

Lancashire County Council

Lancashire Schools Forum

Tuesday, 14 October 2025, 10.00 am in the Savoy Suite, The Exchange, County Hall, Preston

Present

Primary School Governors

Stephen Booth (*LSF Vice-chair*)
Gerard Collins
Lindy King
Sam Ud-din
Robert Waring

Primary School Headteachers

Daniel Ballard (*LSF chair*)
Sarah Barton
Jenny Birkin
Neil Gurman
Deanne Marsh
Sarah Robson
Carl Roscoe
Kirsty Sutton

Secondary School Headteachers

Ivan Catlow
Oliver Handley (*SB Chair*)

Secondary School Governors

Janice Astley
Brian Rollo

Academy Rep

John Davey
James Keulemans
Andrew Proctor

Special School Governor

Mandy Howarth

Special School Headteacher

Claire Thompson (*HN chair*)

Officers in Attendance

Matthew Dexter

Short Stay Governor

Sharon Bennett

Short Stay Headteacher

Abigale Bowe (*HN Vice chair*)

Nursery School Headteacher

Jan Holmes

Nursery School Governor

Thelma Cullen

PVI Members

Sharon Fenton
Philippa Perks (*EY chair*)
Hilary Sharples

Voting Members

CC Andy Blake
CC Ian Duxbury

Observers - Non-Voting Representatives

CC Matthew Salter
Rafeal Schiel
Kate Walker
Ian Watkinson
Paula Evans

Members of the Public

Lauren Fraser
Lindsay Ingham
Nicola White
Lesley Pevrose
Peter Hindle

Toni Rafferty



Sapphire Murray
Jo Frobisher
Laura Piper

Aby Hardy
Paul Turner

1. Attendance and Apologies for Absence

Apologies have been received from Michael Nolan, Louise Parrish, George Krawiec, Bill Mann, John Tarbox, Anna Yates and Mary Lyle.

2. Substitute Members

No substitutions.

3. School Forum Membership

Detail

This report provides information on Forum membership issues that have arisen since the last Forum meeting. Details are provided below.

Annual Membership Review

As part of the annual membership review process, several members left the Forum at the end of the 2024/25 academic year, with the thanks of their colleagues, and several new appointments have been made from September 2025.

The Forum will wish to welcome the following new members to their first meeting:

Academy Primary Representatives

- Andrew Proctor – Highfield Community Primary School
- Melanie Furness – Belthorn Academy Primary School
- Richard Davies – Moorside Community Primary Academy School

Post -16 representative

- Paul Smith - The Lancashire Colleges

We currently have the following vacancy which we are seeking representative for;

- Academy Secondary Representative

The Forum:

- a) **Welcomed new members.**

4. Minutes of the Last Meeting

The minutes of the last meeting held on 1st July 2025, were agreed as the correct record

5. Matters Arising

No matters arising from the minutes of the meeting held on 1 July 2025 that are not covered elsewhere on the agenda.

6. Recommendations from the Schools Block Working Group

Detail



On 18 September 2025, the Schools Block Working Group considered several reports. A summary of the information presented, and the Working Group's recommendations are provided below:

1. Dedicated Schools Grant Monitoring 2025/26 and 2026/27 Forecast

Detail

Due to the cost and demand led pressures on the High Needs Block budget, arrangements were introduced from 2018/19 to provide the Forum with termly budget HNB monitoring.

Following the reporting of the council's DSG deficit of £22m at March 2025, monitoring has been provided showing the period 1-5 budget monitoring position of the full DSG and longer-term financial forecast.

The DSG is currently forecasting a **£54.036m** overspend at 31 March 2026, with a forecast cumulative DSG deficit total of **£76.453m**. **There are however additional forecast financial implications on DSG due to the SEND recovery plan, which are included in this report.**

There remains significant ongoing financial pressure facing the HNB block as the demand and costs continue to rise as the number of children and young people with EHCPs continues to grow, but the HNB Block funding from DfE has not kept paced and increased in line with this growth. Over the years, this has created financial pressures on a national level resulting in many authorities holding deficit DSG balances.

The remaining DSG funding blocks are forecast to remain near to the agreed budget line.

A full monitoring breakdown of the HNB has been provided at **Appendix A**.

DSG Period 1-5 Budget Monitoring 2025/26

DSG Monitoring 2025/26 - High Level Summary			
	Budget (£)	Forecast (£)	Variance (£)
High Needs Block	£208,328,762	£261,936,945	-£53,608,183
Early Years Block	£202,149,983	£202,060,288	£89,695
Schools Block	£1,051,778,166	£1,052,188,174	-£410,008
Central School Services Block (CSSB)	£8,633,102	£8,491,697	£141,405
Early Years Block DSG Adj 2024/25	£0	£248,456	-£248,456
Total	£1,470,890,013	£1,524,925,560	-£54,035,547



High Needs Block 2025/26			
	Budget (£)	Forecast (£)	Variance (£)
Mainstream Schools	40,534,901	59,146,448	18,611,547
Special Schools	94,617,441	96,114,727	1,497,286
Alternative Provision	14,432,767	17,056,312	2,623,545
Further Education - Post 16	5,801,448	7,534,260	1,732,812
Early Years	500,000	3,526,446	3,026,446
Exclusions	- 1,500,000	- 1,777,335	- 277,335
Commissioned Services	54,464,373	80,336,086	25,871,713
Total Expenditure	208,850,930	261,936,945	53,086,015
Total Grant	- 208,850,930	- 208,328,762	522,168
Total Variance	- 0	53,608,183	53,608,183

Early Years Block 2025/26			
	Budget (£)	Forecast (£)	Variance (£)
Under 2YO	57,342,256	57,342,256	-
2YO	51,328,199	51,328,199	-
3_4 YO	87,101,163	87,709,062	607,898
Early Years DAF	970,830	970,830	-
Early Years PPG	3,161,301	3,161,301	-
SEN Inclusion Fund	1,650,000	1,548,640	- 101,360
Total Expenditure	201,553,750	202,060,288	- 506,538
Total Grant	- 201,553,749	- 202,149,983	596,234
Total Variance	- 0	- 89,696	89,695

Schools Block 2025/26			
	Budget (£)	Forecast (£)	Variance (£)
Maintained Schools	703,875,895	688,302,665	15,573,230
Growth	1,501,534	2,150,812	-649,278
Academy Recoupment	342,576,091	357,273,718	-14,697,627
Academy Recoupment NNDR	1,552,481	2,067,843	-515,362
De-Delegations	2,272,165	2,393,136	-120,971
Total Expenditure	1,051,778,166	1,052,188,174	-410,008
Total Grant	-1,051,778,166	-1,051,778,166	0
Total Variance	0	410,008	-410,008



CSSB 2025/26			
	Budget (£)	Forecast (£)	Variance (£)
ESG Retained Duties (transferred to DSG)	2,591,000	2,591,000	0
Overheads	875,160	875,160	0
Copyright Licence	1,209,749	1,311,844	-102,095
School Forum	188,000	188,000	0
Pupil Access (Admissions)	867,500	867,500	0
Rates appeals	-111,441	-111,441	0
PFI - Sixth Form	3,013,134	2,769,634	243,500
Total Expenditure	8,633,102	8,491,697	141,405
Total Grant	-8,633,102	-8,633,102	0
Total Variance	0	-141,405	141,405



SEND Priority Action Plan – DSG Impact

Whilst the monitoring position shows current DSG spend to date, the implementation of the SEND Priority Action Plan (PAP) is forecast to further increase the financial pressure on the HNB DSG.

With an additional 3,818 EHCPs forecast to be completed by December 2025, the Lancashire rate of children with EHCP in special schools is currently 48.4%, which is almost 10% higher than the national figure of 38.6%. Assuming the same rate of pupils that are assessed in this calendar year will require a special school placement, there will be a requirement for 1,848 additional places across our estate to secure appropriate provision and name it in the final EHCP. For context, there are currently 3,918 pupils occupying a place at Lancashire special schools.



Due to Lancashire special schools being at full capacity, there will be a further need to utilise the independent sector at an average placement cost of £57,000. This will also increase our current reliance on independent schools from 5.1%, which is already over the national level of 4.8%. The remaining 51.6% (1,970) are assumed to be placed within mainstream schools at an average placement cost of £9,100, however **the financial implications will only be known once all EHCPs are finalised.**

With our current total EHCP level 13,402 as of the end of June 2025, the additional 3,818 will take our total number of EHCPs to 17,220 by the end of December 2025. It is assumed that these additional plans will remain in the system and not be ceased, as such significantly increasing our HNB expenditure annually. In addition, a growth factor of 10.50% has been forecasted from January 2026, which is forecast to take the total EHCPs to 17,673 by March 2026.

£57,000 x 1,848 (rounded) = **£105,330,984 (Annual)**

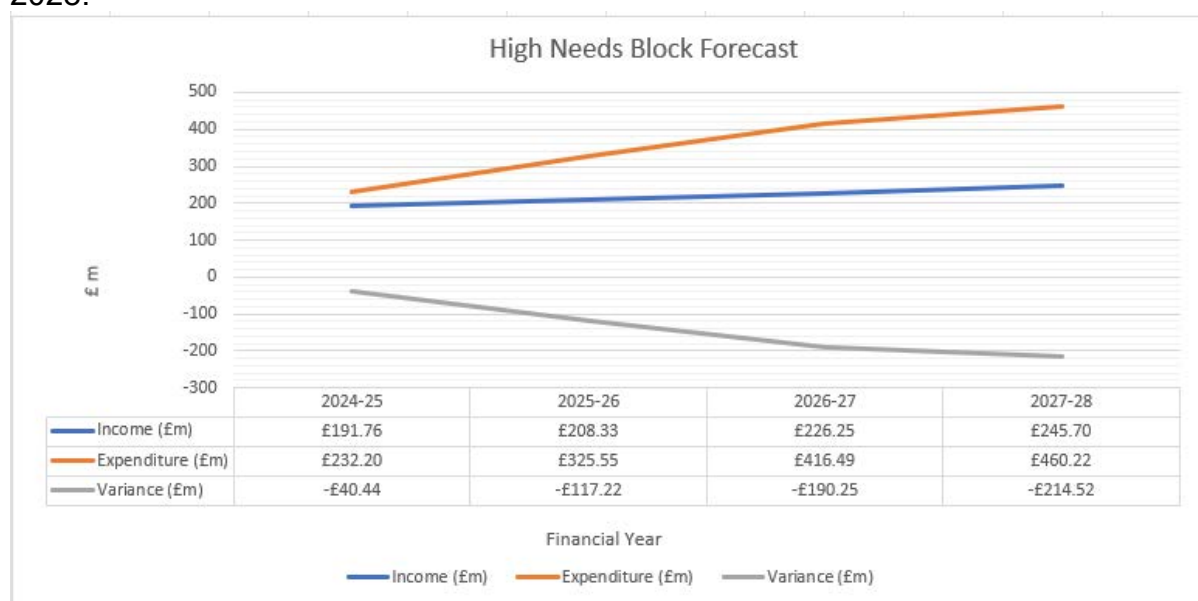
£9,100 x 1,970 (rounded) = **£17,927,801 (Annual)**

Total - £123,258,785

The modelling assumes that all 3,818 EHCPs remaining at mainstream provision until the end of October 2025, with 48.40% then placed at independent provision from November 2025.

The impact of this is a forecasted overspend of **£117m within the HNB in 2025/26, and a total DSG deficit of £140m by March 2026.**

Based on average annual growth in EHCPs at 10.50%, and forecasted HNB income received from DfE, the DSG deficit would continue to rise to £328 by March 2027, and **£545m by March 2028.** This would have significant and wider impacts for the council due to the statutory override, which is due to end by March 2028.





The impact of the SEND PAP is being regularly monitored, and an updated forecast position will be presented at the next working groups

Statutory Override

Currently there is a statutory override in place, which specifically allows councils to exclude deficits related to HNB DSG from their main revenue accounts. This means these deficits do not count against the council’s general fund and councils are not required to immediately balance these deficits by reducing budgets to finance the shortfall. The override was introduced in financial year 2019/20 and has recently been extended again, until March 2028 due to the growing scale of SEND-related financial pressure.

Whilst the impact of a DSG deficit on the council's revenue budget is mitigated by the statutory override, the council is still required to finance the deficit as expenditure is being incurred without the cash being received to fund it. Ordinarily councils are not allowed to borrow for revenue expenditure. Under the Local Government Act 2003 local authorities are however able to borrow for the purpose of prudent management of their financial affairs.

According to the County Councils Network, local authorities are collectively carrying over £6 billion in DSG deficits, which is forecasted to rise to £10 billion by March 2028.

The statutory override has been a necessary stopgap, but it is not a solution. The conclusion of the sector is that without decisive reform and sustainable funding, local authorities will face escalating financial pressures that threaten both SEND provision and wider council services.

*The working group:
Noted the Report*



Discussed:

- *Monitoring now includes all four DSG blocks, not just High Needs.*
- *Many EHCPs will require costly independent placements, increasing the deficit.*
- *A statutory override is in place until March 2028, shielding the council’s revenue budget from the DSG deficit—but concerns remain if it’s not extended.*
- *Paul Turner updated on mitigation efforts: new SEND units, capital funding for mainstream schools, a new banding document, and 3,600 EHCP assessments commissioned to reduce backlog.*
- *Further updates expected before January 2026.*

2. School Block Funding Arrangements 2026/27

Detail

In recent announcements, the Department for Education (DfE) confirmed the school funding arrangements for 2026/27 will be published in the autumn term and issued an initial [summary policy document for 2026 to 2027](#). Therefore, the DfE has not been able to publish the schools and high needs operational guides in July as per normal practice.

2026/27 National Funding Formula (NFF) Summary

The DfE have however confirmed that starting from September 2026, free school meals (FSM) will be extended to all children in households receiving Universal Credit. For 2026 to 2027, the DfE confirmed that there are no changes to the schools NFF to allocate funding for the expansion of FSM. Instead, the funding needed for the FSM expansion will be provided through a separate grant. Further details on how this grant will be calculated will be published separately in due course

The structure of the NFF for 2026/27 has been confirmed, with provisional values provided below, and will operate in the same way as in 2025/26.

A	Basic per pupil funding	Basic entitlement						
B	Additional needs funding	Deprivation	Low prior attainment	English as an additional language	Mobility			
C	School-led funding	Lump sum	Sparsity	Premises			Growth	
				Rates	PFI	Split sites	Exceptional premises	
D	Geographic funding	Area cost adjustment						
E	Protection funding	Minimum per pupil level			Funding floor			



The DfE have also confirmed that the schools budget support grant (SBSG) and the National Insurance contributions (NICs) grant will also be rolled into the NFF for 2026 to 2027.

For these two grants, the funding will be rolled in following a very similar approach to previous grants. That is:

- adding cash amounts to the primary, key stage 3 and key stage 4 per pupil funding factors in the schools NFF, to represent the equivalent amounts in the grants
- adding cash amounts to the primary and secondary FSM6 factors, and the lump sum, in the schools NFF, to represent the equivalent amounts in the grants
- adding cash amounts to the MPPLs for primary, key stage 3 and key stage 4 respectively, to reflect the average per pupil amount of funding that schools attracted through the preceding grants
- adding an amount representing the total funding each school received through the preceding grants on to its baseline, which is used to calculate funding protection for the schools through the funding floor

For the NICs grant, the funding rolled in to the NFF will use the published funding rates directly.

For SBSG, however, the DfE will take a slightly different approach to rolling in this funding to the NFF. This is because the total funding in the SBSG in 2025 to 2026 is calculated regarding the full-year cost of the support staff pay award, as well as the part-year cost of the 2024 teachers' pay award (from September 2025). Therefore, to roll in this funding, we will calculate the full year equivalent of the whole of the SBSG and then calculate new (higher) full-year equivalent funding rates from this new total. The cash values rolled into the NFF in 2026 to 2027 will then reflect these full-year equivalent funding rates. This is the same approach taken when rolling the previous core schools budget grant (CSBG) into the 2025 to 2026 NFF.

Please see table below showing the factor uplifts from the rolling in of the grants.

Factor	NICs	SBSG	Total
Primary basic per-pupil	£78	£55	£133
Key stage 3 basic per-pupil	£68	£78	£146
Key stage 4 basic per-pupil	£77	£88	£165
Primary FSM6 per-pupil	£75	£49	£124
Secondary FSM6 per-pupil	£60	£72	£132
Lump sum	£2,400	£2,086	£4,486



MPPL	NICs uplifts	SBSG uplifts	Total
Primary MPPL	£93	£66	£159
Secondary MPPL	£83	£91	£174

The DfE plan to publish the NFF allocations and supporting documentation (including operational guidance) in autumn 2025 due to the multi-year spending review concluding in June 2025. We expect that the DSG allocations using the NFF will be published in December 2025 as in previous years.

The authority proforma tool (APT) will be released for local authority submissions in mid-December 2025 with a deadline return date towards the end of January 2026. This is like previous years. The APT will again be populated from schools block data, primarily drawn from the autumn 2025 schools census

2026/27 Exceptional Circumstances Factor

The exceptional circumstances factor must relate to premises costs and is only applicable where the value of the factor is more than 1% of a school's budget and applies to fewer than 5% of the schools in the local authority's area.

