

## Item 11

### Recommendations of the Schools Block Working Group

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#### **Brief Summary**

On 10 March 2026, the Schools Block Working Group considered several reports, including:

1. **Schools Forum Powers and Responsibilities**
2. **Dedicated Schools Grant Monitoring 2025/26 and 2026/27 Forecast**
3. **Schools Requiring additional Support Financial Monitoring 2025/26**
4. **Schools Budget 2026/27 & 2027/28 Forecast**
5. **High Needs Mitigations 2026/27**
6. **Clawback Exemption Requests 2026/27**
7. **Any Other Business**

A summary of the information presented, and the Working Group's recommendations are provided in this report.

#### **Recommendations**

The Forum is asked to:

- a) Note the report from the Schools Block Working Group held on 10 March 2026,
- b) Ratify the Working Group's recommendations.

#### **Detail**

On 10 March 2026, the Schools Block Working Group considered several reports. A summary of the information presented, and the Working Group's recommendations are provided below:

### 1. Schools Forum Powers and Responsibilities

**The working group:  
Noted the Report**

**Discussed:**

- **Falling rolls funding is based on aggregated countywide numbers; growth funding and falling rolls are mutually exclusive.**



- Indications suggest national reduction or withdrawal of falling rolls funding.
- Further clarification will be sought from Place Planning, with a report expected at full Forum in summer.
- Request for circulation of updated Place Planning contact list.
- Concerns raised about future cooperation between maintained and academy schools; LA retains responsibility for place planning.
- It was noted that the loss of growth funding may create future budgetary pressures within the schools block which is already under financial pressure

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

This report was noted under Item 9.

**The working group:**

Noted the update.

**Discussed:**

- Clarification sought on the High Needs Stability Grant: up to 90% of the historic DSG deficit could be addressed, provided a SEND Reform Plan is submitted.
- Members queried the cost of borrowing, the LA confirmed this responsibility is the LA core revenue budget.
- SEND Reform Plan submission expected in the summer and funding anticipated September/October 2026.

## 3. Schools Requiring additional Support Financial Monitoring 2025/26

This report was noted under Item 9.

**The working group:**

Noted the Report

**Discussed:**

- The potential impact of academy conversions on SRAS income and expenditure remain uncertain.
- Strategic Support Partnership Officers was reported as well-received and valuable support for schools.
- Local Government Reorganisation (LGR) may significantly affect future reserves and deficits.
- It was noted that de-delegations would need to be reviewed at the point of LGR.

## 4. Schools Block Budget 2026/27 & 2027/28 Forecast

At the Schools Forum on 9 January 2026, decisions and recommendations about the 2026/27 Schools Budget were agreed and recommended to Cabinet. The Cabinet met



on 22 January 2026 and recommended that the Schools Budget is approved and referred the report to Full Council on 26 February 2026 as part of the overall Council budget.

The Authority Proforma Tool (APT), setting out the agreed Schools Block proposals for 2026/27, was then submitted to the DfE for compliance checking ahead of the 22 January 2026 deadline. Approval was received on 11<sup>th</sup> February 2026 and individual School Budgets were released on 27<sup>th</sup> February 2026.

In connection with the Schools Block, the Forum unanimously supported the 2026/27 Schools Block proposals, including:

- The DfE's National Funding Formula (NFF) methodology should continue to be used as the Lancashire formula for 2026/27.
- The Minimum Funding Guarantee (MFG) be set at +0.0% for 2026/27, mirroring the National Funding Formula.
- Confirm the use of the Minimum Pupil Funding (MPF) rates contained in the NFF for any new Growth Fund allocations from April 2026
  - Primary £5,115 per pupil
  - Secondary £6,640 per pupil
- Balancing schools block using the methodology that was consulted on with schools in 2026/27.
- The transfer of circa £5.48m (0.50%) of Schools Block funding to the High
- Needs Block for block transfer by utilising the basic entitlement factor,
- with this being 98.44% of the 2026/27 NFF factor and within the 2.50%
- allowable.

