

## REPORT FOR SCHOOLS FORUM

1.	<b>Date of meeting:</b>	<b>27<sup>th</sup> March 2026</b>
2.	<b>Title:</b>	<b>Schools Budgets 2025-26 – Latest Position (March 2026)</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.

	Nov 2025 Allocation (£m)	Jan 2026 Allocation (£m)	Change (£m)
Schools Block	25.758	25.758	-
Central Schools Services Block	1.794	1.794	-
Early Years Block	42.395	42.395	-
High Needs Block	48.151	48.151	-
<b>Total DSG</b>	<b>118.098</b>	<b>118.098</b>	<b>-</b>

### 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)	Feb 2026 Forecast (£m)	Forecast Variance (£m)
Schools Block	0.36	0.29	-0.07
Central Schools Services Block	1.79	1.78	-0.01
Early Years Block	42.39	41.68	-0.71
High Needs Block	49.45	53.06	3.61
<b>Total DSG</b>	<b>93.99</b>	<b>96.81</b>	<b>2.82</b>

### Schools Block

- 4.2 The centrally retained schools block budget of £355k represents the amount de-delegated from maintained schools' funding and managed centrally by the council. Overall, the budgets centrally managed by the council are showing an overall forecast underspend of £0.07m for 2025-26. This is driven by lower than anticipated commitments against the Falling Rolls fund £50k, and School Improvement £14k, Schools in Financial Difficulty of £5k and Growth Fund of £1k.

	Budget 2025/26 (£m)	Feb Forecast (£m)	Forecast Variance (£m)
<b>De-delegated Budgets:</b>			
School Improvement	0.15	0.14	-0.01
Trade Union Facility Time	0.02	0.02	-
Schools in Financial Difficulty	0.04	0.03	-0.01
<b>Centrally retained budgets:</b>			
Growth Funding	0.10	0.10	-
Falling Rolls	0.05	-	-0.05
<b>Total</b>	<b>0.36</b>	<b>0.29</b>	<b>0.07</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 The Early Years block is currently reporting an underspend of £0.72m. This is primarily driven by Early Education Funding, particularly the increased entitlement for 2-year-olds and under-2s following the Autumn Term Adjustment and the Spring headcount. Work is ongoing to refine the year-end forecast using updated headcount data for 3- and 4-year-olds, 2-year-olds, and under-2s (including the expanded entitlement). The final position will be reported at the June meeting, alongside the projected clawback for the July adjustment relating to 2025–26.

### High Needs Block

- 4.5 A cost pressure of £3.61m 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).
- 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, which is the framework for managing the demand challenges and cost pressures in the high needs block comes to an end on 31 March 2026. Going forward, the expectation is that ongoing financial sustainability issues would be addressed as part of the implementation of the SEND reforms and detailed in the SEND Action Plans to be submitted by the Council.

### Overall DSG Reserves position

- 4.7 An overall deficit is currently anticipated in the DSG reserves (£3.6m) 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 £3.6m.

4.9 A High Needs Stability Grant has been announced to support LA's with DSG unusable reserves deficits. The grant will only be available to authorities with a deficit at the end of 25/26. The grant will cover 90% of the deficit built up by LA's by 25/26, the calculation has been set to not disadvantage authorities who gained support through the safety valve. Financial support will be subject to approval of local SEND reform plans.

## 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	0.764	0.098
Primary	1.223	0.790	1.007	0.217
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>1.556</b>	<b>0.332</b>

5.2 Main highlights from the above:

- The Feb forecast positions indicate a decrease in surplus balances of £800k 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 £263k is mainly due to the increased financial pressures faced by schools.
- When compared to the original budget, the Feb monitoring position shows a net increase in reported balances of £332k. Primary school balances have increased by £217k, Nursery schools balances have increased by £98k and the PRU by £143k.
- 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	Feb 2025 position	Comments
Aston Fence J&I	-£0.034	-£0.022	
Wales Primary	-£0.045	-£0.035	£20k SIFD funding
Rawmarsh Ryecroft	-£0.026	£0.013	£12k SIFD funding

- Local Authority maintained schools will submit their 2025/26 Final outturn monitoring at the end of March 2026.

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