Report to the Lancashire Schools Forum
Meeting to be held on Tuesday 23rd June 2026

Item 10

Recommendations of the Schools Block Working Group

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Brief Summary
On 23 June 2026, the Schools Block Working Group considered several reports, including:

1. **Pupil Planning Presentation**
2. **School Budget Outturn 2025/26**
3. **School Balances 2025/26**
4. **Clawback 2026/27**
5. **High Needs Block Mitigations 2026/27**
6. **High Needs Block Exceptional Funding Proposal**
7. **School Block Funding and De-delegation Proposals 2027/28**
8. **Schools Requiring Additional Support Offer 2027/28**
9. **Exceptional Circumstances Rents Disapplication 2027/28**
10. **Policy for Additional Revenue Funding for New Schools**
11. **Scheme for Financing Schools in Lancashire**
12. **Schools Forum Annual Report 2025/26**
13. **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:
- Note the report from the Schools Block Working Group held on 23 June 2026,
- Ratify the Working Group's recommendations.

Detail
On 23 June 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. **Pupil Planning Presentation**
   A report on the emerging pattern of school place planning pressures across Lancashire, including areas where there are areas where surplus capacity is increasing.

   The working group:
   Noted the report

   Discussed:
   - **Concerns were noted regarding increasing surplus places across Lancashire, driven by falling birth rates and changing demographics.**
   - **The impact of falling rolls on school finances and future place planning was discussed, particularly in areas with significant surplus capacity such as South Ribble.**
   - **It was confirmed that the data includes academies, reflects current capacity assessments and planning assumptions, and indicates that surplus capacity is expected to continue growing.**
   - **Opportunities to repurpose surplus accommodation for community services and SEND provision were discussed, with school closures not currently being considered.**
   - **Further updates on place planning, future forecasts and learning from other local authorities were requested.**
   - **Thanks were extended to Aby and the Place Planning Team for the update.**

2. **School Budget Outturn 2025/26**
   This report set out the year end position of schools' delegated budgets at 31 March 2026. A copy of the full report presented to the working group is provided as an appendix to the High Needs Block summary report. Further details were provided, and members concentrated on the Schools Block. A summary of the Schools block is provided below.

Schools Block 2025/26			
	Budget (£m)	Forecast (£m)	Variance (£m)
	Under (-) Over (+)		
Maintained Schools	703.88	686.26	-17.62
Academy Recoupment	342.58	358.93	16.35
Academy Recoupment NNDR (Rates)	1.55	2.09	0.53
Growth	1.50	2.02	0.52
De-Delegations	2.27	2.13	-0.14
Total Expenditure	1051.78	1051.43	-0.35
Total Grant	-1051.78	-1051.78	0.00
Total Variance	0.00	-0.35	-0.35

Within the schools block, academy recoupment increased during the year, which is balanced out by the underspend within the maintained sector. There was also an overspend in the growth fund, however overall schools block remained largely in line with the agreed budget.

The working group:
Noted the report

Discussed:

- **A revised forecast will be presented to Schools Forum, with an update on the SEND Reform Plan expected in the autumn.**
- **The 90% threshold is based on the 2025/26 outturn and DSG deficit position, with Early Years adjustments reducing the deficit but being reflected in 2026/27.**

3. **School Balances 2025/26**
This report was noted under Item 8.

The working group:
Noted the report

Discussed:

- **School balances remain around £40m and are, on average, approximately £30,000 above historic levels. Reducing balances towards historic levels was supported as a positive objective.**
- **It was noted that school balances will be published following the meeting, with further consideration to be given to reporting on excessive balances and the impact of interest earned.**
- **Schools holding high balances will be supported through discussions, similar to schools in deficit, with responsibility for financial management remaining with headteachers and governing bodies.**

4. **Clawback 2026/27**
This report was noted under Item 8.

The working group:
Noted the report

Discussed:

- **A discussion took place on the balance between allowing schools to retain reserves for future planning and ensuring funding is used to benefit current pupils. It was noted that Lancashire's clawback policy is more generous than the DfE recommendation.**
- **Concerns were raised about the impact of clawback on some schools, particularly where balances are held for legitimate future purposes, while recognising the need for appropriate financial oversight and governance. Officers noted there was an exemption request process to mitigate this concern.**
- **The importance of prudent financial management, regular budget monitoring and engagement with available support was emphasised, with schools remaining responsible for managing their financial positions.**
- **It was noted that there is no formal right of appeal against clawback decisions, with accountability resting with headteachers and governing**

bodies. It was noted that audit findings relating to financial monitoring will be reported to a future meeting.
- **It was agreed that, following the recent reduction in clawback thresholds, a further 12 months should be allowed for school balances to stabilise and for schools to assess and respond to the changes for 2026/27.**

Recommendation to Schools Forum is to remain at 8%.