### **2027/28 Block Transfer**

Due to the continuing pressures on the High Needs Block, at this stage it is anticipated that a 0.50% Schools Block transfer to the High Needs Block will be proposed for 2027/28. Whilst the High Needs Block Stability Grant is welcome, current forecasts still show a substantial High Needs Block deficit in future years, with forecasts continuing to build in the Schools Block transfer.

It is anticipated that any Schools Block transfer would be utilised in a similar way as has been implemented for 2026/27 and will be used for spend to save initiatives within the High Needs Block.

A further update will be provided at the June working group meeting.

#### **The working group:**

**Noted the report and expressed thanks to officers for the significant work undertaken in developing and finalising budgets.**

### **5. High Needs Block Mitigations 2026/27**

This report was noted under Item 9.

#### **The working group:**

**Noted the Report**



### Discussed:

- **Members highlighted increasing need for bespoke SEMH provision and noted outreach proposals are being developed.**
- **No current plans to establish a PRU in the East, though discussions continue; location remains a key factor.**
- **Three primary schools have offered to support the mitigations work.**
- **Members requested identification of SENDCOs who may assist.**
- **The group noted transitional aid agreed in the previous year had been effective and were supportive of its continued use.**
- **Inclusion hubs were positively received; SEMH planning continues for next financial year.**
- **The Banding Document remains in draft; Amber will attend full Forum to discuss further.**

## 6. Clawback Exemption Requests 2025/26

In July 2025, the Forum considered the School Balances and Clawback Policy for 2025/26 and agreed that clawback should be reintroduced on excessive revenue balances at March 2026. Historically the guideline balance was set at 12% of Consistent Financial Reporting (CFR) income for all phases of maintained school with a minimum threshold of £75,000, however it was decided that the CFR threshold would be reduced to 8% for 2025/26 school balances. The 8% will be implemented with immediate effect and will be applied on school balances at 31 March 2026.

As a result, the authority has received two clawback exemption requests from Lancashire schools. As requested by members, a summary of the schools number on role and financial forecast were provided to members.

### *Request A*

A Secondary School is requesting £100,000 to be exempt from clawback at March 2026. This request was presented to the working group in the autumn term and further information was required. Therefore, this information has been updated.

The school currently lacks outdoor sports facilities, relying on a multi-use hall for PE lessons, which often conflicts with other activities like dining, exams, and assemblies. To improve physical education, the school plans to create an outdoor PE area. The estimated project cost is around £100,000, design and tender is expected to be completed by June 2026, with work scheduled between 20 July 2026 and 28 August 2026. Completion date is expected by September 2026. The full cost of the project is expected to be in the 2026/27 financial year, with the final payment due in approximately September 2026 upon completion. This information has been provided by an external project manager and architecture.

### *Request B*

A Lancashire Secondary School is requesting £80,000 to be exempt from clawback at March 2026. The school is closing its Sixth Form provision in August 2026 to increase capacity for 11–16 students, aligning with local authority priorities to expand school places. Planned works include creating new classrooms, expanding dining



facilities, improving internal layout, and enhancing site safety. These developments require significant capital investment. The school is working with the local authority's property services team on redevelopment and funding options, with discussions ongoing. The school has also met with the Property Services Capital Team to discuss capital funding for the building project and with the School Planning Team regarding growth funding for the planned increase in PAN from September 2026. At this stage, there are no plans or quotes available, as work with architects has only just begun following these initial meetings. The aim is to commence works in May/June 2026 to ensure completion by September 2026.

#### **The working group:**

##### **Noted the Report**

- **Request A:** The Group unanimously recommended the exemption request be rejected, noting the school held sufficient reserves.
- **Request B:** The Group unanimously supported the request, given the planned expansion works and financial need.

##### **Discussed:**

- Members discussed concerns regarding mid-year changes to clawback policy and potential impact on school financial planning.
- Comparisons were raised between academy and maintained school reserves; questions posed about proportional clawback and de-delegation levels.
- Potential additional funding to schools from the SEND reform, announcements from DfE are expected shortly.
- It was noted that many schools could enter deficit within three years, implying clawback could cause more schools into deficit.
- It was noted that governors ultimately hold responsibility for budget oversight and accountability, and that school balances remain significantly higher than historical averages.