This factor has been utilised by Lancashire for several years and in 2025/26 supported 4 schools for a 'rents' payment where the schools needed to rent premises to deliver the curriculum. Guidance states that where agreement was received from the DfE in 2025/26 a further disapplication request would be needed to be submitted in future years. The 4 schools involved will continue to rent premises in 2026/27 and initial modelling indicates that the criteria for the value of the factor to be more than 1% of a school's budget and applicable to fewer than 5% of the schools in the area are still met.

The disapplication deadline has been confirmed by the DfE as **17 November 2025**.

The Working Group is asked to support the disapplication to the DfE to request the continued use of an Exceptional Factor in the Lancashire formula, to provide allocations to 4 schools to cover the costs of renting premises for the schools.

At the Schools Forum on **14 October 2025** members will be asked to formally vote on supporting the submission of disapplication request to the DfE, as this will form part of the disapplication request.

Minimum Funding Guarantee 2026/27

Even though Lancashire has adopted the national funding formula methodology as the local funding formula, a degree of local discretion remains about the Schools Block arrangements in 2026/27. Further information is provided below.

For 2026/27, during the transition to the direct NFF, there remains local discretion around the level of Minimum Funding Guarantee (MFG). LAs have the freedom to set the MFG in local formulae, which in 2025/26 was between -0.50% to 0.00%



per pupil, with schools forum voting to apply the maximum 0.00% MFG and mirroring the NFF funding floor.

Views will be sought from Lancashire primary and secondary schools and academies in the upcoming 2026/27 school funding consultation. The LA proposal included in the consultation will be for the MFG to mirror the NFF funding floor, as this provides the maximum allowable protection for Lancashire schools, and academies and matches the funding floor protection included in the NFF.

2026/27 Schools Block 0.5% Transfer to High Needs Block

At the 11 March 2025 schools block working group meeting, initial proposals and modelling for a proposed 2026/27 block transfer of 0.5% from the schools block to the high needs block was presented for consideration and discussion.

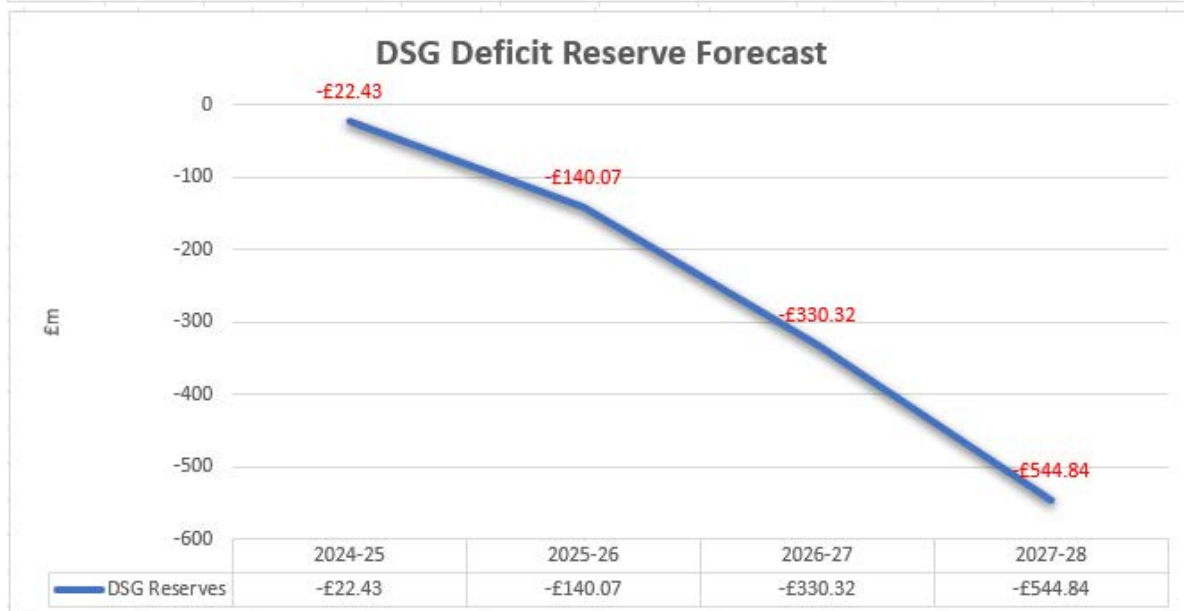
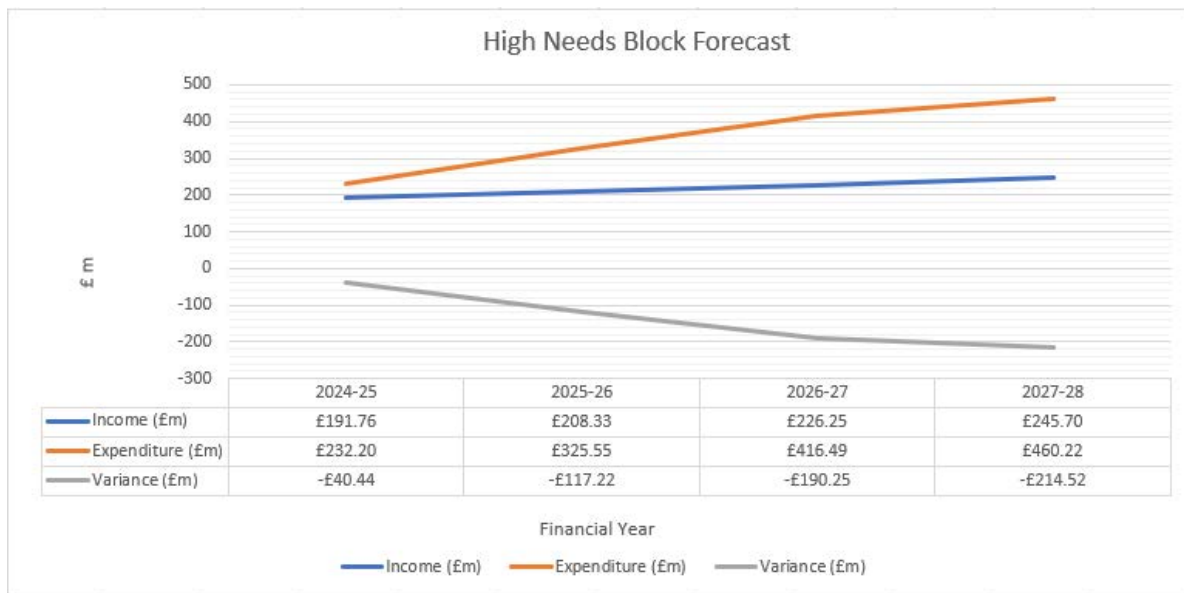
The DfE have since confirmed that as in previous years, local authorities will be allowed to transfer up to and including 0.5% of the schools block into another block, with schools forum approval, without submitting a disapplication request. For a transfer exceeding 0.5%, or without schools forum approval, a disapplication request must be submitted to the Secretary of State as is allowable within the regulations with schools forum approval.

Due to the continuing pressures on the high needs block, which are both of local and national concern, the local authority will be consulting with schools and academies and will be asking schools forum to support a 0.5% transfer to the HNB. As a reminder, the current HNB position and reason for proposed transfer is detailed below.

As recently reported to cabinet and to schools forum, for the first time the DSG reserve has become a negative balance (termed a deficit) of **£22m** due to pressures on the High Needs Block, reflecting pressures in Special Educational Needs, which reflects the national picture amongst local authorities of insufficient grant resources to meet increasing need. Whilst the Council has plans to improve SEND services in 2026/27, these will not reverse the pressure on the High Needs Block. Projections based on current growth and the implementation of the SEND recovery plan show that the HNB is forecasted to further overspend by **£117m** in 2025/26, with a forecast negative/deficit cumulative DSG balance of **£140m** by March 2026.

A transfer of 0.5% (circa £5.1m) from the schools block to the high needs block would help to mitigate some of the pressure within the high needs block in 2026/27 (below shows current position without transfer)





To achieve this and remain with the NFF regulations, the schools block operational guidance states local factor values within 2.5% of the respective NFF values are deemed to be mirroring the NFF and within the NFF regulations. Modelling has been undertaken meaning that the LA would be unable to fully pass through the factor values in 2026/27 and would be reduced as necessary to achieve the 0.5% block transfer.

To apply this consistently the LA are proposing to reduce the basic entitlement and lump sum factors by the full 2.5% as is allowable within the NFF regulations. If the 0.5% block transfer is not achieved by using the basic entitlement and lump sum factors, the remaining factors within the NFF will be reduced accordingly. The LA do however need to emphasise that modelling can only currently be undertaken using 2025/26 data, and 2026/27 data will only be available in late December. If there is any natural headroom with the schools block following the 2026/27 DSG allocation this will be used in the first instance to support the block transfer. Unfortunately, however, in recent years no headroom has been



available, and it is assumed at this time that to achieve the 0.5% transfer, the LA will need to utilise the 2.5% reduction in NFF formula factors.

2.5% Schools Block to High Needs Block Transfer			
School/Academy Type	No of Schools/Academies	Difference in Funding	Average Impact
Primary	481	£2,929,262	£6,090
Secondary	80	£2,172,677	£27,158
All-Through	2	£17,978	£8,989
Average Impact	563	£5,119,917	£9,094

A copy of the 2026/27 schools funding arrangements consultation is to be issued to schools shortly and copies of the full consultation document and the summary document are attached as **Appendix B** and **Appendix C** to this report. Copies will be forwarded to members under separate cover.

It is extremely important to note that block transfers impact on both local authority schools and academies, with both schools and academies on the same local funding formula.

The working group:

Noted the Report

Discussed:

- *Pay Award Grants: Will be rolled into the funding formula for 2026/27, including SBSG and NICs grants.*
- *0.5% Block Transfer Proposal:*
 - *A transfer from Schools Block to High Needs Block is proposed to help address HNB pressures.*
 - *Some schools may lose funding, but MFG protection will limit impact for many.*
 - *Modelling uses reductions in basic entitlement and lump sum factors, within NFF regulations.*
 - *Final modelling depends on 2026/27 data, expected in December.*
- *Consultation: Opens on 19 September 2025 via the schools portal. Forum members are encouraged to participate and share widely.*
- *Forum Chair Query: Asked about effectiveness of transfers in other LAs. Response noted that while direct comparisons are difficult, transfers do help ease HNB pressures.*

3. Service De-delegations 2026/27

Detail

At the July 2025 working group meeting, initial proposals for 2026/27 de-delegations were presented for consideration. The following proposals have been received from the relevant services, with a change to the Schools Requiring Additional Support de-delegation, however there is no proposal from the service in relation to the inclusion hubs and as such this will cease to be a de-delegation in 2026/27:

- Staff costs – Public Duties/Suspensions
- Heritage Learning Service (Museum Service) - Primary Schools Only



- Schools Requiring additional Support
- Children's Champions

The working group supported the four services being included in annual de-delegation consultation with schools. The consultation document also provides information on all the proposed de-delegation service offers and charging structures from April 2026, and possible service options where these are available. Supplementary information providing additional details around the proposals are included in various appendices. A copy of the 2026/27 service de-delegations consultation is to be issued to schools shortly and copies of the full consultation document and the summary document are attached as **Appendix B** and **Appendix C** within the papers. Copies will be forwarded to members under separate cover.

The closing date for responses is **3 October 2025** and a final analysis and comments will be provided to the Schools Forum meeting on **14 October 2025** when maintained primary and secondary schools members will be asked to formally vote on the 2026/27 de-delegation proposals.

Decisions taken by the primary and secondary school members of the Schools Forum will be binding on all schools in that phase, so it is important that members are aware of the views of schools when they are making the de-delegation decisions.

The working group:

Noted the Report

Discussed:

- *All service de-delegations were previously presented to Schools Forum in the summer term.*
- *These proposals will be included in the consultation for maintained schools only, launching on the school's portal on 19 September 2025, with letters sent on 18 September.*
- *Children's Champion de-delegation will now be referred to as AP Officers, focusing on support for children who have been permanently excluded from school.*

4. National Non-Domestic Rates 2026/27

Detail

In 2022/23 the Department for Education (DfE) introduced a streamlined payment process for NNDR to reduce burdens on local authority maintained schools and academies. This centralised payment process remains optional and requires all LA's in a county to agree to move to their process.

Each year the DfE allocate funding to LA's for NNDR which is funded on a lagged basis using the previous year's NNDR estimates. As NNDR costs increase on an annual basis then each year there is a resulting gap in the funding that must be found from the schools block DSG. By moving to the central process, the DfE resolve the lag centrally.

In 2 tier local authority areas (like Lancashire), all billing authorities need to agree to implement the NNDR changes before they are introduced and if mutual consent is



not reached it will not be possible for any billing authority to adopt the revised payment process.

Following the report taken to schools block working group last October, the LA can now confirm that all billing authorities are now in agreement and Lancashire will look to move towards and implement the central NNDR process for schools ahead of the 2026/27 financial year. This change will reduce administrative burdens for schools and simplify the existing process. In addition, it will mean that the schools block DSG is funded appropriately.

Once the formal agreement has been finalised later in the autumn term, the LA will write to schools.

The working group:

Noted the Report

Discussed:

- *Lancashire County Council (LCC) plans to move from a lagged NNDR system to a centralised system, following verbal agreement from all 12 district councils.*
- *This change is expected to save £500,000 within the Schools Block, as funding will align with actual-year costs rather than prior-year estimates.*
- *Under the new system, rates funding for maintained schools will be handled centrally by the DfE, rather than through local allocations.*
- *A formal update on the NNDR process will be shared with the Forum once available.*
- *Matt and the Chair thanked members for their support in progressing this change.*

5. Redistribution of the 2026/27 Welfare Officer Service Secondary Funding

Detail

There has been an historic agreement for at least eight years to fund attendance support through the central schools block. Primary schools chose to use this funding to fund the team of attendance support workers. Up until 2023 this team provided case work for primary schools. Secondary schools decided that the funding should be allocated directly to the schools via a formula linked to deprivation and pupil numbers. As more schools have become academies, the allocated funding has become larger for each secondary school as the amount of funding has remained the same but the schools accessing it have become fewer.

In September 2023 Working Together to Improve Attendance guidance was published [Working together to improve school attendance \(applies from 19 August 2024\) \(publishing.service.gov.uk\)](https://publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/121442/Working_together_to_improve_school_attendance_(applies_from_19_August_2024).pdf). This insists that local authorities must provide advice and support through an attendance team to all schools. This means that the funding originally assigned for primary schools for case work is funding attendance support for all schools.

Therefore, due to the changes in statutory guidance, this historic agreement is no longer fair to all schools. Secondary schools receive between £8K - £30K a year to support their attendance.



Year	No of Schools	Budget	No of Pupils	No of FSM	Lump sum	Per Pupil	Per FSM Eligibility	Per IMD Eligibility
2016	60	529,375	47,163	6,447	838.00	1.57	29.97	17.62
2017	59	535,675	47,153	6,538	863.00	1.59	29.91	17.75
2018	57	540,655	45,685	6,349	901.00	1.66	31.08	18.49
2019	53	546,675	41,792	6,582	980.00	1.83	30.32	20.38
2020	47	552,675	40,171	7,043	1,117.00	1.93	28.64	21.57
2021	46	558,675	39,741	8,143	1,154.00	1.97	25.04	22.36
2022	43	564,675	37,431	8,312	1,248.00	2.11	24.80	23.91
2023	41	570,675	36,043	8,585	1,322.00	2.22	24.26	24.76
2024	37	576,675	33,702	8,189	1,481.00	2.40	25.70	26.90

Steps taken so far

All secondary schools who access the funding have been notified that we are considering a proposal to remove this funding. We asked for their feedback on this change and how it would impact their school.

A summary of these are below:

Feedback from secondary schools

School A: I would like an extension please, we employ our own attendance function, and this would allow us to restructure our team for the 25/26 academic year.

School B: I do understand the need for the LA to expand its capacity to deliver its functions under 'working together to improve school attendance.' For us it would be a reduction of funding of approximately £26 000, essentially the salary of our new Attendance Officer. We already have an in year deficit of £66 000 and so this post would have to go. The benefit we get from the new team of 10 may or may not have a bigger impact, that is impossible to predict at this point. Our Attendance Officer does a significant proportion of our daily phone calls and home visits.

School C: My concern is that this year we received just shy of £13k - all of which goes towards the costs of our attendance support team. We have, in the last year, appointed an additional full-time Attendance Improvement Officer and so that is supporting improvements in our attendance - the £13k covers half her salary. As a



result of improvements that we have made, we are now at risk of losing the funding for the equivalent of half a member of staff and then receiving very little, if any support. At a time when improving attendance is a top priority for all schools, this would appear to be a retrograde step and one to which my Governors are vehemently opposed.

School D: my overriding concern is that attendance is arguably the most pressing obstacle for the sector currently. It impacts directly on safeguarding, the right to and quality of education and we know it is linked directly to outcomes and ultimately, a child's future prospects. We are all working desperately hard (including the authority) to overcome this post covid issue and there is a long way to go. In your email you mention that the £500k+ figure is now shared across fewer schools given the number of schools who have converted to academies, however, given that the scale of the problem is much greater than it ever was, we could collectively make an argument that it should be even more money but certainly not less. I appreciate being given the opportunity to share our views and hope that the strength of feeling offered is worthy of further consideration and that alternative strategies can be explored before a final decision is made.

