

Lancashire Schools Forum

Annual Report 2024/25

April 2024 – March 2025



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1. Introduction

The 2025/26 financial year brought further challenges to schools due to increased inflationary pressures on budgets. During this period, The Lancashire Schools Forum and its associated working groups considered a variety of reports and presentations on school funding and finance related matters.

This annual report sets out some of the significant issues dealt with by the Forum.

2. Chair of the Lancashire Schools Forum

Daniel Ballard, Headteacher at St Mary's and St Benedict's RC Primary School was elected as the Forum Chair. Stephen Booth, a governor at Ellet St John the Evangelist CE Primary School, remained as the Vice-Chair.

3. School Budgets 2025/26

Advising on the Schools Budget is a crucial responsibility of the Forum.

Lancashire's Gross 2025/26 Dedicated Schools Grant (DSG) allocation is £1,483.964m, including the academy recoupment. The 2025/26 figure is £149.012m higher than the previous year. This increase in funding is due to:

- Lancashire's share of the increased high needs block funding.
- Increased funding within schools block to reflect the pay award grants rolled into the funding formula.
- Increased funding within early years received due to the extended entitlements of 2-year-olds and under two-year-olds within the early years block.

The key headlines from the 2025/26 budget setting process included.

3.1. Schools Block

Lancashire continues to use the National Funding Formula (NFF) methodology to calculate Schools Block budgets in 2025/26.

The main changes to NFF formula factors arising from this additional funding are set out below.

- Rolling the 2024 to 2025 teachers' pay additional grant, the teachers' pensions employer contribution grant 2024, and the core schools budget grant into the National Funding Formula.
- Further increases to National Funding Formula factor values (on top of the amounts we have added for the teachers' pay additional grant, the teachers' pensions employer contribution grant and annualised Central Schools Services Block, as can be afforded following the settlement of the core schools budget for 2025 to 2026.



Following a consultation with schools and academies in Lancashire, through available local discretion in 2025/26, the following was agreed by the Schools Forum and the LCC Cabinet:

- The Minimum Funding Guarantee (MFG) was set at a 0.0%
- The basic entitlement factor was set at 99.3% of the NFF factor to ensure a balanced budget could be set within schools block

In addition, the Government announced a minimum pupil funding levels for primary and secondary schools for 2025/26:

- For primary schools, the minimum pupil funding level will be £4,955 per pupil
- For secondary schools, the minimum pupil funding level will be £6,465 per pupil

3.2. High Needs Block

Whilst the increased funding within the High Needs Block was welcome, the funding block continues to have significant demand led pressures with the following agreed:

- The HNB allocation received has been fully utilised to cover the growth in High Needs expenditure from April 2025.
- The demanding constraints within the high needs block meant that the weighted pupil number (WPN) rate across all early years settings, schools and FE settings will remain at £5,440.
- Existing School Specific factor (special schools & PRUs) increased by 0.50% in line with increases to average schools block funding.

3.3. Early Years Block

Lancashire's Early Years funding for 2025/26 is a total of £201.554, which is significantly higher than the 2024/25 allocation due to the extended entitlements.

3 and 4-year-old entitlements

Due the increased funding Lancashire has received, the Lancashire base rate for 3 and 4-year-old entitlements is £5.70 per hour in 2025/26, an increase of £0.29 per hour from 2024/25.

The 2025/26 funding rate is therefore as follows:

2024/25 Base rate	£5.41 per hour
2025/26 DfE uplift	£0.24 per hour
2025/26 Additional funding from within the Early Years Block	£0.05 per hour
2025/26 Base rate	£5.70 per hour

3- and 4-year-old Supplementary funding hourly rate for maintained nursery schools

Lancashire will receive a £0.65 increase in the supplementary funding hourly rate for maintained nursery schools in 2025/26, which will be passed to the maintained nursery schools, providing a revised hourly supplement rate of £5.83 per hour

2-year-old entitlement

Lancashire has adopted one single funding rate for 2-year-old entitlements. Due the increased funding Lancashire has received, the Lancashire base rate 2-year-old entitlements is £7.46 per hour in 2025/26, an increase of £0.36 per hour from 2024/25. Please note the extended entitlements to 30 hours for working parents from September 2025.

