receive protection through MFG funding, totalling £0.111m. This represents a substantial improvement compared with 2025/26, when 42 schools required MFG support at a cost of £0.390m.

#### Capping and Scaling

19. To balance the overall schools' budget with the available grant and ensure a fair distribution of resources, school-level gains have been capped at 1.04% and scaled back by 13.78%. This approach is broadly consistent with the methodology used in 2025/26.

#### Pupil Growth / Falling Rolls Fund

20. Growth funding is included within local authorities' Schools Block DSG allocations. For 2026/27, it has been calculated using the same methodology as in previous years, reflecting the increase in pupil numbers between the October 2024 and October 2025 censuses.

21 For 2026/27, the Council will continue to allocate growth and falling pupil rolls funding outside the formula, in line with its established Pupil Growth criteria and policy. There was overwhelming support through the consultation for this approach. A total of £0.250m will be deducted from the Schools Block in 2026/27 to support pupil growth and falling rolls. This figure is based on an assessment of existing commitments and anticipated growth.

Funding transfer to the high needs block

22. Rotherham continues to experience rising cost pressures within the SEND/High Needs Block for 2026/27. Current regulations permit the transfer of funding from the Schools Block to the High Needs Block, subject to Schools Forum approval (and DfE for approval for transfers above 0.5%).

23. Following consultation with schools and the Schools Forum, the Council proposed a 0.5% transfer (£1.352m) to support the High Needs Block. This proposal was approved by the Schools Forum on 5 December 2025 and has been deducted from the schools block allocation.

**OUTLINE OF THE 2025-26 LOCAL SCHOOLS FUNDING FORMULA**

24. The following table shows an outline of 2026/27 Rotherham's local schools funding formula and the level of funding to be allocated under each of the funding factors.

	2025/26 £'000	2026/27 £'000	Change £'000
<b>Schools block funding</b>	<b>260,995</b>	<b>271,959</b>	<b>10,964</b>
NNDR adjustments	-1,425	-1,467	-42
Transfer to high needs block	-1,298	-1,352	-54
Growth & Falling Rolls	-150	-250	-100
<b>Funding available for distribution</b>	<b>258,122</b>	<b>268,890</b>	<b>10,768</b>
Age Weighted Pupil Unit	184,510	191,910	7,400
Deprivation	33,296	35,992	2,696
English as an Additional Language	1,852	1,795	-57
Mobility	352	354	2
Prior Attainment	15,699	16,211	512
Lump Sum	15,845	16,675	830
Sparsity	10	15	5
Split Site	54	55	1
Minimum Pupil led Funding	624	347	-277
Minimum Funding Guarantee	390	111	-279
Capping & Scaling	-337	-551	-214
PFI factor	5,827	5,977	150
<b>Total distributed funding to schools</b>	<b>258,122</b>	<b>268,890</b>	<b>10,768</b>

### De-delegated Funding

25. Under the schools funding framework, the authority may de-delegate certain funding through the local funding formula, allowing specified amounts to be retained centrally and managed by the Local Authority. The DfE's operational guidance sets out which funding areas are eligible for de-delegation. The table below outlines the de-delegated items and the corresponding amounts to be deducted from maintained schools' formula allocations:

De-delegation funding	2025-26 £'000	2026-27 £'000	Variance £'000
Trade Union	17	15	-2
Contingency*	37	50	13
School Improvement*	137	124	-13
<b>Total</b>	<b>191</b>	<b>189</b>	<b>-2</b>

\* budgets in 2025/26 have been adjusted to account for schools that have converted to academies during the year

26. For each de-delegated funding element in 2026/27, the method for removing funding from the formula remains unchanged from 2025/26. The basis for each element is as follows:

- Trade Union – calculated using pupil number units for the relevant school phase
- Contingency (SIFD) – calculated using pupil number units for the relevant school phase
- School Improvement – calculated at £33 per pupil for the relevant school phase (similar to 2025/26)

27. For each of the above budgets, it would be for the schools forum members for the relevant maintained schools to:

(1) agree the delegated amount; and

(2) decide whether that service should be provided centrally.

28. The decision(s) will apply to all maintained schools. Funding for these services will then be removed from the formula before school budgets are issued.

## **NAMES & CONTACT DETAILS**

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