School E: I would like to record my opposition to this change on the basis that it essentially amounts to a budget cut for our school, which is already poorly funded (our spend per pupil is very close to the bottom of the DfE dashboard). Just a further point to add to my feedback, which I am happy for you to share. On a couple of occasions in recent years the question has been raised at our District Headteacher's meeting as to whether the local authority could provide more direct 'caseworker' type support for pupils/families where attendance is a significant issue, as had been the case historically. On these occasions it has (quite reasonably) been pointed out by the EPO that the funding for this was passed back to schools to use as they saw fit (as you describe below). It appears that what is being proposed here is that our school would lose the funding but would not be prioritised for the intervention/support that the money is going to be used to provide. This does not seem fair.

School F: To lose a further £10,000 would be damaging. Our attendance team are both full time, permanent members of staff. They are a brilliant team, as shown by the fact that our attendance figures are so strong. As you have intimated in your email, the removal of such a significant amount of money would mean that we would have to restructure our attendance team leading to a potential redundancy. It sounds as though this is more of a problem for primary schools, many of whom are not large enough to employ their own attendance teams. Therefore, my concern is that your proposal would potentially help primary schools but this would be at a great cost to high schools. In summary, my view is that your proposal could significantly impact attendance at my school. It would also reduce the number of staff in my team, which would also have a knock-on impact on the safeguarding visits that our attendance team carry out in the community.

School G: I am concerned about the potential negative impact these changes may have on our school, as we currently rely on this funding to employ an Attendance Improvement Worker (AIW). When the funding was devolved, we established the position of Attendance Improvement Worker for 8 hours per week, with the funding



covering the costs. This year, we received £10,988, with the AIW's grade 6 x 8 hours costing £6,872 and her additional grade 4 x 6 hours costing £4,135. Therefore, the funding fully supports this position. Attendance is a top priority for our school, and we have seen the detrimental effects of severe absence on our progress figures, particularly among PP/SEND and CLA students. I suspect our attendance rates are slightly higher than those of other schools which would limit our access to attendance case workers. I am concerned that without access to case workers, we may struggle to support students and families address barriers to attending school. We have worked diligently to foster a strong sense of school community to ensure all students feel welcome. However, losing the support of the AIW to engage with families due to the lack of funding would be a significant setback.

School H: To remove a significant portion of our budget - which we use to fund staffing to support attendance, at a time when attendance is such a high priority is shocking and concerning us all.

We have pastoral staffing which supports attendance in a really clear and focussed way, we have made positive improvements since these roles were created, and a new strategy employed. For the first time we are now above national data as a result.

I fail to see how 10 attendance workers covering all of Lancashire will provide the same level of service we are able to achieve in school. I am presuming they will only cover the most extreme cases and will involve us having to provide significant information and complete referrals to acquire. My staff form good working relationships with families, know the children well and are able to work with all those who have lower than desired attendance, rather than wait for the cases to become extreme.

We are facing a deficit budget without this loss of £12700 and also do not want to have to make redundancies. We know OFSTED will continue to prioritise attendance and feel strongly that LCC should be supporting us, not removing support at such a crucial time. The current system with our attendance support worker supporting us is working well, and is still relatively new - it seems counterintuitive to unpick this so soon after it has been put in place. (NB : This will not be removed)

Proposal 25/26

In light of this feedback, we are therefore proposing to forum that we do not change the funding for April 2025 and will allow schools to receive the funding for that financial year. This should allow them to prepare for the removal of this funding and use their school budgets to support attendance moving forward. However, the funding will be removed from April 2026 and will be used to create a case work team for attendance. This will also give us more time to consult and deliver on the attendance strategy and where case work would be best utilised following the implementation of the strategy.

Proposal 26/27

As discussed in previous years, the EWO funding for secondary schools is ineligible fund and cannot continue to be funded from the DSG. There is no council core budget or department for education funding external to this that could be given to schools instead of this funding.

Therefore, we will cease the EWO funding to secondary schools in April 26.



It is acceptable to use DSG funding for attendance and admission core functions and therefore we propose to spend the funding to create:

- Fair Access Protocol officers to assist in placing children more quickly and the primary pop up FAPs that are becoming more regularly used
- In year admissions officer to support with the increase in school admissions
- Technical support staff to assist with the processing, recording and data of admissions processing
- CME officers to manage children back into school more quickly
- Attendance officers to support schools who require enhanced support, managing and supporting part time timetable submissions, sickness returns, etc

The working group:

Aby Hardy presented the Redistribution of Welfare Officer Service Funding and what the funding will be utilised on.

The working group supported the proposal.

6. Strategic Support Partnership Handbook - SRAS De-delegation Criteria 2026/27

Detail

The Schools Requiring Additional Support (SRAS) criteria are kept under regular review. To be eligible for some elements of the support, the policy requires that schools in deficit have a Recovery Plan agreed with the authority. Any support from SRAS must be in line with the Schools Requiring Improvement handbook (to be renamed *Strategic Support Partnership SSP Handbook*), with the policy agreed by schools forum where any changes in support criteria are proposed. The statutory framework however for all schools to adhere to, is set out in the Scheme for Financing Schools.

Officers have been reviewing the current handbook, and the proposed changes are to reflect the proposed changes to the SRAS de-delegation proposal to schools which includes the advisers/consultants that undertake the SSP being funded from the Schools Requiring Additional Support fund for 2026/27. The summary is included in this report as **Appendix A**.

The Lancashire SRAS process also includes an action chart, which sets out some key dates and actions that take place through the year for schools and the LA. A copy is provided at **Appendix B**. The action chart includes reference to an ongoing policy where a Notice of Concern (NOC) in Respect of Financial Delegation will be issued to any school due to convert under a forced academy notice, or any school that is not complying with the scheme.

If the Forum approves these amendments to the SRAS arrangements this will be implemented from April 2026. It should also be noted that the policy change is subject to de-delegation approval from forum, and also requires approval from the school improvement group (SIG). The revised SSP handbook is included as **Appendix D**



Schools Requiring Additional Support Criteria

The SRAS support criteria is administered through the School Improvement Group Board (SIG).

The current support arrangements have been developed by the Authority for schools that may be experiencing exceptional financial difficulty. Financial difficulty can arise from a number of causes which lead either to budget reductions for example due to falling rolls, or from the need for short term increases in expenditure. Examples include:

- Being placed in special measures or requiring significant improvement as identified by Ofsted;
- Identified by the School Advisor/Area Team Leader as requiring additional support for serious educational difficulties or failure to meet attainment targets;
- Subject to intervention by the Authority;
- Faced with serious personnel difficulties.
- Falling roll situations because of demographic changes.

The consequences of these are that the school can experience serious financial difficulty. The Schools Forum has agreed that the SRAS can provide support to schools requiring additional support that has resulted from the above.

In addition, the SRAS budget is also used to:

- Mitigate the interest charges that would otherwise have to be met by schools that have implemented an agreed recovery plan (i.e. have implemented appropriate measures to ensure that they do not exceed agreed deficit limits);
- Meet the cost of Contracting the School Financial Services Team at an enhanced level;
- Provide financial support to schools where their reserves are not sufficient for the school to meet the full cost of the intervention or restructuring costs themselves, in accordance with the financial support criteria agreed with the Forum;
- Provide one off financial support to schools who otherwise would not be able to recover from a deficit position. As a general guide, SICB suggested that whilst individual circumstances will always need to be taken carefully into account, maximum allocations from the Schools in Financial Difficulty fund in response to an application from an individual school should not exceed 33% of the relevant deficit, but many may be lower.
- The delegation will also fund the salaries of the SSP team who provide the professional advice and guidance to the schools that require support, and the advisors who provide financial and governance support outside of the SLA arrangements that schools sign-up for individually

The budget for this support is obtained through the de-delegation, which is agreed annually by the Forum, following a consultation with schools.



FINANCIAL SUPPORT FOR SCHOOLS REQUIRING ATTENTION

The funding for the SSP team work and salaries for their work come from the delegated Schools Requiring Additional Support funding which is agreed by forum each year.

The salary costs for the advisers/consultants that undertake the SSP work will be funded from the Schools Requiring Additional Support fund for 2026/27, and this arrangement will be reviewed annually in consultation with Schools Forum. The costs for April 26/27 financial year will be:

SSP adviser staff	£481,953
Part salaries of Adviser staff for statutory visits	£195,395
Part salaries of LPDS staff who support SSP work	£243,399

The Lancashire Schools Forum has agreed the criteria whereby financial support will be provided to schools from the Schools Requiring Additional support budget. The formula and assumptions used in this assessment will be reviewed annually by the Forum.

This applies to all funding decisions agreed by the School Improvement Group e.g. contracts, additional funding bids, associate and acting arrangements. Separate arrangements apply to Voluntary Redundancy, Compulsory Redundancy and Severance payments (see below).

It should be noted that the Schools Requiring Additional Support fund will not be used to pay off a school's deficit budget.

The formula

Financial support will be provided to schools where their reserves are not sufficient for the school to meet the full cost of the intervention or restructuring costs themselves. To ensure fairness and equity across all phases and size of schools, the following formula will be used to determine the contribution the school will be required to make. Where:

Schools are in deficit or have a surplus balance below their floor balance:

- The full cost of the support will be met from the Schools Requiring Additional Support fund.

Schools have balances above their floor balance but below their ceiling balance:



- Schools will pay the lower of:
 - The full cost of the support, or
 - 50% of their balance above their floor balance
- Any difference between the school contribution and the cost of the support will be met by the Schools Requiring Additional Support fund.

Schools have balances above their ceiling balance:

- Schools will pay the lower of:
 - The full cost of the support, or
 - The balance above their ceiling balance, plus 50% of their balance above their floor balance and ceiling balance
- Any difference between the school contribution and the cost of the support will be met by the Schools Requiring Additional Support fund.

For the purpose of this formula:

- A school's floor balance is set at the greater of £20,000 or 1% of CFR income.
- A school's ceiling balance is set at the greater of £60,000 or 4% of CFR income.
- The level of support from the Schools Requiring Additional Support fund will be calculated based on the year end position in the preceding financial year.
- Any allocation made to Schools in Deficit or Schools in Surplus that qualify for support under the agreed formula will not be reduced. All bids will be re-calculated once the final outturn for the current financial year is known. Any additional support required, after applying the agreed formula to the final outturn will be funded to the school before financial close.

Schools in deficit or forecasting to move into deficit by 31 March are required to:

- Agree a Recovery Plan with the Local Authority.
- Provide termly I&E submission with a revised forecast closing balance, and
- Provide a copy of the termly management accounts that are submitted to the governing body.

Procedures are in place to challenge schools where the approved recovery plan is not on target.

Financial Support for Voluntary Redundancy, Compulsory Redundancy and Severance payments



Financial support for VR, CR and severances is treated separately to other **Schools Requiring Additional Support (SRAS)** decisions. Financial support is not based on cumulative figures throughout the year, nor is it re-calculated* once the final outturn for the current financial year is known.

Financial support for VR, CR must have prior approval from the School Improvement Group (SIG). Any VR or CR payments arising without SIG prior approval will be charged in full to the school budget.

Financial support for severances must have prior HR approval.

The formula (for VR, CR and severances)

Financial support will be provided to schools where their reserves are not sufficient for the school to meet the full cost of the intervention or restructuring costs themselves. To ensure fairness and equity across all phases and size of schools, the following formula will be used to determine the contribution the school will be required to make. Where:

Schools are in deficit or have a surplus balance below their floor balance:

- The schools will pay 20% of the cost with the remaining 80% being met from the Schools Requiring Additional Support fund.

Schools have balances above their floor balance but below their ceiling balance:

- Schools will pay 50% of the cost with the remaining 50% being met from the Schools Requiring Additional Support fund.

***Schools have balances above their ceiling balance:**

- The schools will pay 80% of the cost with the remaining 20% being met from the Schools Requiring Additional Support fund.

*where schools have balances above their ceiling balance, SICB reserve the right to recharge any Schools Requiring Additional Support fund contributions towards VR, CR or severances made during the year if balances remain above their ceiling balance at the end of the current year.

For the purpose of this formula:

- A school's floor balance is set at the greater of £20,000 or 1% of CFR income.
- A school's ceiling balance is set at the greater of £60,000 or 4% of CFR income.
- The level of support from the Schools Requiring Additional Support fund will be calculated on the basis of the year end position in the preceding financial year.



Schools Requiring Additional Support (SRAS) – Action Chart 2026/27

School Action	Deadline	LA response
Year end closure process for previous financial year	Determined date prior to 31 March	LA monitors position and contacts schools with unlicensed deficit or in breach of recovery plan
Income and Expenditure (I&E) return to be submitted	Before May half term	LA monitors submissions
Non- submission of I&E	June	LA writes to HT and CoG requesting I&E and recovery plan if required
Budget Anticipation/Recovery Plan to be submitted, if required, or Income and Expenditure return to be re-submitted showing balanced position	30 June	LA approves recovery plan and requesting termly outturn submissions. Where appropriate, issue Notice of Concern in Respect of Financial Delegation
Termly outturn submitted showing the same or better position than the approved recovery plan	termly	No Action
Non- submission of revised I&E or recovery plan despite reminder	September	Issue Notice of Concern in Respect of Financial Delegation
	Autumn term	SIG to invite school into county hall for a meeting, and SIG to attend full governors meeting
Non- submission of I&E or recovery plan despite Notice of Concern in Respect of Financial Delegation and SIG attendance at Full Governors Meeting	Autumn term	LA work with Regional schools Commissioner (RSC) to discuss where they judge that a warning notice is necessary
	January	Issue 'early warning' letters to schools triggering financial thresholds indicating the possibility that the school is heading towards financial difficulty
	Spring term	Performance and Standards Warning notice for withdrawal of delegation issued to CoG and Headteacher, which will specify action to be taken if failure to comply
	Spring term	Copy of the warning notice to be provided to Ofsted, and appropriate diocesan authority if necessary
	1 April	Withdraw Delegation / Intervention enforced Consideration of Interim Executive Board (IEB)

Throughout the year, a Notice of Concern in Respect of Financial Delegation, will be issued to any school due to convert under a forced academy notice, in order to safeguard the long term financial position of the school and the academy trust going



forward and in recognition that where a maintained school becomes a sponsored academy any budget deficit that accrues remains with the Authority.

The working group:

Aby Hardy presented the new Strategic Support Partnership. This is a new team which will replace MIT.

The service has been redesigned, and the new handbook explains the rights around intervention and support for schools. Processes are now also in place for schools to show what intervention they have in place if they have initially refused the support from the SSP team.

The working group supported the proposal.

The Forum thanked Schools Block Chair for the update

7. Recommendations from the Early Years Block Working Group

Detail

On 25 September 2025, the Early Years Working Group considered several reports. A summary of the information presented, and the Working Group's recommendations are provided below:

1. Dedicated Schools Grant Monitoring 2025/26 and 2026/27 Forecast

Detail

Due to the cost and demand led pressures on the High Needs Block budget, arrangements were introduced from 2018/19 to provide the Forum with termly budget HNB monitoring.

Following the reporting of the council's DSG deficit of £22m at March 2025, monitoring has been provided showing the period 1-5 budget monitoring position of the full DSG and longer-term financial forecast.

The DSG is currently forecasting a **£54.036m** overspend at 31 March 2026, with a forecast cumulative DSG deficit total of **£76.453m**. **There are however additional forecast financial implications on DSG due to the SEND recovery plan, which are included in this report.**

There remains significant ongoing financial pressure facing the HNB block as the demand and costs continue to rise as the number of children and young people with EHCPs continues to grow, but the HNB Block funding from DfE has not kept paced and increased in line with this growth. Over the years, this has created financial pressures on a national level resulting in many authorities holding deficit DSG balances.

The remaining DSG funding blocks are forecast to remain near to the agreed budget line.

A full monitoring breakdown of the HNB has been provided at **Appendix A**.



