Lancashire County Council

Lancashire Schools Forum

Annual Report 2025/26

April 2025 – March 2026

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1. Introduction

The 2025/26 financial year brought further challenges to schools and the Local Authority due to increased pressure on the High Needs Block. During this period, The Lancashire Schools Forum and its associated working groups considered a variety of reports and presentations on school funding and finance related matters.

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

2. Chair of the Lancashire Schools Forum

Daniel Ballard, Headteacher at St Mary's and St Benedict's RC Primary School was elected as the Forum Chair. Stephen Booth, a governor at Ellel St John the Evangelist CE Primary School, remained as the Vice-Chair. In addition, Oliver Handley, Pendle Vale College, remained the Schools Block Working Group Chair, Claire Thompson, Moorbrook School, remained the High Needs Block working Group Chair and Phillipa Perks, The Pre School Centre at The University of Cumbria, remained the Early Years Block Working Group Chair.

3. School Budgets 2026/27

Advising on the Schools Budget is a crucial responsibility of the Forum. Schools Forum previously agreed that the Government's National Funding Formula (NFF) methodology should be used as the Lancashire formula from 2018/19, and this continues in 2026/27

For 2026/27, Lancashire's Gross 2025/26 Dedicated Schools Grant (DSG) allocation is £1,550.735m, including the academy recoupment. The 2025/26 figure is £54.47 higher than the previous year. This increase in funding is due to:

- Inflationary uplifts have been applied to pupil led factors on top of the SBSG and NIC grant being rolled into the NFF, with increases applied to the additional needs factors of the NFF.
- Following the same principle as has been applied to the Schools Block, funding provided through the 2025/2026 Early Years National Insurance Contributions and Teachers' Pay Grant (EYNTPG) has been rolled into the Early Years National Funding Formula (EYNFF), which is the main reason for the increase in funding compared to 2025/26. On top of this inflationary increases have been applied to the Early Years NFF.
- Further funding has been provided to Local Authorities within the Early Years Block to support Local Authorities as the DfE move to a termly funding system for all the early years funding streams from financial year 2026/2027.

The key headlines from the 2026/27 budget setting process included;

3.1. Schools Block

Lancashire continues to use the National Funding Formular (NFF) methodology to calculate Schools Block budgets in 2026/27.

Whilst the basic structure of the NFF remains largely unchanged for 2026/27, funding through the mainstream schools national funding formula (NFF) is rising by 2.1% in 2026/2027. This includes funding that was allocated in 2025/2026 through the schools budget support grant (SBSG) and National Insurance contributions (NICs) grant, which has been ‘rolled in’ to the schools NFF in 2026/2027 to help simplify the funding system.

Following a consultation with schools and academies in Lancashire, through available local discretion in 2026/27, the following was agreed by the Schools Forum and the LCC Cabinet:

- The Minimum Funding Guarantee (MFG) was set at a 0.0%
- The basic entitlement factor was set at 98.44% of the NFF factor to ensure a balanced budget could be set within schools block
- A 0.50% transfer to the High Needs Block to support mitigation projects.

3.2. High Needs Block

For 2026/27, the main headlines within the High Needs Block (HNB) allocations, ius the Department for Education (DfE) h temporarily suspending the high needs national funding formula, which previously was used to calculate local authorities' high needs allocations. Instead, local authorities' allocations will be based on their 2025/2026 allocations, this therefore means there will be no inflationary uplift for the High Needs Block.

The funding block continues to have significant demand led pressures with the following agreed:

- The HNB allocation received has been fully utilised to cover the growth in High Needs expenditure from April 2026.
- The demanding constraints within the high needs block meant that the weighted pupil number (WPN) rate across all early years settings, schools and FE settings will remain at £5,440.
- Existing School Specific factor (special schools & PRUs) increased by 0.50% in line with increases to average schools block funding.
- Updated intervention cap methodology for Alternative Provision/Pupil Referral Units

High needs block expenditure includes the agreed utilisation of the 0.50% schools block transfer. As per the recent agreement from Schools Forum, this will be utilised on invest to save initiatives and implementing mitigations.

- Inclusion hubs

- Outreach support for social, emotional and mental health (SEMH)
- Specialist Teaching Service new delivery model (transition support, focused support and sensory support)

3.3. Early Years Block

Lancashire's Early Years funding for 2026/27 is a total of £236.68m, which is £35.13m higher than the 2025/26 allocation due to the extended entitlements.

Early Years Central Retention & Block Transfer

Following consultation with the Early Years sector in the autumn term, the Schools Forum agreed to allow the Council to retain 0.75% (£1.7m) of the Early Years Dedicated Schools Grant in 2026/27, which will be used to meet the statutory duties around early years quality assurance and sufficiency. This will support the significant administration related to the recent increases in the Early Years entitlements.

Further to the 0.75% central retention, an additional 1% (£2.25m) will be set aside from the Early Years Grant and held within the High Needs Block to support HNB/SEND initiatives in Early Years, which will be ring-fenced for early years settings only.

3.4. Central School Services Block

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

3.5. Issuing Individual School Budgets

Once Lancashire's proposals had been approved by the DfE, individual school budgets for 2026/27 were issued to schools on 27 February 2026.

4. Service De-Delegations 2026/27

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

Primary and secondary members agreed by phase that several services would be de-delegated for the 2026/27 financial year. This means that for primary and secondary schools (but not academies) services will be provided centrally. A full list of de delegations agreed from April 2026 are:

- **Staff costs – Public Duties/Suspensions.** This de-delegation incorporates reimbursement to schools for staff costs associated with public duties and suspensions;

- **Heritage Learning Service - Primary Schools Only.** Provides funding for the work the Heritage Learning Service undertakes for primary schools to help meet the national curriculum and to support wider cultural learning;
- **Schools Requiring Additional Support.** This funding allows support to be offered to schools in financial difficulty, which is managed by the School Improvement Group (SIG) against published eligibility criteria.

As always, the Forum is very grateful for the consultation responses and comments from colleagues in schools and academies that help to shape and steer the Forum's decisions and recommendations. 178 responses were received from schools in response to consultations about the school funding arrangements for 2026/27.

5. Schools Requiring additional Support (SRaS)

39 schools ended the 2025/26 financial year in deficit, compared to 44 schools a year earlier. Several schools returned to surplus during the year through the delivery of budget recovery plans.

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

6. Clawback of Excess Balances

In July 2025, the Schools Forum voted to apply the clawback policy at 31 March 2026 and reduce the threshold balance to from 12% to 8%. As a result, 37 schools held excess balances above the clawback policy guideline, which is significantly higher than the previous financial year. The Clawback policy will be considered by Schools Forum in the Summer Term.

Full details of all Schools Forum business are available from the Schools Forum website.

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