5. **High Needs Block Mitigations 2026/27**
This report was noted under Item 8.

The working group:
Noted the report

Discussed:
- **Members thanked officers for the level of detail provided and suggested that future reports include trend analysis, impact tracking and comparisons between districts where appropriate.**
- **It was requested that future updates include tracking of savings and mitigations to demonstrate the overall impact of de-delegated funding and related initiatives**

6. **High Needs Block Exceptional Funding Proposal**
This report was noted under Item 8.

The working group:
Noted the report

7. **School Block Funding and De-delegation Proposals 2027/28**
In 2026/27 the regulatory framework continued to allow local authorities to be able to transfer up to 0.5% of their Schools Block allocation to other blocks of the Dedicated Schools Grant with Schools Forum approval as noted under Item 8.

At this point, it is anticipated that the school funding framework will continue to allow service de-delegations in 2027/28. Funding for de-delegated services must be allocated through the schools block formula but can be de-delegated for maintained mainstream primary and secondary schools. Historically the funding guidance was released late in the Summer, however in recent years this has been much later towards the end of the Autumn term.

De-delegations must be approved on an annual basis by the Forum and be subject to consultation with maintained primary and secondary schools.

In accordance with normal practice, it is envisaged that a de-delegation consultation will be issued to maintained primary and secondary schools in early September 2026, with responses being reported to the meeting on 15 October 2026, at which time the Forum will be asked to make formal decisions, by phase, on each de-delegation proposal.

In 2026/27, the Forum formally approved three service de-delegations, relating to:

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

For 2027/28 the following proposals have been received from the relevant services, with a change to the Schools Requiring additional Support (SRaS). For 2027/28, it is proposed that no de-delegation charge will be applied to the SRaS offer. Support will continue to be provided to recognise the reserves held, which are c£6.3m. It should be noted however that reserves are forecast to reduce in future years, meaning that the de-delegation charge may need to be reintroduced in future years as appropriate.

1. Staff costs – Public Duties/Suspensions
Members will be aware that in recent years the 'Staff costs – Public Duties/Suspensions' de-delegation proposals included various options around the treatment of trade union duties, including:

The proposed de-delegation rate will increase by 2% to reflect the teachers pay award.

2. Heritage Learning Team – (Primary Schools Only)
The Schools Forum have historically supported the work the Heritage Learning Team undertakes for primary schools to help meet the national curriculum and to support wider cultural learning and learning outside the classroom.

It is again proposed to consult on the continued de-delegation of this service for 2027/28, at the same level as currently de-delegated of £1.97 per pupil, in the primary sector only.

The working group:
Noted the report

Discussed:

- **It was noted that, subject to any future DfE announcements, the current intention is to continue with the Schools Block transfer and associated mitigation measures.**
- **It was queried whether the Schools Block transfer could move some schools into an in-year deficit position; further information on the number of schools affected can be provided if required.**

8. Schools Requiring Additional Support Offer 2027/28
Officers have reviewed the current handbook and, for 2027/28, no big changes are proposed to the Strategic Support Partnership arrangements. This report instead sets out the funding position for the team and confirms that the existing arrangements will continue for the year but that there will be no de-delegation ask to schools for this work due to the reserves held in the SRAS fund.

The working group:
Noted the report

9. **Exceptional Circumstances Rents Disapplication 2027/28**
The exceptional circumstances factor relates 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 2026/27 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 2026/27 a further disapplication request would be needed to be submitted in future years. The 4 schools involved will continue to rent premises in 2027/28 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 LA have recently been made aware of an additional primary school that meets the criteria, therefore this years submission will include 5 schools.

At the Schools Forum on **3 July 2026** 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.

The working group:
Noted the report

Recommend School Forum Support the Exceptional Circumstances Rents Disapplication for 2027/28.

10. **Policy for Additional Revenue Funding for New Schools**
A verbal update was provided on the Policy for Additional Revenue Funding for New Special Schools and the corresponding policy for mainstream schools. The approved special school policy includes provision for pre-opening costs of £80,000. It was therefore proposed that the mainstream school policy be aligned by increasing the pre-opening cost allocation from £65,000 to £80,000.

The working group:
Noted the report and supported the policy update.

11. **Any Other Business**

- Correspondence relating to clawback was noted, and it was agreed that responses would be prepared in line with the approved policy, with the SB Chair and Forum Chair liaising on the approach.