DSG Period 1-5 Budget Monitoring 2025/26

DSG Monitoring 2025/26 - High Level Summary			
	Budget (£)	Forecast (£)	Variance (£)
High Needs Block	£208,328,762	£261,936,945	-£53,608,183
Early Years Block	£202,149,983	£202,060,288	£89,695
Schools Block	£1,051,778,166	£1,052,188,174	-£410,008
Central School Services Block (CSSB)	£8,633,102	£8,491,697	£141,405
Early Years Block DSG Adj 2024/25	£0	£248,456	-£248,456
Total	£1,470,890,013	£1,524,925,560	-£54,035,547

High Needs Block 2025/26			
	Budget (£)	Forecast (£)	Variance (£)
Mainstream Schools	40,534,901	59,146,448	18,611,547
Special Schools	94,617,441	96,114,727	1,497,286
Alternative Provision	14,432,767	17,056,312	2,623,545
Further Education - Post 16	5,801,448	7,534,260	1,732,812
Early Years	500,000	3,526,446	3,026,446
Exclusions	- 1,500,000	- 1,777,335	- 277,335
Commissioned Services	54,464,373	80,336,086	25,871,713
Total Expenditure	208,850,930	261,936,945	53,086,015
Total Grant	- 208,850,930	- 208,328,762	522,168
Total Variance	- 0	53,608,183	53,608,183

Early Years Block 2025/26			
	Budget (£)	Forecast (£)	Variance (£)
Under 2YO	57,342,256	57,342,256	-
2YO	51,328,199	51,328,199	-
3_4 YO	87,101,163	87,709,062	607,898
Early Years DAF	970,830	970,830	-
Early Years PPG	3,161,301	3,161,301	-
SEN Inclusion Fund	1,650,000	1,548,640	- 101,360
Total Expenditure	201,553,750	202,060,288	- 506,538
Total Grant	- 201,553,749	- 202,149,983	596,234
Total Variance	- 0	- 89,696	89,695

Schools Block 2025/26			
	Budget (£)	Forecast (£)	Variance (£)
Maintained Schools	703,875,895	688,302,665	15,573,230
Growth	1,501,534	2,150,812	-649,278
Academy Recoupment	342,576,091	357,273,718	-14,697,627
Academy Recoupment NNDR	1,552,481	2,067,843	-515,362
De-Delegations	2,272,165	2,393,136	-120,971
Total Expenditure	1,051,778,166	1,052,188,174	-410,008
Total Grant	-1,051,778,166	-1,051,778,166	0
Total Variance	0	410,008	-410,008



CSSB 2025/26			
	Budget (£)	Forecast (£)	Variance (£)
ESG Retained Duties (transferred to DSG)	2,591,000	2,591,000	0
Overheads	875,160	875,160	0
Copyright Licence	1,209,749	1,311,844	-102,095
School Forum	188,000	188,000	0
Pupil Access (Admissions)	867,500	867,500	0
Rates appeals	-111,441	-111,441	0
PFI - Sixth Form	3,013,134	2,769,634	243,500
Total Expenditure	8,633,102	8,491,697	141,405
Total Grant	-8,633,102	-8,633,102	0
Total Variance	0	-141,405	141,405



SEND Priority Action Plan – DSG Impact

Whilst the monitoring position shows current DSG spend to date, the implementation of the SEND Priority Action Plan (PAP) is forecast to further increase the financial pressure on the HNB DSG.

With an additional 3,818 EHCPs forecast to be completed by December 2025, the Lancashire rate of children with EHCP in special schools is currently 48.4%, which is almost 10% higher than the national figure of 38.6%. Assuming the same rate of pupils that are assessed in this calendar year will require a special school placement, there will be a requirement for 1,848 additional places across our estate to secure appropriate provision and name it in the final EHCP. For context, there are currently 3,918 pupils occupying a place at Lancashire special schools.



Due to Lancashire special schools being at full capacity, there will be a further need to utilise the independent sector at an average placement cost of £57,000. This will also increase our current reliance on independent schools from 5.1%, which is already over the national level of 4.8%. The remaining 51.6% (1,970) are assumed to be placed within mainstream schools at an average placement cost of £9,100, however **the financial implications will only be known once all EHCPs are finalised.**

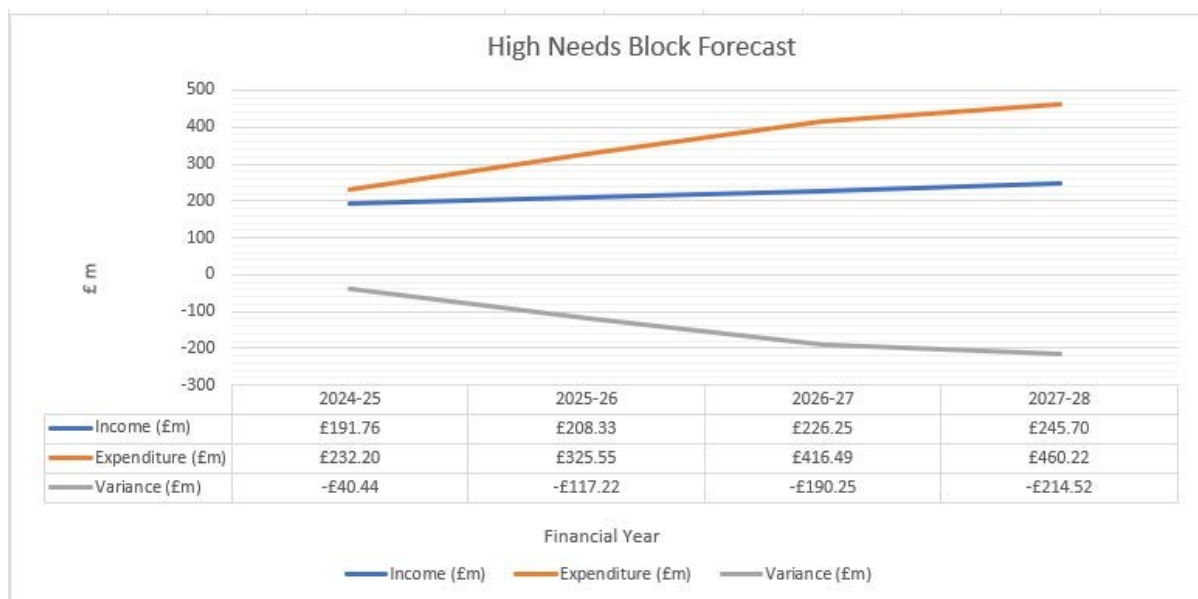
With our current total EHCP level 13,402 as of the end of June 2025, the additional 3,818 will take our total number of EHCPs to 17,220 by the end of December 2025. It is assumed that these additional plans will remain in the system and not be ceased, as such significantly increasing our HNB expenditure annually. In addition, a growth factor of 10.50% has been forecasted from January 2026, which is forecast to take the total EHCPs to 17,673 by March 2026.

£57,000 x 1,848 (rounded) = **£105,330,984 (Annual)**
 £9,100 x 1,970 (rounded) = **£17,927,801 (Annual)**
Total - £123,258,785

The modelling assumes that all 3,818 EHCPs remaining at mainstream provision until the end of October 2025, with 48.40% then placed at independent provision from November 2025.

The impact of this is a forecasted overspend of **£117m within the HNB in 2025/26, and a total DSG deficit of £140m by March 2026.**

Based on average annual growth in EHCPs at 10.50%, and forecasted HNB income received from DfE, the DSG deficit would continue to rise to £328 by March 2027, and **£545m by March 2028.** This would have significant and wider impacts for the council due to the statutory override, which is due to end by March 2028.





The impact of the SEND PAP is being regularly monitored, and an updated forecast position will be presented at the next working groups

Statutory Override

Currently there is a statutory override in place, which specifically allows councils to exclude deficits related to HNB DSG from their main revenue accounts. This means these deficits do not count against the council's general fund and councils are not required to immediately balance these deficits by reducing budgets to finance the shortfall. The override was introduced in financial year 2019/20 and has recently been extended again, until March 2028 due to the growing scale of SEND-related financial pressure.

Whilst the impact of a DSG deficit on the council's revenue budget is mitigated by the statutory override, the council is still required to finance the deficit as expenditure is being incurred without the cash being received to fund it. Ordinarily councils are not allowed to borrow for revenue expenditure. Under the Local Government Act 2003 local authorities are however able to borrow for the purpose of prudent management of their financial affairs.

According to the County Councils Network, local authorities are collectively carrying over £6 billion in DSG deficits, which is forecasted to rise to £10 billion by March 2028.

The statutory override has been a necessary stopgap, but it is not a solution. The conclusion of the sector is that without decisive reform and sustainable funding, local authorities will face escalating financial pressures that threaten both SEND provision and wider council services.

*The working group:
Noted the report*



Discussed:

- *Demand for special school places is rising faster than capacity; 200 places added yearly, but new builds take time.*
- *£57M in building work planned; SEND units are quicker but depend on school willingness.*
- *Parent choice and lack of capacity are pushing more children into independent provision (currently 900).*
- *No formal projections for future SEND numbers; better data and early warning systems are needed.*
- *Funding challenges: LA can't lobby, but forum members are encouraged to raise issues with MPs.*
- *Budget review ongoing; focus on high-cost areas and planning improvements.*
- *Awaiting Ofsted feedback next week.*

2. Early Years Block Funding Arrangements 2026/27

Detail

Following the report and modelling presented to the Early Years Working Group in June 2025, Lancashire County Council proposes retaining 3% of the Early Years Block centrally for the 2026/27 financial year. This strategic move aligns with national funding regulations and anticipates the Department for Education's (DfE) increase in the minimum pass-through rate to 97%. The proposal aims to enhance service quality, inclusion, and sustainability across early years settings, while ensuring equitable access to professional development and specialist support. In addition, this will support pressures within the High Needs Block

Where a local authority proposes to make changes to the funding formulae it used during the previous financial year that will affect early years providers, it must first consult its school's forum, maintained schools, and early years providers. Local authorities must also seek approval from their school's forum to agree any entitlements funding they intend to retain to fund central functions. A summary of the proposal has been provided, with the consultation attached as **Appendix B**

It is extremely important to the County Council and the Schools Forum to be able to reflect the views of early years providers when making decisions about centrally retained early years funding for 2026/27, as these decisions are binding on all early years providers.

Please let us know your views on the proposals for 2026/27, by completing the consultation questionnaire available here, **10 October 2025**, so that responses can be reported and voted on by the Schools Forum on **14 October 2025**.

Early Years Consultation Summary 2026/27

Modelling for retaining 3% centrally would equate to circa £6 million with the forecasted impact on the three individual entitlements listed below.



3- and 4-yearolds	Funding Impact £
Nursery school	£9,098
Nursery class	£2,666
PVI	£4,804
Childminder	£314
Average	£2,876
2-year-olds	
Nursery school	£2,982
Nursery class	£648
PVI	£1,710
Childminder	£182
Average	£1,002
Under 2-yearolds	
Nursery school	£1,190
Nursery class	£608
PVI	£3,458
Childminder	£496
Average	£1,834

The forecast average impact across all entitlements for 3% retention is also demonstrated below.

Nursery school	£13,270
Nursery class	£3,924
PVI	£9,972
Childminder	£992
Average	£5,712

The forecast modelling of varying percentage rates that could be held centrally is below, which ranges from 0.5% to the full 3%.

	Percentage Held centrally	Total EY spend	3-to-4 reduction per hour in £	2-year reduction per hour in £	Under 2 reduction per hour in £	Total reduction per hour in £	Average reduction in funding per setting
A	0.5%	£975,000	0.02	0.03	0.03	0.08	£952



B	1%	£1,950,000	0.04	0.05	0.07	0.16	£1,904
C	1.5%	£2,925,000	0.06	0.08	0.10	0.24	£2,856
D	2%	£3,900,000	0.08	0.11	0.13	0.32	£,3808
E	2.5%	£4,875,000	0.10	0.13	0.17	0.40	£4,760
F	3%	£5,850,000	0.12	0.16	0.20	0.48	£5,712
G	0%	£0	0	0	0	0	0

Option A

Using 0.5% for central spend would fund the early years' sufficiency team posts and some of early years' quality assurance team. This would assist with Education Improvement budgets but would not provide improvement in the sector.

Option B

Using 1% for central spend would fund the quality assurance and sufficiency early years team posts. This would assist with Education Improvement budgets. It also means that all current training would become free and accessible to all settings.

Option C

1.5% has a wider range of benefits as captured below.

Financial Breakdown

Item	Cost (£m)
Sufficiency team staff	0.3
Quality Assurance current staff	0.9
Sufficiency uplift	0.15
Wellcomm	0.15
Early Maths	0.175
LPDS staff uplift	0.42
Quality Assurance staff uplift	0.652
Item	Cost (£m)
Early phonics	0.253
Total	3.0

The benefits of this would be :



- Recruitment of 6 HLTA and one senior HLTA to focus on ensuring ordinarily available provision is being used in settings and focus on SEND support
- Addresses gaps in specialist support and improves outcomes for vulnerable children.
- Removal of traded service fees; all training becomes free and accessible.
- Support settings in delivering high-quality care, especially in disadvantaged areas
- Expansion of both teams to provide proactive support, funding modelling, and on-site guidance.
- Enables more frequent and meaningful engagement with settings.
- Current traded service costs (up to £423.50 for early years settings) are a barrier for smaller providers.
- Central funding removes this burden, promoting equity and sustainability.
- This also provides sustainability for the early years service
- Funding high quality curriculum resources programmes such as Early Phonics and Early maths alongside funded training will increase number of children meeting their Early Learning Goals
- Funded training from LPDS and Quality Assurance staff on other aspects of the curriculum such as Understanding the World, Writing and Expressive Arts will also support ELG
- Funding Wellcomm programme including training for all settings will improve speech and language which will stop escalating SEND need and improve ELG
- Targeted projects from data – such as support to improve outcomes for boys, EAL learners, FSM
- Early literacy focus to improve mark making in preparation for writing
- PSED focus to improve managing emotions and social interactions
- Great teaching support around metacognition/cognitive load to improve outcomes
- Moderation support for assessment of early years settings

Option D

2% would provide all the advantages above, plus the ability to transfer £1million of early years services currently funded from the high needs block into the early years block, and supports the growing high needs block deficit.

Option E

2.5% would provide all the advantages above plus the ability to fund all the current budget on specialist teaching early years staff, moving this from high needs block into the Early Years Block. This would decrease the pressure on the high needs block by £3million.



Option F

3% has the same benefits as Option E but could also mean a further £1million investment in staffing for the quality assurance team to visit settings and spend more time with them training/modelling/supporting in settings or provide further savings to the high needs block.

Option G

0% means there will be no changes to funding for early years settings in 2026/27, and the training to early years will need to remain traded.

The local authority preference is that the full 3% is retained to support improved outcomes for pupils with SEND, administration of the extended entitlements, improved practice across the sector through fully funded training opportunities, and to support pressures within the High Needs Block

The working group:

Noted the report

Summary of Discussion Points:

Team Capacity & Sector Engagement

- *The local authority's early years teams are smaller than in other LAs, making it harder to keep up with demands.*
- *There's potential for greater involvement with the sector to better utilize funding and improve positioning.*
- *The proposed changes (1.5% D/E/F) mirror previous ones, but additional funding would come from the High Needs Block (HNB).*

Funding & Legislation

- *Local Government Reorganisation (LGR) could shift funding dynamics; most surrounding areas already take the full percentage from their block.*
- *Legislation allows the Secretary of State to approve up to 3% transfers, though some LAs exceed this via disapplication requests to the secretary of state (SoS)*
- *Previous promises of support were not fulfilled, leading to disappointment and concern over staff reductions.*

Impact on Quality & Staffing

- *A 3% transfer would force staff cuts, reducing quality, training, and capacity to support children.*
- *90% of the sector is currently rated good/outstanding—cuts risk lowering these standards.*
- *Reduced funding could worsen existing problems the sector is trying to address.*

Consultation & Transparency

- *Concerns raised about the lack of detailed breakdowns in the consultation—settings need more clarity to make informed decisions.*
- *EY block had a separate consultation due to different legislative limits.*
- *Simplicity of the consultation may hinder full transparency.*



- *Feedback was read anonymously*

Sector Sustainability & Equity

- *LA teams are underfunded (e.g., £250k funding vs £1m cost).*
- *Settings in low-deprivation areas struggle to stay open due to lack of parental contributions.*
- *April changes would disrupt academic year budgeting and planning.*

Quality Assurance & Role Duplication

- *Quality Assurance teams do more than training—they ensure compliance and support.*
- *Concerns about duplication with Stronger Inclusion Hubs.*
- *This is the first time such consultation has occurred, meaning feedback is crucial.*

Decision Process & Sector History

- *Forum must vote post-consultation; LA can appeal to Secretary of State by 17th November.*
- *Sector were reminded of historic block transfers from schools block to EYB, and consider that additional funding support is provided from the HNB for EY services.*
- *Blackburn LA passes through 96%—their outcomes are good/outstanding.*

Consultation Participation

- *Low response rates are a concern, but non-responses are not assumed to be agreement.*
- *0% transfer was unanimously supported by 11 members at the meeting*
- *Decision cannot be delayed due to budget timelines.*

3. Strategic Support Partnership Handbook - SRAS De-delegation Criteria 2026/27

Detail

The Schools Requiring Additional Support (SRAS) criteria are kept under regular review. To be eligible for some elements of the support, the policy requires that schools in deficit have a Recovery Plan agreed with the authority. Any support from SRAS must be in line with the Schools Requiring Improvement handbook (to be renamed *Strategic Support Partnership SSP Handbook*), with the policy agreed by schools forum where any changes in support criteria are proposed. The statutory framework however for all schools to adhere to, is set out in the Scheme for Financing Schools.

Officers have been reviewing the current handbook, and the proposed changes are to reflect the proposed changes to the SRAS de-delegation proposal to schools which includes the advisers/consultants that undertake the SSP being funded from the Schools Requiring Additional Support fund for 2026/27. The summary is included in this report as **Appendix A**.



The Lancashire SRAS process also includes an action chart, which sets out some key dates and actions that take place through the year for schools and the LA. A copy is provided at **Appendix B**. The action chart includes reference to an ongoing policy where a Notice of Concern (NOC) in Respect of Financial Delegation will be issued to any school due to convert under a forced academy notice, or any school that is not complying with the scheme.