The 2025/26 funding rate is therefore as follows:

2024/25 Base rate	£7.10 per hour
2025/26 DfE uplift	£0.29 per hour
2025/26 Additional funding from within the Early Years Block	£0.07 per hour
2025/26 Base rate	£7.46 per hour

Under 2-year-old entitlement

Due the increased funding Lancashire has received, the Lancashire base rate for Under 2-year-old entitlement is £10.21 per hour in 2025/26, an increase of £0.70 per hour from 2024/25. Please note the extended entitlements to 30 hours for working parents from September 2025.

The 2025/26 funding rate is therefore as follows:

2024/25 Base rate	£9.51 per hour
2025/26 DfE uplift	£0.36 per hour
2025/26 Additional funding from within the Early Years Block	£0.34 per hour
2025/26 Base rate	£10.21 per hour

Early Years Pupil Premium

Lancashire will increase our early years pupil premium rate, up to £570 per eligible child per year, for 2025/26, in line with national announcements. This is an increase of £182 from 2024/25.

Disability Access Fund

Lancashire will increase the disability access fund, up to £938 per eligible child per year for 2025/26, in line with national announcements. This is an increase of £28 from 2024/25.



SEN Inclusion Fund

Local authorities are now required to have a Special Educational Needs Inclusion Fund for all eligible 3 and 4-year-olds, 2-year-olds and under 2s who are taking up the free entitlements, regardless of the number of hours taken. Due to top up funding now being funded via the High Needs Block and not from the Early Years SEN inclusion fund, for 2025/26 the Lancashire fund will total £1.65m.

3.4. Central School Services Block

This Block is used to fund central functions that local authorities carry out on behalf of pupils in state-funded maintained schools and academies in England. The Central School Services Block (CSSB) is split into funding for historic commitments and funding for ongoing responsibilities.

The funding block remained largely unchanged from the previous year

3.5. Issuing Individual School Budgets

Once Lancashire's proposals had been approved by the DfE, individual school budgets for 2025/26 were issued to schools on 27 February 2025.

4. Service De-Delegations 2025/26

Regulations require the Schools Forum to decide which services should be de-delegated each year. Due to change in government funding guidance was only received late in November, meaning the Forum considered a number of de-delegation proposals and voted at the schools block meeting in December.

Primary and secondary members agreed by phase that several services would be de-delegated for the 2025/26 financial year. This means that for primary and secondary schools (but not academies) services will be provided centrally. A full list of de delegations agreed from April 2025 are:

- **Staff costs – Public Duties/Suspensions.** This de-delegation incorporates reimbursement to schools for staff costs associated with public duties and suspensions;
- **Heritage Learning Service - Primary Schools Only.** Provides funding for the work the Heritage Learning Service undertakes for primary schools to help meet the national curriculum and to support wider cultural learning;
- **Schools Requiring Additional Support.** Previously named Schools In Financial Difficulty. This funding allows support to be offered to schools in financial difficulty, which is managed by the School Improvement Group (SIG) against published eligibility criteria.
- **Primary Inclusion Hubs.** This de-delegation continues to support Inclusion activities of primary schools in each district to reduce exclusions and improve attendance for pupils at risk of exclusion, including providing high quality training for staff in schools and sharing share good practice and expertise.



- **Children's Champions.** To support young people at risk of exclusion and those who are struggling to attend and work as an advocate for the child to support breakdown of relationships with schools.

As always, the Forum is very grateful for the consultation responses and comments from colleagues in schools and academies that help to shape and steer the Forum's decisions and recommendations. 174 responses were received from schools in response to consultations about the school funding arrangements for 2025/26, which was an increase from 2024/25 of which 156 responses were received.

5. Support for Schools In Financial Difficulty (SIFD)

44 schools ended the 2024/25 financial year in deficit, compared to 38 schools a year earlier. Several schools returned to surplus during the year through the delivery of budget recovery plans. The overall school balances have decreased from c£70m to c£67m, an overall reduction of £3m, however this is mainly due to academy conversions throughout the year.

The Forum continues to work with the LA to support schools that are in, or may be heading towards, financial difficulty. This includes monitoring the financial outlook of schools on the Schools in Financial Difficulty category warning system for maintained schools, issuing early warning letters to offer a 'heads-up' that financial pressures may be mounting and using the agreed SIFD procedures to provide additional support to some schools.

6. Clawback of Excess Balances

In July 2024, the Schools Forum voted to reintroduce Clawback at 31 March 2025. As a result, 12 schools held excess balances above the clawback policy guideline, which is the same number as the previous financial year.

Full details of all Schools Forum business are available from the Schools Forum [website](#).

For any queries, please email schoolsforum@lancashire.gov.uk