If the Forum approves these amendments to the SRAS arrangements this will be implemented from April 2026. It should also be noted that the policy change is subject to de-delegation approval from forum and also requires approval from the school improvement group (SIG). The revised SSP handbook is included as **Appendix D**

Appendix A

Schools Requiring Additional Support Criteria

The SRAS support criteria is administered through the School Improvement Group Board (SIG).

The current support arrangements have been developed by the Authority for schools that may be experiencing exceptional financial difficulty. Financial difficulty can arise from a number of causes which lead either to budget reductions for example due to falling rolls, or from the need for short term increases in expenditure. Examples include:

- Being placed in special measures or requiring significant improvement as identified by Ofsted;
- Identified by the School Advisor/Area Team Leader as requiring additional support for serious educational difficulties or failure to meet attainment targets;
- Subject to intervention by the Authority;
- Faced with serious personnel difficulties.
- Falling roll situations because of demographic changes.

The consequences of these are that the school can experience serious financial difficulty. The Schools Forum has agreed that the SRAS can provide support to schools requiring additional support that has resulted from the above.

In addition, the SRAS budget is also used to:

- Mitigate the interest charges that would otherwise have to be met by schools that have implemented an agreed recovery plan (i.e. have implemented appropriate measures to ensure that they do not exceed agreed deficit limits);
- Meet the cost of Contracting the School Financial Services Team at an enhanced level;
- Provide financial support to schools where their reserves are not sufficient for the school to meet the full cost of the intervention or restructuring costs



themselves, in accordance with the financial support criteria agreed with the Forum;

- Provide one off financial support to schools who otherwise would not be able to recover from a deficit position. As a general guide, SICB suggested that whilst individual circumstances will always need to be taken carefully into account, maximum allocations from the Schools in Financial Difficulty fund in response to an application from an individual school should not exceed 33% of the relevant deficit, but many may be lower.
- The delegation will also fund the salaries of the SSP team who provide the professional advice and guidance to the schools that require support, and the advisors who provide financial and governance support outside of the SLA arrangements that schools sign-up for individually

The budget for this support is obtained through the de-delegation, which is agreed annually by the Forum, following a consultation with schools.

FINANCIAL SUPPORT FOR SCHOOLS REQUIRING ATTENTION

The funding for the SSP team work and salaries for their work come from the de delegated Schools Requiring Additional Support funding which is agreed by forum each year.

The salary costs for the advisers/consultants that undertake the SSP work will be funded from the Schools Requiring Additional Support fund for 2026/27, and this arrangement will be reviewed annually in consultation with Schools Forum. The costs for April 26/27 financial year will be:

SSP adviser staff	£481,953
Part salaries of Adviser staff for statutory visits	£195,395
Part salaries of LPDS staff who support SSP work	£243,399

The Lancashire Schools Forum has agreed the criteria whereby financial support will be provided to schools from the Schools Requiring Additional support budget. The formula and assumptions used in this assessment will be reviewed annually by the Forum.

This applies to all funding decisions agreed by the School Improvement Group e.g. contracts, additional funding bids, associate and acting arrangements. Separate arrangements apply to Voluntary Redundancy, Compulsory Redundancy and Severance payments (see below).

It should be noted that the Schools Requiring Additional Support fund will not be used to pay off a school's deficit budget.



The formula

Financial support will be provided to schools where their reserves are not sufficient for the school to meet the full cost of the intervention or restructuring costs themselves. To ensure fairness and equity across all phases and size of schools, the following formula will be used to determine the contribution the school will be required to make. Where:

Schools are in deficit or have a surplus balance below their floor balance:

- The full cost of the support will be met from the Schools Requiring Additional Support fund.

Schools have balances above their floor balance but below their ceiling balance:

- Schools will pay the lower of:
 - The full cost of the support, or
 - 50% of their balance above their floor balance
- Any difference between the school contribution and the cost of the support will be met by the Schools Requiring Additional Support fund.

Schools have balances above their ceiling balance:

- Schools will pay the lower of:
 - The full cost of the support, or
 - The balance above their ceiling balance, plus 50% of their balance above their floor balance and ceiling balance
- Any difference between the school contribution and the cost of the support will be met by the Schools Requiring Additional Support fund.

For the purpose of this formula:

- A school's floor balance is set at the greater of £20,000 or 1% of CFR income.
- A school's ceiling balance is set at the greater of £60,000 or 4% of CFR income.
- The level of support from the Schools Requiring Additional Support fund will be calculated based on the year end position in the preceding financial year.
- Any allocation made to Schools in Deficit or Schools in Surplus that qualify for support under the agreed formula will not be reduced. All bids will be re-calculated once the final outturn for the current financial year is known. Any additional support required, after applying the agreed formula to the final outturn will be funded to the school before financial close.

Schools in deficit or forecasting to move into deficit by 31 March are required to:



- Agree a Recovery Plan with the Local Authority.
- Provide termly I&E submission with a revised forecast closing balance, and
- Provide a copy of the termly management accounts that are submitted to the governing body.

Procedures are in place to challenge schools where the approved recovery plan is not on target.

Financial Support for Voluntary Redundancy, Compulsory Redundancy and Severance payments

Financial support for VR, CR and severances is treated separately to other **Schools Requiring Additional Support (SRAS)** decisions. Financial support is not based on cumulative figures throughout the year, nor is it re-calculated* once the final outturn for the current financial year is known.

Financial support for VR, CR must have prior approval from the School Improvement Group (SIG). Any VR or CR payments arising without SIG prior approval will be charged in full to the school budget.

Financial support for severances must have prior HR approval.

The formula (for VR, CR and severances)

Financial support will be provided to schools where their reserves are not sufficient for the school to meet the full cost of the intervention or restructuring costs themselves. To ensure fairness and equity across all phases and size of schools, the following formula will be used to determine the contribution the school will be required to make. Where:

Schools are in deficit or have a surplus balance below their floor balance:

- The schools will pay 20% of the cost with the remaining 80% being met from the Schools Requiring Additional Support fund.

Schools have balances above their floor balance but below their ceiling balance:

- Schools will pay 50% of the cost with the remaining 50% being met from the Schools Requiring Additional Support fund.

***Schools have balances above their ceiling balance:**

- The schools will pay 80% of the cost with the remaining 20% being met from the Schools Requiring Additional Support fund.

*where schools have balances above their ceiling balance, SICB reserve the right to recharge any Schools Requiring Additional Support fund contributions towards VR, CR or severances made during the year if balances remain above their ceiling balance at the end of the current year.



For the purpose of this formula:

- A school's floor balance is set at the greater of £20,000 or 1% of CFR income.
- A school's ceiling balance is set at the greater of £60,000 or 4% of CFR income.
- The level of support from the Schools Requiring Additional Support fund will be calculated on the basis of the year end position in the preceding financial year.

Appendix B

Schools Requiring Additional Support (SRAS) – Action Chart 2026/27

School Action	Deadline	LA response
Year end closure process for previous financial year	Determined date prior to 31 March	LA monitors position and contacts schools with unlicensed deficit or in breach of recovery plan
Income and Expenditure (I&E) return to be submitted	Before May half term	LA monitors submissions
Non- submission of I&E	June	LA writes to HT and CoG requesting I&E and recovery plan if required
Budget Anticipation/Recovery Plan to be submitted, if required, or Income and Expenditure return to be re-submitted showing balanced position	30 June	LA approves recovery plan and requesting termly outturn submissions. Where appropriate, issue Notice of Concern in Respect of Financial Delegation
Termly outturn submitted showing the same or better position than the approved recovery plan	termly	No Action
Non- submission of revised I&E or recovery plan despite reminder	September	Issue Notice of Concern in Respect of Financial Delegation
	Autumn term	SIG to invite school into county hall for a meeting, and SIG to attend full governors meeting
Non- submission of I&E or recovery plan despite Notice of Concern in Respect of Financial Delegation and SIG attendance at Full Governors Meeting	Autumn term	LA work with Regional schools Commissioner (RSC) to discuss where they judge that a warning notice is necessary
	January	Issue 'early warning' letters to schools triggering financial thresholds indicating the possibility that the school is heading towards financial difficulty



	Spring term	Performance and Standards Warning notice for withdrawal of delegation issued to CoG and Headteacher, which will specify action to be taken if failure to comply
	Spring term	Copy of the warning notice to be provided to Ofsted, and appropriate diocesan authority if necessary
	1 April	Withdraw Delegation / Intervention enforced Consideration of Interim Executive Board (IEB)

Throughout the year, a Notice of Concern in Respect of Financial Delegation, will be issued to any school due to convert under a forced academy notice, in order to safeguard the long term financial position of the school and the academy trust going forward and in recognition that where a maintained school becomes a sponsored academy any budget deficit that accrues remains with the Authority.

The working group:

Noted the Report

- *Was previously MIT, the new Handbook sets out criteria, covering various levels of support.*

4. Early Years Payment Terms

Background

Currently, Early Education Funding (EEF) providers in Lancashire are offered two payment options:

- Option 1: Monthly payments
- Option 2: One large interim payment

This dual-option model was introduced following a formal sector-wide consultation in April 2024, in response to mixed preferences among providers. Of the 936 registered Private, Voluntary, and Independent (PVI) providers and childminders, 542 (58%) have opted for monthly payments, while 394 (42%) have chosen the large interim payment model. All providers receive final balance payments in the last month of each term.

The County Council's Treasury Management Team has identified that significant borrowing cost savings could be achieved if all providers were paid monthly rather than via large lump sums in advance. Monthly payments also align with government guidance encouraging local authorities to support provider cash flow and sustainability through regular payments. Additionally, managing two payment models adds complexity to administrative processes and error correction. A single monthly payment model would simplify operations and reduce the risk of payment delays.



If a decision is made to move to monthly payments for all providers, the Funding Agreement for the Provision of Early Education and Childcare, which outlines the terms and conditions of payment, would need to be updated to reflect the revised payment terms.

Impact on Settings

Transitioning to a single monthly payment model may affect settings that currently rely on the large interim payment for cash flow management. These providers would need to adjust their financial planning to accommodate regular monthly payments. This could affect budgeting, payroll scheduling, and financial planning, particularly for providers that rely on upfront funding to cover initial term expenses. Clear communication and reasonable notice will be essential to support providers through this transition, should the proposal be implemented. Providers already on monthly payments will not be affected by these proposed changes.

The County Council proposes to implement this change when the next Funding Agreement is published, which is likely to be **1 January 2026** following the release of Ofsted's new inspection framework. We are not proposing to undertake a formal consultation. Instead, we ask the Early Years Working Block Group to note the contents of this report and provide any feedback to inform final decisions.

The working group:

Noted the Report

Discussed:

- *Treasury team identified auto-pay in 7th month; LA will change approach without consultation due to mixed feedback.*
- *Monthly payments likely to be introduced for all settings soon; this may be the last term under the current system.*
- *Concerns raised about delays in EHCP top-up payments and risks to SEND provision.*
- *Settings with capital plans may be impacted by funding changes.*
- *No fixed start date, but proposal aims for January 2026, with a recommended start of April 2026 of which the EYBG agreed.*
- *Monthly opt-in already available; aligns with maintained school payment schedules.*

5. New Ofsted Inspection Framework Funding Implications

Detail

In the event of an inadequate judgment under the current Ofsted Inspection Framework, settings continue to receive early education funding until next inspection in Lancashire. If a setting remains inadequate at the next re-inspection, funding ceases four weeks after the re-inspection report is published.

Detail



Based on the latest updates issued by the DfE, the County Council is proposing it applies the same principles to when funding would be withdrawn under the new inspection framework, specifically:

- Where a setting receives a '**Not met**' judgement for **Safeguarding** and/or an '**Urgent improvement**' for **Leadership and Governance**, funding will continue until the next inspection (as it does now).
- If either of those judgements remains unchanged at re-inspection, funding will cease four weeks after the re-inspection report is published (as it does now where the overall judgement remains inadequate).

The latest updates from the DfE do allow local authorities to remove funding for disadvantaged 2YO's if the leadership and governance is not 'expected standard' or above under the new framework. This is the same principle as the current guidance which allows local authorities to remove funding for disadvantaged 2YO's where the overall judgement is less than good. However, in Lancashire we have not previously differentiated between these scenarios, and it is proposed to continue with that approach i.e. using only the **Safeguarding 'Not met'** and **Leadership and Governance 'Urgent improvement'** judgements as the trigger points for funding withdrawal at re-inspection

The working group:

Discussed:

- *Settings rated below 'Good' may lose access to under-2s funding.*
- *Updated e-guidance expected January; discussions ongoing around compliance.*
- *Settings can make changes if compliant, though parents have raised concerns.*
- *DfE under pressure to remove the 10-hour limit for large nursery chains.*
- *Meal payments: Parents can opt out; some large chains have refunded fees after changes.*
- *Parental confusion around meal charges is being reviewed.*
- *Free childcare is subsidised, not fully funded.*

6. Early Years Net Closure Update

Verbal update from Mel Foster, Operational Delivery Lead (Early Years Funding & Sufficiency).

Detail

- **Lancashire's early years sector remains positive overall.**
- **Since the last report: 2 fewer childminders, 1 fewer day nursery, but 11 more school-based provisions.**
- **Admissions guidance: Schools should follow the national admissions code. LCC schools are guided by the council; others set their own criteria.**



- **Concern raised about parents being told they must agree to a one-year placement to gain admission to a linked school.**

The working group:

Noted the Update

7. Any Other Business

Sapphire has brought the below points for a verbal update:

- Informal arrangements between setting / parent or carer to delay entry to Reception.
- STS Inclusion Funding / Service offer update

Service & Inclusion Fund Update

- Link Visits: Positive feedback so far. Trial phase—feedback welcomed.
- Visit Options: Will follow options 2/3/4 unless child has specific needs. Individual visits still possible.
- Support Model: Longer-term cohort work planned, including half-day sessions in settings.
- Collaboration: Strong links with specialist teachers and settings.

Inclusion Fund Changes

- New process linked to funding speed.
- Doesn't apply to current open cases.
- RFI triaged; service sends letter to support eForm submission.
- No separate pots for A/B.
- Requests must include child info, demographics, referrer, outcomes, training needs.
- Existing cases stay as-is until review.
- Sapphire will send income details and write guidance.
- If Portage involved, they handle RFI.

The working group:

- *Noted the Update*

The Forum thanked Early Years Block Chair for the update

8. Recommendations from the High Needs Block Working Group

Detail

On 2 October 2025, the High Needs Working Group considered several reports. A summary of the information presented, and the Working Group's recommendations are provided below:

1. Dedicated Schools Grant Monitoring 2025/26 and 2026/27 Forecast



Detail

Due to the cost and demand led pressures on the High Needs Block budget, arrangements were introduced from 2018/19 to provide the Forum with termly budget HNB monitoring.

Following the reporting of the council's DSG deficit of £22m at March 2025, monitoring has been provided showing the period 1-5 budget monitoring position of the full DSG and longer-term financial forecast.

The DSG is currently forecasting a **£54.036m** overspend at 31 March 2026, with a forecast cumulative DSG deficit total of **£76.453m**. **There are however additional forecast financial implications on DSG due to the SEND recovery plan, which are included in this report.**

There remains significant ongoing financial pressure facing the HNB block as the demand and costs continue to rise as the number of children and young people with EHCPs continues to grow, but the HNB Block funding from DfE has not kept paced and increased in line with this growth. Over the years, this has created financial pressures on a national level resulting in many authorities holding deficit DSG balances.

The remaining DSG funding blocks are forecast to remain near to the agreed budget line.

A full monitoring breakdown of the HNB has been provided at **Appendix A**.

DSG Period 1-5 Budget Monitoring 2025/26

DSG Monitoring 2025/26 - High Level Summary			
	Budget (£)	Forecast (£)	Variance (£)
High Needs Block	£208,328,762	£261,936,945	-£53,608,183
Early Years Block	£202,149,983	£202,060,288	£89,695
Schools Block	£1,051,778,166	£1,052,188,174	-£410,008
Central School Services Block (CSSB)	£8,633,102	£8,491,697	£141,405
Early Years Block DSG Adj 2024/25	£0	£248,456	-£248,456
Total	£1,470,890,013	£1,524,925,560	-£54,035,547



High Needs Block 2025/26			
	Budget (£)	Forecast (£)	Variance (£)
Mainstream Schools	40,534,901	59,146,448	18,611,547
Special Schools	94,617,441	96,114,727	1,497,286
Alternative Provision	14,432,767	17,056,312	2,623,545
Further Education - Post 16	5,801,448	7,534,260	1,732,812
Early Years	500,000	3,526,446	3,026,446
Exclusions	- 1,500,000	- 1,777,335	- 277,335
Commissioned Services	54,464,373	80,336,086	25,871,713
Total Expenditure	208,850,930	261,936,945	53,086,015
Total Grant	- 208,850,930	- 208,328,762	522,168
Total Variance	- 0	53,608,183	53,608,183

Early Years Block 2025/26			
	Budget (£)	Forecast (£)	Variance (£)
Under 2YO	57,342,256	57,342,256	-
2YO	51,328,199	51,328,199	-
3_4 YO	87,101,163	87,709,062	607,898
Early Years DAF	970,830	970,830	-
Early Years PPG	3,161,301	3,161,301	-
SEN Inclusion Fund	1,650,000	1,548,640	- 101,360
Total Expenditure	201,553,750	202,060,288	- 506,538
Total Grant	- 201,553,749	- 202,149,983	596,234
Total Variance	- 0	- 89,696	89,695

Schools Block 2025/26			
	Budget (£)	Forecast (£)	Variance (£)
Maintained Schools	703,875,895	688,302,665	15,573,230
Growth	1,501,534	2,150,812	-649,278
Academy Recoupment	342,576,091	357,273,718	-14,697,627
Academy Recoupment NNDR	1,552,481	2,067,843	-515,362
De-Delegations	2,272,165	2,393,136	-120,971
Total Expenditure	1,051,778,166	1,052,188,174	-410,008
Total Grant	-1,051,778,166	-1,051,778,166	0
Total Variance	0	410,008	-410,008



CSSB 2025/26			
	Budget (£)	Forecast (£)	Variance (£)
ESG Retained Duties (transferred to DSG)	2,591,000	2,591,000	0
Overheads	875,160	875,160	0
Copyright Licence	1,209,749	1,311,844	-102,095
School Forum	188,000	188,000	0
Pupil Access (Admissions)	867,500	867,500	0
Rates appeals	-111,441	-111,441	0
PFI - Sixth Form	3,013,134	2,769,634	243,500
Total Expenditure	8,633,102	8,491,697	141,405
Total Grant	-8,633,102	-8,633,102	0
Total Variance	0	-141,405	141,405



SEND Priority Action Plan – DSG Impact

Whilst the monitoring position shows current DSG spend to date, the implementation of the SEND Priority Action Plan (PAP) is forecast to further increase the financial pressure on the HNB DSG.

With an additional 3,818 EHCPs forecast to be completed by December 2025, the Lancashire rate of children with EHCP in special schools is currently 48.4%, which is almost 10% higher than the national figure of 38.6%. Assuming the same rate of pupils that are assessed in this calendar year will require a special school placement, there will be a requirement for 1,848 additional places across our estate to secure appropriate provision and name it in the final EHCP. For context, there are currently 3,918 pupils occupying a place at Lancashire special schools.



Due to Lancashire special schools being at full capacity, there will be a further need to utilise the independent sector at an average placement cost of £57,000. This will also increase our current reliance on independent schools from 5.1%, which is already over the national level of 4.8%. The remaining 51.6% (1,970) are assumed to be placed within mainstream schools at an average placement cost of £9,100, however **the financial implications will only be known once all EHCPs are finalised.**

With our current total EHCP level 13,402 as of the end of June 2025, the additional 3,818 will take our total number of EHCPs to 17,220 by the end of December 2025. It is assumed that these additional plans will remain in the system and not be ceased, as such significantly increasing our HNB expenditure annually. In addition, a growth factor of 10.50% has been forecasted from January 2026, which is forecast to take the total EHCPs to 17,673 by March 2026.

£57,000 x 1,848 (rounded) = **£105,330,984 (Annual)**

£9,100 x 1,970 (rounded) = **£17,927,801 (Annual)**

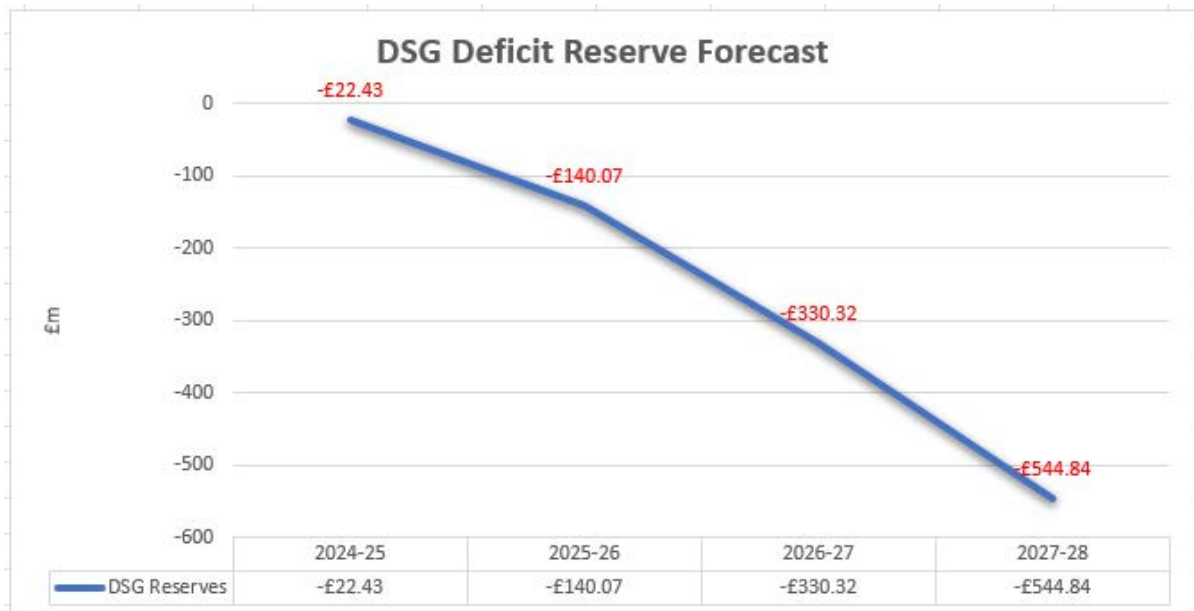
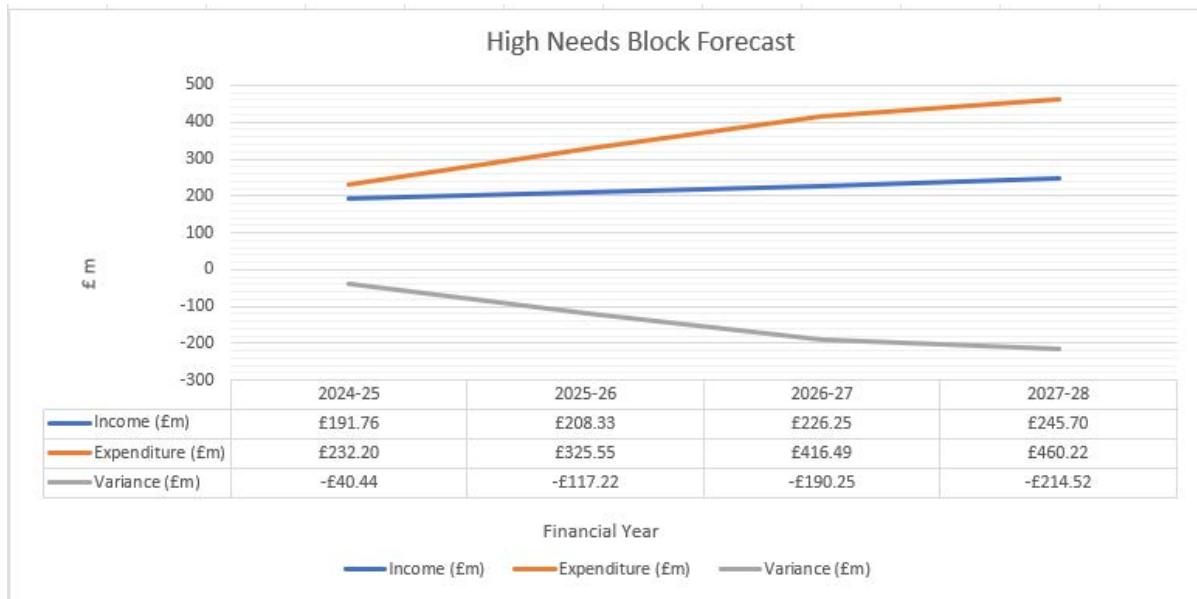
Total - £123,258,785

The modelling assumes that all 3,818 EHCPs remaining at mainstream provision until the end of October 2025, with 48.40% then placed at independent provision from November 2025.

The impact of this is a forecasted overspend of **£117m within the HNB in 2025/26, and a total DSG deficit of £140m by March 2026.**

Based on average annual growth in EHCPs at 10.50%, and forecasted HNB income received from DfE, the DSG deficit would continue to rise to £328 by March 2027, and **£545m by March 2028.** This would have significant and wider impacts for the council due to the statutory override, which is due to end by March 2028.





The impact of the SEND PAP is being regularly monitored, and an updated forecast position will be presented at the next working groups

Statutory Override

Currently there is a statutory override in place, which specifically allows councils to exclude deficits related to HNB DSG from their main revenue accounts. This means these deficits do not count against the council's general fund and councils are not required to immediately balance these deficits by reducing budgets to finance the shortfall. The override was introduced in financial year 2019/20 and has recently been extended again, until March 2028 due to the growing scale of SEND-related financial pressure.



Whilst the impact of a DSG deficit on the council's revenue budget is mitigated by the statutory override, the council is still required to finance the deficit as expenditure is being incurred without the cash being received to fund it. Ordinarily councils are not allowed to borrow for revenue expenditure. Under the Local Government Act 2003 local authorities are however able to borrow for the purpose of prudent management of their financial affairs.

According to the County Councils Network, local authorities are collectively carrying over £6 billion in DSG deficits, which is forecasted to rise to £10 billion by March 2028.

The statutory override has been a necessary stopgap, but it is not a solution. The conclusion of the sector is that without decisive reform and sustainable funding, local authorities will face escalating financial pressures that threaten both SEND provision and wider council services.

The Working Group:

Noted The Report

Discussed:

- *The EY funding update is expected in Jan/Feb due to ongoing data collection on extended entitlements. Figures remain provisional and subject to change.*
- *There was discussion around whether current actions could already be influencing forecasts, with suggestions to update figures as changes are confirmed.*
- *Concerns were raised about the ongoing deficit. Plans are in place to expand specialist and SEND provision, including PRU places, with a focus on reducing costs and improving outcomes.*
- *A six-week window was identified to review improvement projects before budget decisions, with the forum playing a key role in evaluating effectiveness.*
- *Monitoring within schools continues, and only substantial, confirmed changes are factored into financial projections.*
- *Questions were raised about whether informal SEND environments (e.g. classes not officially designated as units) are being captured in the data.*
- *A potential fund may be considered by Cabinet in November, linked to a “spend to save” programme. Once reviewed, more details can be shared.*

2. Clawback Exemption Request

Detail

In July 2025, the Forum considered the School Balances and Clawback Policy for 2025/26 and agreed that clawback should be applied on excessive revenue balances at March 2026 at a reduced threshold of 8% of CFR income. A copy of the agreed policy is provided at Appendix B.

A Lancashire Special School is requesting a full exemption at March 2026. A letter providing an overview of the project from the school is provided below.

Exemption Request



The Governors of School write to request that the Schools Forum consider clawback exemption of Post 19 income for the financial year 2025 / 2026. Please find outlined below information pertaining to our Post 19 provision, its connection to the school estate, and the rationale for our exemption request.

School Context

The School is a special needs school based in north Lancaster. We are a school for pupils age 4 – 19 with special educational needs and disabilities (SEND). We are a leading school in the development of specialist provision and have been recognised by Ofsted as ‘outstanding’ across five consecutive inspections.

Our vision is to maximise the life chances for all our pupils and prepare them for adulthood. We recognise that, upon leaving our school setting at 19, some young people no longer require an educational setting in which to continue their lifelong learning. The priority for these young people is the opportunity to flourish socially whilst enhancing their communicative intent in a safe environment with peers of a similar age. Further, they require a naturalistic environment within their community in which to engage with activities of daily living (ADL’s).

*In 2019, following extensive research, we set up a Post 19 health and social care provision called ‘The ***** Centre’. ***** currently accommodates leavers from The ***** age 19 – 25 years who are no longer in receipt of, or require, an Educational Health Care Plan (EHCP). ***** is not part of the school in terms of education provision and does not fall under the remit of Ofsted.*

The young people within the centre have complex needs, some of whom have struggled to gain appropriate provision in the community due to their behaviour, complex SEND and/or mental health needs. We are fortunate that we have the expertise, trained staff and inclusive (self-funded) independent provision to meet the holistic needs of the individual service users. Each placement is unique and created with the young person, family and procurement agency. Each bespoke package caters for the young person’s physical, social, emotional, health and wellbeing needs, and focuses, not only on lifelong learning but also in supporting families to navigate the challenging liminal space between leaving school and a full life in the community.

*The ***** Centre is a small provision that, since its creation in 2019, has accommodated between 6 – 10 young adults at any one time. However, our long-term vision is to expand and be able to offer placements to leavers from other establishments who would benefit from our bespoke setting. The ***** Centre placements are funded through individual NHS or Social Care packages. We do not accept young people into ***** unless they have a funding package in place.*

The reason for setting up our Post 19 provision was predominately to offer a suitable health and social care provision to some of our leavers. However, the initial entrepreneurial notion was prompted by the dearth of provision within a 350-mile radius that could meet the severe and acute needs of one young person, alongside a drive within the Local Authority (LA) to save funds on ISP places. To date we have



saved the HNB significant costs as several young people every year chose ***** over the local ISP (*****). In addition, although we have always maintained healthy school balances we recognised that increasing budget pressures, in particular the inflation of staffing costs (we are a large team of 100 staff), that we needed to create a source of income that would enable us to maintain a healthy school budget across future years, thus ensuring we continue to meet the needs of our pupils, first and foremost, the staff and the increasing demand for places which required expansion.

As outlined in our letter to the School's Forum last financial year, when the centre was initially set up, we received confirmation (following various meetings and correspondence) that the funding for Post 19 would be exempt from clawback as it was recognised that it is health and social care funding, **not** education funding. There was no implication at this time that the agreement was time limited. The exemption was subsequently noted in our Finance Monitoring Reports, produced by the Schools Finance Team.

In February 2024 we were informed by Schools Finance, without prior notice, that our Post 19 funding would no longer be exempt from clawback. The Governors, Headteacher and School Business Manager are fully aware of the Clawback policy. However, the exemption applied to the funding was agreed prior to the temporary suspension of clawback in March 2022. The original funding exemption was in no way related to uncertainty caused by COVID 19 and we had no reason to believe that the exemption to our health and social care income would be removed.

Funding

Our previous letter to School's Forum outlined income for Post 19 and budget outturn figures. For the financial year 2024/2025 figures are as follows:

Financial Year Ending	Post 19 Income	Out turn
2024/2025	£394,906	£396,232

Our anticipated income from Post 19 for 2025/2026 is **£257,000**

We continue to carry high balances largely due to Post 19 income. However, without it we would not be in the strong financial position we are in. The income has allowed us to maintain healthy school balances, and it is hoped this will be the case moving forward. We also continue to create savings for the LA on ISP places, and it is hoped that, should the school move forward with expansion to support the authority, we can utilise our income towards the significant costs involved in having a build fully fit for purpose and ready to receive additional young people.

Request for Exemption

Whilst we recognise that our current anticipated year-end balance is below the threshold for clawback, we anticipate this will fluctuate in year. Whilst this we be carefully managed and savings, where possible, offset against expenditure, we write to request that the £257,000 of anticipated income amount from Post 19 is exempt from Clawback for the following reasons:



- *The Post 19 provision places are funded through health and social care **not** education.*
- *The self-generated income, brought about by the school's own entrepreneurial decision to set up the provision, allows us to maintain a healthy budget and not have to seek financial support from the LA, or reduce our school offer.*
- *It is unclear the rights under which any Post 19 funding could be clawed back by the authority for the above stated reason, the funding does not belong to education.*
- *Applying clawback to Post 19 income will potentially prevent us from being able to expand the provision to meet the needs of more young adults from the ***** and other settings. This would go against LCC's remit to reduce expensive ISP places across Lancashire.*

We thank you for taking the time to consider our request and look forward to hearing from the Schools Forum.

Number on role forecast

NOR forecast	2025/26	2026/27	2027/28
Y4-19	984	987	995

Clawback threshold: £783,206

Financial forecast

Balance b/f as at 31 March 2025	Balance c/f as at 31 March 2026	Balance c/f as at 31 March 2027	Balance c/f as at 31 March 2028
£392,003	£269,089	£30,366	-£223,785

*The working group:
Supported this Request*

3. Inclusion Hubs

Detail

The Inclusion Hubs have been in place since 2019 and were created to:

- Increasing inclusion within schools through early intervention
- improve attendance for pupils at risk of exclusion;
- ensure that pupils' needs are better met by a local offer;
- provide high quality training for staff in schools;
- share good practice and sign-post schools to expertise;
- develop an agreed set of principles within each district that promotes educational inclusion and reflects the local challenges and expertise;



- brings together schools and local authority teams (Social Care, Inclusion, School Improvement and the Children and Family Wellbeing Service) to work together to address particular issues in a locality.

The Inclusion hub funding initially gave all districts £80,000. This was revised post Covid to take account of the levels of deprivation and need within a particular area, with a total distribution of £1m.

Rather than place further pressures on school budgets as a de-delegation, LCC have proposed to centrally manage the Inclusion Hubs as a Cost Prevention model with a view to fund through the High Needs Block if Schools Forum agrees. Forum would need significant evidence of impact to be able to fund this programme and if this is not evident the programme will not be funded. The evidence would need to show a substantial reduction in exclusions / improvement in inclusive practices to be viable. It will need to be considered the number of children waiting for EHCPs and lack of outreach/specialist/AP provision in some areas.

Currently some inclusion hubs have significant surplus in their districts which will also need to be addressed. This surplus will continue to be held by the districts, but it would be expected that this would be spent by April 2026. Any unspent funds will be retrieved at the end of the financial year for future investment in initiatives.

Proposal

The inclusion hub lead should consult with the schools in their area to develop a proposal of funding from the high needs block, but this must be in line with previous inclusion hub de-delegation allocation, and as a collective must not exceed £1m. An ask for increased funding may be considered if the district could evidence the impact.

The proposal should also consider that the hubs are now available to academies as well as the maintained sector, and will need to consider the academy need, ensuring there is relevant engagement and representation from the sector within the district hub.

Education Improvement will continue to fund one Business Support Officer post to manage the Inclusion Hubs administrative functions, so this does not need to be included within the proposal. The High Needs Block cannot be used for administrative costs.

It may be that the proposal is very similar to what has been delivered in previous years as this has been successful, but it also may contain new ideas.

The proposal should also consider whether any part of this work would constitute double funding. For example, if LCC commission a service for schools, schools should be accessing that service through the commission and not through hubs unless there is a valid reason for doing so.

Proposals should clearly set out the objectives of the hub, and should be evidence based which prevents and reduces expenditure from the High Needs Block by reducing the number of children requiring EHCPs, specialist placements, escalation



into social care, alternative provision, independent placements in the long term. It should also set out what their key performance indicators will be to demonstrate success.

Due to the expected changes through the SEND Improvement plan and Education Strategy in 26/27 the proposals should only cover the 26/27 financial year. In the future it is hoped we could look at longer term proposals.

Each district should also explain in their document if they have a current inclusion hub surplus, providing the relevant information as to why this is the case. In addition, the LA would need to be assured on how any surplus will be spent by April 2026 for the purposes of the district inclusion hubs.

Proposals must be able to clearly evidence impact.

An example could be –

For an investment of £80,000 we will work with schools to prevent permanent exclusions rising above 1 per school within the area covered by this proposal. In previous years the rates have been 1.5 per school, resulting in costs to the High Needs Block of (insert cost based on 1.5 x number of schools x cost per exclusion at £20k). This will mean that we forecast a positive impact upon (insert number of children) and a cost reduction of (insert cost reduction based upon previous costs minus expected cost).

Governance

The High Needs Working group will be asked to create a panel of its members to consider these proposals. The panel/s will need to take place at the end of September 2025. Therefore, all proposals will need to be submitted to aby.hardy@lancashire.gov.uk by Friday 26th September 25.

Each district will be asked to attend their timing at the panel and have an opportunity to discuss their proposal and provide further detail, but only a 30 minute slot can be offered due to the number of districts. The panel will be supported by LCC business support.

The panel will discuss each proposal and decide whether to fund part or the whole of the proposal. The panel chair with support from business support will then need to communicate this in writing to the inclusion hub lead and the reasons for their decision.

Each proposal and decision will then go to High Needs Working Block Group on Thursday 2nd October 2025 for discussion and recommendation to schools forum on the 14th October 2025.

It would then be expected that each district lead would submit a written report to High Needs Working Block for Thursday 18th June 2026 with their latest progress ready for a new proposal to go to the panel in September 2026 unless through the steering groups alternative decisions are made. Projects that do not deliver the expected impact will not be funded for additional years.



Template for Proposal

District :

Current surplus in 25/26:

Reasons for surplus :

Proposal for Surplus Spend to be spent by April 26 :

Intervention	Costs	Impact

Proposal for Inclusion Hub spend to be spent by April 26/27:

Intervention	Costs	Impact / Savings to HNB

Reasons for proposal :

Key performance indicators to measure success :



Data

This is just for primary schools which are mainstream.

District	NoR as at Spring 2025 census ¹	Suspensions ²	
		Number	Rate
Burnley	8237	153	1.86
Chorley	9728	154	1.58
Fylde	4875	60	1.23
Hyndburn	7264	183	2.52
Lancaster	10336	164	1.59
Pendle	8725	103	1.18
Preston	13680	341	2.49
Ribble Valley	4834	53	1.10
Rossendale	6042	173	2.86
South Ribble	8280	177	2.14
West Lancashire	8953	135	1.51
Wyre	7391	171	2.31
Grand Total	98345	1867	1.90

Permanent Exclusions

District	Primary	
	01/09/23-01/04/2024	01/09/24-01/04/2025
Hyndburn & Ribble Valley	6	7
Burnley	2	5
Pendle	3	7
Rossendale	0	7
East	11	26
Lancaster	8	12
Wyre	3	3
Fylde	1	0
North	12	15
Preston	11	9
South Ribble	6	3
West Lancs	5	4
Chorley	1	1
South	23	17
Totals	46	58



Number of Children with EHCP

District	Number of pupils, by primary need														Total
	ASD	DS	HI	MLD	MSI	NSA	OTH	PD	PMLD	SEMH	SLCN	SLD	SPLD	VI	
Burnley	81		4	26	6	-	7	7	4	29	110	6	7	4	291
Chorley	96	1	10	26	2	-	18	10	3	59	88	5	8	5	331
Fylde	32		1	8	1	-	4	2	2	27	50	1	8	3	139
Hyndburn	56		4	16		-	9	5	2	23	54	6	8	4	187
Lancaster	75	1	7	28	1	-	5	11	5	61	125		6	5	330
Pendle	130		4	22	1	-	16	16		35	103	7	5	6	345
Preston	88	1	4	43		-	10	13	7	47	125	6	12	9	365
Ribble Valley	39		4	2		-	6	8	1	6	34	1	5	5	111
Rossendale	44		3	19	2	-	6	9		29	79	3	12	6	212
South Ribble	77		4	14		-	3	7	3	22	53	2	6	4	195
West Lancashire	53		1	7	2	-	10	12	5	50	79	4	11	4	238
Wyre	41		4	17	2	-	5	7	4	26	86		6	2	200
Total	812	3	50	228	17	-	99	107	36	414	986	41	94	57	2944

Number of Children with SEN K

Burnley	85		11	212	2	57	74	8		198	397	4	84	13	1145
Chorley	85	1	43	177	4	79	57	28	1	316	349		113	16	1269
Fylde	18	1	11	76	2	40	8	25		110	203		134	6	634
Hyndburn	62	1	12	203	2	86	38	20	2	209	296	1	82	13	1027
Lancaster	103		19	214	8	105	86	26	1	378	465		212	15	1632
Pendle	109		11	154	1	82	143	17		152	465		68	12	1214
Preston	90	1	61	300	4	163	68	33	1	334	530	4	236	5	1830
Ribble Valley	35		8	116		51	33	7		84	108	2	89	6	539
Rossendale	49		6	166	2	49	26	14		195	229		154	8	898
South Ribble	55		33	173	1	120	44	26		219	229	2	105	9	1016
West Lancashire	88		16	127	1	60	83	23	2	279	363	9	166	8	1225
Wyre	24		26	70	4	74	60	24		182	393	1	125	7	990
Total	803	4	257	1988	31	966	720	251	7	2656	4027	23	1568	118	13419



Percentage of children with EHCP

Primary need distribution/prevalence, by percentage														
District	ASD	DS	HI	MLD	MSI	NSA	OTH	PD	PMLD	SEMH	SLCN	SLD	SPLD	VI
Burnley	27.84	0.00	1.37	8.93	2.06	-	2.41	2.41	1.37	9.97	37.80	2.06	2.41	1.37
Chorley	29.00	0.30	3.02	7.85	0.60	-	5.44	3.02	0.91	17.82	26.59	1.51	2.42	1.51
Fylde	23.02	0.00	0.72	5.76	0.72	-	2.88	1.44	1.44	19.42	35.97	0.72	5.76	2.16
Hyndburn	29.95	0.00	2.14	8.56	0.00	-	4.81	2.67	1.07	12.30	28.88	3.21	4.28	2.14
Lancaster	22.73	0.30	2.12	8.48	0.30	-	1.52	3.33	1.52	18.48	37.88	0.00	1.82	1.52
Pendle	37.68	0.00	1.16	6.38	0.29	-	4.64	4.64	0.00	10.14	29.86	2.03	1.45	1.74
Preston	24.11	0.27	1.10	11.78	0.00	-	2.74	3.56	1.92	12.88	34.25	1.64	3.29	2.47
Ribble Valley	35.14	0.00	3.60	1.80	0.00	-	5.41	7.21	0.90	5.41	30.63	0.90	4.50	4.50
Rossendale	20.75	0.00	1.42	8.96	0.94	-	2.83	4.25	0.00	13.68	37.26	1.42	5.66	2.83
South Ribble	39.49	0.00	2.05	7.18	0.00	-	1.54	3.59	1.54	11.28	27.18	1.03	3.08	2.05
West Lancashire	22.27	0.00	0.42	2.94	0.84	-	4.20	5.04	2.10	21.01	33.19	1.68	4.62	1.68
Wyre	20.50	0.00	2.00	8.50	1.00	-	2.50	3.50	2.00	13.00	43.00	0.00	3.00	1.00
Total	27.58	0.10	1.70	7.74	0.58	-	3.36	3.63	1.22	14.06	33.49	1.39	3.19	1.94

Percentage of children with SEN K

Burnley	7.42	0.00	0.96	18.52	0.17	4.98	6.46	0.70	0.00	17.29	34.67	0.35	7.34	1.14
Chorley	6.70	0.08	3.39	13.95	0.32	6.23	4.49	2.21	0.08	24.90	27.50	0.00	8.90	1.26
Fylde	2.84	0.16	1.74	11.99	0.32	6.31	1.26	3.94	0.00	17.35	32.02	0.00	21.14	0.95
Hyndburn	6.04	0.10	1.17	19.77	0.19	8.37	3.70	1.95	0.19	20.35	28.82	0.10	7.98	1.27
Lancaster	6.31	0.00	1.16	13.11	0.49	6.43	5.27	1.59	0.06	23.16	28.49	0.00	12.99	0.92
Pendle	8.98	0.00	0.91	12.69	0.08	6.75	11.78	1.40	0.00	12.52	38.30	0.00	5.60	0.99
Preston	4.92	0.05	3.33	16.39	0.22	8.91	3.72	1.80	0.05	18.25	28.96	0.22	12.90	0.27
Ribble Valley	6.49	0.00	1.48	21.52	0.00	9.46	6.12	1.30	0.00	15.58	20.04	0.37	16.51	1.11
Rossendale	5.46	0.00	0.67	18.49	0.22	5.46	2.90	1.56	0.00	21.71	25.50	0.00	17.15	0.89
South Ribble	5.41	0.00	3.25	17.03	0.10	11.81	4.33	2.56	0.00	21.56	22.54	0.20	10.33	0.89
West Lancashire	7.18	0.00	1.31	10.37	0.08	4.90	6.78	1.88	0.16	22.78	29.63	0.73	13.55	0.65
Wyre	2.42	0.00	2.63	7.07	0.40	7.47	6.06	2.42	0.00	18.38	39.70	0.10	12.63	0.71
Total	5.98	0.03	1.92	14.81	0.23	7.20	5.37	1.87	0.05	19.79	30.01	0.17	11.68	0.88

*The working group:
Noted the Report
Discussed:*



- *A pre-panel paper was shared outlining inclusion hub activities, spending, and future plans. The group was asked to consider whether funding should come from the High Needs Block or elsewhere.*
- *Engagement levels vary across districts. Data could help compare effectiveness and inform proposals.*
- *Some districts show higher exclusion rates, particularly among academies or schools not engaging with hubs.*
- *Inclusion hubs are voluntary and add workload for participating schools. Their impact includes reduced exclusions and improved outcomes.*
- *If funded via the High Needs Block, LA officers would be held accountable under its framework.*
- *Good practices should be shared across districts, though differences in settings and children affect outcomes. Some schools may not fully understand hub operations.*
- *A “spend to save” approach was discussed, with potential use of de-delegation funds and direct intervention. Any changes must comply with DfE regulations and be monitored by the LA.*
- *The group was asked to consider whether funding should be drawn from the High Needs Block. Current proposals may not yet offer a workable model and need review.*
- *Training and collaboration across inclusion districts were suggested to support funding and delivery.*
- *Inclusion hubs have shown positive impact, but funding changes won't bring immediate transformation. Continued support is needed for long-term improvement.*
- *SLAs will be established with each district. Reserves from SRAS was mentioned with questions about if/how funding could be distributed and it was stated that funds must be aligned with SRAS policy.*
- *New bids now include academies, which previously lacked access due to de-delegation rules.*
- *Due to missed deadlines, the group must decide quickly. If funding isn't agreed, there will be consequences for hub sustainability.*

Recommendation: Proceed with Option C – maintain current funding rate with a 5% uplift for staffing.

4. Strategic Support Partnership Handbook - SRAS De-delegation Criteria 2026/27

Background

The Schools Requiring Additional Support (SRAS) criteria are kept under regular review. To be eligible for some elements of the support, the policy requires that schools in deficit have a Recovery Plan agreed with the authority. Any support from SRAS must be in line with the Schools Requiring Improvement handbook (to be renamed *Strategic Support Partnership SSP Handbook*), with the policy agreed by schools forum where any changes in support criteria are proposed. The statutory framework however for all schools to adhere to, is set out in the Scheme for Financing Schools.



Officers have been reviewing the current handbook, and the proposed changes are to reflect the proposed changes to the SRAS de-delegation proposal to schools which includes the advisers/consultants that undertake the SSP being funded from the Schools Requiring Additional Support fund for 2026/27. The summary is included in this report as **Appendix A**.

The Lancashire SRAS process also includes an action chart, which sets out some key dates and actions that take place through the year for schools and the LA. A copy is provided at **Appendix B**. The action chart includes reference to an ongoing policy where a Notice of Concern (NOC) in Respect of Financial Delegation will be issued to any school due to convert under a forced academy notice, or any school that is not complying with the scheme.

If the Forum approves these amendments to the SRAS arrangements this will be implemented from April 2026. It should also be noted that the policy change is subject to de-delegation approval from forum and also requires approval from the school improvement group (SIG). The revised SSP handbook is included as **Appendix D**

Appendix A

Schools Requiring Additional Support Criteria

The SRAS support criteria is administered through the School Improvement Group Board (SIG).

The current support arrangements have been developed by the Authority for schools that may be experiencing exceptional financial difficulty. Financial difficulty can arise from a number of causes which lead either to budget reductions for example due to falling rolls, or from the need for short term increases in expenditure. Examples include:

- Being placed in special measures or requiring significant improvement as identified by Ofsted;
- Identified by the School Advisor/Area Team Leader as requiring additional support for serious educational difficulties or failure to meet attainment targets;
- Subject to intervention by the Authority;
- Faced with serious personnel difficulties.
- Falling roll situations because of demographic changes.

The consequences of these are that the school can experience serious financial difficulty. The Schools Forum has agreed that the SRAS can provide support to schools requiring additional support that has resulted from the above.

In addition, the SRAS budget is also used to:

- Mitigate the interest charges that would otherwise have to be met by schools that have implemented an agreed recovery plan (i.e. have implemented appropriate measures to ensure that they do not exceed agreed deficit limits);
- Meet the cost of Contracting the School Financial Services Team at an enhanced level;



- Provide financial support to schools where their reserves are not sufficient for the school to meet the full cost of the intervention or restructuring costs themselves, in accordance with the financial support criteria agreed with the Forum;
- Provide one off financial support to schools who otherwise would not be able to recover from a deficit position. As a general guide, SICB suggested that whilst individual circumstances will always need to be taken carefully into account, maximum allocations from the Schools in Financial Difficulty fund in response to an application from an individual school should not exceed 33% of the relevant deficit, but many may be lower.
- The delegation will also fund the salaries of the SSP team who provide the professional advice and guidance to the schools that require support, and the advisors who provide financial and governance support outside of the SLA arrangements that schools sign-up for individually

The budget for this support is obtained through the de-delegation, which is agreed annually by the Forum, following a consultation with schools.

FINANCIAL SUPPORT FOR SCHOOLS REQUIRING ATTENTION

The funding for the SSP team work and salaries for their work come from the de delegated Schools Requiring Additional Support funding which is agreed by forum each year.

The salary costs for the advisers/consultants that undertake the SSP work will be funded from the Schools Requiring Additional Support fund for 2026/27, and this arrangement will be reviewed annually in consultation with Schools Forum. The costs for April 26/27 financial year will be:

SSP adviser staff	£481,953
Part salaries of Adviser staff for statutory visits	£195,395
Part salaries of LPDS staff who support SSP work	£243,399

The Lancashire Schools Forum has agreed the criteria whereby financial support will be provided to schools from the Schools Requiring Additional support budget. The formula and assumptions used in this assessment will be reviewed annually by the Forum.

This applies to all funding decisions agreed by the School Improvement Group e.g. contracts, additional funding bids, associate and acting arrangements. Separate arrangements apply to Voluntary Redundancy, Compulsory Redundancy and Severance payments (see below).

It should be noted that the Schools Requiring Additional Support fund will not be used to pay off a school's deficit budget.



The formula

Financial support will be provided to schools where their reserves are not sufficient for the school to meet the full cost of the intervention or restructuring costs themselves. To ensure fairness and equity across all phases and size of schools, the following formula will be used to determine the contribution the school will be required to make. Where:

Schools are in deficit or have a surplus balance below their floor balance:

- The full cost of the support will be met from the Schools Requiring Additional Support fund.

Schools have balances above their floor balance but below their ceiling balance:

- Schools will pay the lower of:
 - The full cost of the support, or
 - 50% of their balance above their floor balance
- Any difference between the school contribution and the cost of the support will be met by the Schools Requiring Additional Support fund.

Schools have balances above their ceiling balance:

- Schools will pay the lower of:
 - The full cost of the support, or
 - The balance above their ceiling balance, plus 50% of their balance above their floor balance and ceiling balance
- Any difference between the school contribution and the cost of the support will be met by the Schools Requiring Additional Support fund.

For the purpose of this formula:

- A school's floor balance is set at the greater of £20,000 or 1% of CFR income.
- A school's ceiling balance is set at the greater of £60,000 or 4% of CFR income.
- The level of support from the Schools Requiring Additional Support fund will be calculated based on the year end position in the preceding financial year.
- Any allocation made to Schools in Deficit or Schools in Surplus that qualify for support under the agreed formula will not be reduced. All bids will be re-calculated once the final outturn for the current financial year is known. Any additional support required, after applying the agreed formula to the final outturn will be funded to the school before financial close.



Schools in deficit or forecasting to move into deficit by 31 March are required to:

- Agree a Recovery Plan with the Local Authority.
- Provide termly I&E submission with a revised forecast closing balance, and
- Provide a copy of the termly management accounts that are submitted to the governing body.

Procedures are in place to challenge schools where the approved recovery plan is not on target.

Financial Support for Voluntary Redundancy, Compulsory Redundancy and Severance payments

Financial support for VR, CR and severances is treated separately to other **Schools Requiring Additional Support (SRAS)** decisions. Financial support is not based on cumulative figures throughout the year, nor is it re-calculated* once the final outturn for the current financial year is known.

Financial support for VR, CR must have prior approval from the School Improvement Group (SIG). Any VR or CR payments arising without SIG prior approval will be charged in full to the school budget.

Financial support for severances must have prior HR approval.

The formula (for VR, CR and severances)

Financial support will be provided to schools where their reserves are not sufficient for the school to meet the full cost of the intervention or restructuring costs themselves. To ensure fairness and equity across all phases and size of schools, the following formula will be used to determine the contribution the school will be required to make. Where:

Schools are in deficit or have a surplus balance below their floor balance:

- The schools will pay 20% of the cost with the remaining 80% being met from the Schools Requiring Additional Support fund.

Schools have balances above their floor balance but below their ceiling balance:

- Schools will pay 50% of the cost with the remaining 50% being met from the Schools Requiring Additional Support fund.

***Schools have balances above their ceiling balance:**

- The schools will pay 80% of the cost with the remaining 20% being met from the Schools Requiring Additional Support fund.



*where schools have balances above their ceiling balance, SICB reserve the right to recharge any Schools Requiring Additional Support fund contributions towards VR, CR or severances made during the year if balances remain above their ceiling balance at the end of the current year.

For the purpose of this formula:

- A school's floor balance is set at the greater of £20,000 or 1% of CFR income.
- A school's ceiling balance is set at the greater of £60,000 or 4% of CFR income.
- The level of support from the Schools Requiring Additional Support fund will be calculated on the basis of the year end position in the preceding financial year.

Appendix B

Schools Requiring Additional Support (SRAS) – Action Chart 2026/27

School Action	Deadline	LA response
Year end closure process for previous financial year	Determined date prior to 31 March	LA monitors position and contacts schools with unlicensed deficit or in breach of recovery plan
Income and Expenditure (I&E) return to be submitted	Before May half term	LA monitors submissions
Non- submission of I&E	June	LA writes to HT and CoG requesting I&E and recovery plan if required
Budget Anticipation/Recovery Plan to be submitted, if required, or Income and Expenditure return to be re-submitted showing balanced position	30 June	LA approves recovery plan and requesting termly outturn submissions. Where appropriate, issue Notice of Concern in Respect of Financial Delegation
Termly outturn submitted showing the same or better position than the approved recovery plan	termly	No Action
Non- submission of revised I&E or recovery plan despite reminder	September	Issue Notice of Concern in Respect of Financial Delegation
	Autumn term	SIG to invite school into county hall for a meeting, and SIG to attend full governors meeting
Non- submission of I&E or recovery plan despite Notice of Concern in Respect of Financial Delegation and SIG attendance at Full Governors Meeting	Autumn term	LA work with Regional schools Commissioner (RSC) to discuss where they judge that a warning notice is necessary
	January	Issue 'early warning' letters to schools triggering financial thresholds indicating the possibility that the school is heading towards financial difficulty
	Spring term	Performance and Standards Warning notice for withdrawal of delegation issued to CoG and Headteacher,



		which will specify action to be taken if failure to comply
	Spring term	Copy of the warning notice to be provided to Ofsted, and appropriate diocesan authority if necessary
	1 April	Withdraw Delegation / Intervention enforced Consideration of Interim Executive Board (IEB)

Throughout the year, a Notice of Concern in Respect of Financial Delegation, will be issued to any school due to convert under a forced academy notice, in order to safeguard the long term financial position of the school and the academy trust going forward and in recognition that where a maintained school becomes a sponsored academy any budget deficit that accrues remains with the Authority.

The working group:

Noted the Update

Discussed:

- *The former MIT team is now the SSP team, and the updated handbook includes new Ofsted criteria.*
- *The service offer covers HR support and Schools in Financial Difficulty.*
- *If more schools use their balances to fund services, central reserves will reduce, potentially requiring cost increases to maintain service levels.*
- *All actions must remain aligned with agreed policy.*

The Forum thanked High Needs Block Chair for the update

The Forum also gave thanks to the Inclusion hub leads for their work on the bids, they were found to be extremely thorough and comprehensive

9. School Block Funding Arrangements 2026/27 (Attached)

Detail

At the September 2025 working group meeting, proposals for 2026/27 schools funding arrangements were noted and subsequent consultation documents sent to all schools and academies on 19 September 2025, with a deadline of 3 October 2025 for responses.

Part A of the consultation included the proposal to transfer 0.5% from schools block to the high needs block to assist with the ongoing pressures facing the funding block. The consultation also asked for views from schools and academies regarding the level of MFG to be set in 2026/27, with the proposal to mirror the funding floor with the national funding formula (NFF).

Part B of the consultation included de-delegation proposals as supported by the schools block working group as below:

- Staff costs – Public Duties/Suspensions



- Heritage Learning Service (Museum Service) - Primary Schools Only
- Schools Requiring additional Support
- Children's Champions

A copy and summary of the consultation document has been provided at **Appendices A & B**. The results of the consultation are provided at **Appendix C**.

In addition, the schools block working group were also asked to support the disapplication request to support four Lancashire schools who needed to rent premises to deliver premises, with the information regarding this NFF factor provided below

2026/27 Exceptional Circumstances Factor

The exceptional circumstances factor must relate to premises costs and is only applicable where the value of the factor is more than 1% of a school's budget and applies to fewer than 5% of the schools in the local authority's area.

This factor has been utilised by Lancashire for several years and in 2025/26 supported 4 schools for a 'rents' payment where the schools needed to rent premises to deliver the curriculum. Guidance states that where agreement was received from the DfE in 2025/26 a further disapplication request would be needed to be submitted in future years. The 4 schools involved will continue to rent premises in 2026/27 and initial modelling indicates that the criteria for the value of the factor to be more than 1% of a school's budget and applicable to fewer than 5% of the schools in the area are still met.

The disapplication deadline has been confirmed by the DfE as **17 November 2025**.

The schools forum is asked to support the disapplication to the DfE to request the continued use of an Exceptional Factor in the Lancashire formula, to provide allocations to 4 schools to cover the costs of renting premises for the schools.

Forum:

Thanked for the Report

The schools forum is first asked to support the disapplication request to the DfE for the continued use of an Exceptional Factor in the Lancashire funding formula, to provide allocations to 4 schools to cover the costs of renting premises

22 members voted Yes

Voted on the Transfer, MFG and De-delegations. As per below:

Question 1: Do you agree with the proposal of a 0.5% transfer from schools block to the high needs block to assist with pressures facing the high needs block?

22 members voted Yes, 4 voted No & 1 member chose to Abstain



Question 2: Do you agree that the Minimum Funding Guarantee (MFG) level should mirror the National Funding Formula in the Lancashire formula in 2026/27?

27 members voted Yes

Question 3: What is your preferred de-delegation option for the 'Staff Costs - Public Duties/Suspensions' in 2026/27?

12 Primary & 4 Secondary members voted to *Continue the 'Staff Costs - Public Duties/Suspensions' de-delegation using the 2025/26 policy*

Question 4: Do you support the de-delegation of the Heritage Learning Service (Museums Service) in 2026/27? (Primary Schools only)

12 Primary members voted Yes

Question 5: Do you support the de-delegation of Support for Schools Requiring Additional Support in 2026/27?

12 Primary & 4 Secondary members voted Yes

Question 6: Do you support the de-delegation for the Children's Champions 2026/27?

**10 Primary & 4 Secondary members voted No
2 Primary members chose to Abstain**

The Forum discussed:

Consultation Results:

- 54% said no to the transfer
- 63% overall not in favour

Concerns Raised:

- Impact on schools with SEND units and children in the maintained sector
- Poor engagement despite Forum efforts
- Short 2-week window limited district-level dissemination
- Some schools unaware – is the Schools Portal working?

Engagement Issues:

- Happens every year, yet schools still not involved
- National comparisons show better uptake
- Suggestion: Include Forum on governing body agendas

Understanding & Support:

- Schools need clearer info on what they're being asked to consult on
- Forum is happy to answer questions and support understanding
- Concern schools will react after decisions are made

Suggestions:

- Use LASH to help cascade information

Forum Role & Appeals (Paul's input):

- Forum votes on behalf of all education settings; and must decide even with low input
- Forum can vote against consultation



- If Forum disagrees, authority can appeal to Secretary of State (SoS)
- SoS usually supports authority, but response volume matters
- If Cabinet agrees with Forum, it does not go to appeal

Process Clarity:

- Forum responsibilities shown via [Schools forum powers and responsibilities](#)
- Appeals process needs clearer understanding
- Officers can recommend an appeal to Cabinet, which would go to SoS for a decision

Key Deadline:

- 17 November 2025 – for disapplication/appeals

**10. Early Years Block Funding Arrangements 2026/27 (Attached)
Detail**

Following the report and modelling presented to the Early Years Working Group in June 2025, Lancashire County Council proposed retaining 3% of the Early Years Block centrally for the 2026/27 financial year at the Early Years Working Group on 25 September 2025. The funding arrangements were noted and subsequent consultation documents sent to all schools and early years providers on 26 September 2025, with a deadline of 10 October 2025 for responses.

This strategic move aligns with national funding regulations and the Department for Education's (DfE) increase in the minimum pass-through rate to 97%. The proposal aims to enhance service quality, inclusion, and sustainability across early years settings, while ensuring equitable access to professional development and specialist support. In addition, this will support pressures within the High Needs Block.

Where a local authority proposes to make changes to the funding formulae it used during the previous financial year that will affect early years providers, it must first consult its schools forum, maintained schools, and early years providers. Local authorities must also seek approval from their schools forum to agree any entitlements funding they intend to retain to fund central functions.

A copy of the consultation has been provided at **Appendix D**, with a supporting supplementary paper provided by the local authority at **Appendix E**. A further document has been included at **Appendix F** which is feedback received from the Early Years sector

Forum:

Noted the report,

Voted on the Transfer As per below:

Please let us know your preference regarding the percentage rate of early years funding proposed to be retained centrally by the local authority in 2026/27?



3 members voted for 0.5% EY Central Retention
24 members voted on 0.0% EY Central Retention

The Forum:

Peter Hindle, former Chair of the Early Years Block, raised serious concerns about the consultation process and its impact. He highlighted the lack of meaningful engagement, poor timing, and confusion around the proposed £6m funding removal. The presentation emphasised the long-term consequences for frontline care, staffing, and quality standards in Early Years settings. Hindle criticised the lack of transparency, misleading financial assumptions, and the absence of sector input. He called for respect for the Early Years workforce and children, urging the Forum to vote against the proposal. Full presentation included in Appendix J.

Discussed:

- **Strong support expressed for concerns raised by the maintained sector, particularly around the impact on frontline services and the inability to turn away children with SEND needs.**
- **Financial comparisons highlighted: nursery settings face reductions of up to £13,000, while schools average around £6,090.**
- **The proposed funding changes (approx. £3–4 million) only partially cover Early Years needs, raising concerns about future childcare availability for under-fives.**
- **The consultation process was criticised for being unclear and poorly communicated; some schools misunderstood the title and assumed it didn't apply to them.**
- **A union submitted questions to officers but had not received responses, which was noted as concerning.**
- **The consultation met only the minimum legal requirements; officers clarified their role was to facilitate the process, not make decisions.**
- **It was clarified that decisions are for Forum, and officers will respect and listen to sector feedback.**
- **Comparisons with other local authorities were mentioned, but it was stressed that Lancashire is not obligated to follow their lead.**
- **Officers reiterated that the DSG deficit and need for difficult decisions had been communicated clearly in previous meetings.**
- **The consultation focused on how funding would be spent, but many found this difficult to understand.**
- **A suggestion was made to consider a motion post-decision to reflect the sentiment expressed during consultation.**

11. Schools Income Team Recharge (Attached)

Detail

For many years a Service Level Agreement (SLA) has been in place for processing and administering accounts payable of behalf of Lancashire schools.



Based on 2024/25 data, the average charge to schools was £545, with an additional average charge of £147 for those schools running an imprest account. The total from schools for the accounts payable SLA in 2024/25 was £257,000.

Whilst there has been a well-established agreement and SLA with schools for accounts payable transactions undertaken by the local authority, there has never been a SLA in place for the equivalent accounts receivable/income team.

Due to the recent transfer of schools income team officers being transferred from accounts receivable into the schools finance team, a review has been undertaken to align both the accounts payable SLA and schools income team, ensuring cost recovery for consistency of approach.

The local authority has reviewed options and have proposed the following options.

Option A – Utilise the unallocated income balance from 2023/24.

Previously we have distributed unallocated income to all LA non-bank account schools. The table below shows the total distribution and the average income distribution to schools. The unallocated income has been distributed on a 2-year lag basis to allow any schools to claim any monies from the previous financial year. Currently the unallocated income from 2023/24 is circa £275,000, and the proposal would be to utilise an element of this balance to ensure cost recovery of 2x grade 5 officers totalling circa £75,000, and the remaining unallocated income is distributed to schools on the same basis as has been undertaken in previous years. This would utilise the unallocated income effectively without any additional charges direct to individual schools

Financial Year	Total	Average	Comments
2023/24	£151,800	£325	Distribution of 2021/22 Unallocated Income
2024/25	£291,235	£653	Distribution of 2022/23 Unallocated Income

Option B – Introduce an SLA consistently charged to all schools from April 2026. This would likely be on the same average basis as the accounts payable charge and a further cost to non-bank account schools

Recommendation

The local authority is proposing to implement Option A and utilising the unallocated income balance. This ensures that there is no additional cost to schools by introducing a new SLA. This would continue to be the mechanism to utilise and distribute the unallocated income in future years, however it should be noted that if there is no balance held within the unallocated income in the future, then the LA will need to introduce a consistently applied SLA.

Whilst this is a local authority decision, the LA wants to be transparent with it's proposed use of the unallocated income reserve and seeks any views from schools forum members.



Forum:
Noted the report

Discussed:

- Concern raised over the growing amount of unallocated income year-on-year, which needs urgent attention.
- Schools should be encouraged to check for unclaimed funds, as some may be unaware. One setting was found to have £216,000 unclaimed, highlighting the scale of the issue.
- The two officers currently assigned are focused on addressing unallocated income, which is expected to reduce the need for a future SLA (Service Level Agreement) once resolved.

Option A was supported by the Forum.

12. Any Other Business

The Chair brought up a request for a District-Level Consultation Analysis Forum agreed to review consultation responses by geographic district to identify areas with low engagement. This will help target support and improve future consultation processes. District representatives may be involved in this work.

Responses by District						Total per District				
District No:	Primary	Secondary	Other	Grand Total		District No:	PRIMARY	SECONDARY	Other	Grand Total
01	26	2	1	29	44%	01	52	9	5	66
02	7	2	1	10	19%	02	42	7	4	53
04	7	1		8	29%	04	24	3	1	28
06	18	3	1	22	28%	06	61	12	7	80
07	14	6		20	38%	07	39	11	3	53
08	18			18	26%	08	56	7	6	69
09	13		3	16	26%	09	50	6	5	61
11	17	1	3	21	28%	11	60	10	6	76
12	9	1	5	15	32%	12	30	5	12	47
13	6	2	4	12	24%	13	37	6	7	50
14	6	2		8	19%	14	31	6	5	42
Grand Total	141	20	18	179		Grand Total	482	82	61	625

13. Date of Next Meeting

The next scheduled meeting of the School Forum is arranged for 10:00am 9th January 2026. Meeting arrangements to be confirmed in due course.

