

Item 11

Recommendations of the Early Years Block Working Group

Contact for further information:
Schools Forum Clerk
schoolsforum@lancashire.gov.uk

Brief Summary

On 15 September 2026, the Early Years Block Working Group considered several reports, including:

- 1. Matters Arising**
- 2. Dedicated Schools Grant Monitoring 2026/27**
- 3. Early Years Funding Formula 2027/28 Consultation**
- 4. Early Years Funding: Proposed Changes to the Entitlements Funding System DfE Consultation**
- 5. 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 Early Years Block Working Group held on 15 September 2026.
- Ratify the Working Group's recommendations.

On 15 September 2026, the Early Years Working Group considered several reports. A summary of the information presented, and the Working Group's recommendations are provided below:

1. Matters Arising

There were to matters arising from the minutes of the last meeting that are not covered elsewhere on the agenda. The LA noted the following:

1.1 EY SENIF and EHCP Processing Update

It was noted that the EHCP and SENIF payment processing will remain with the current team for the time being while work continues on future arrangements. No timeframe has been provided for any changes to the process.

1.2 Early Years Inclusive Fund Grant (EYIFG)



The grant allocation has now been confirmed, and payments to settings have been processed. There was an increase in the anticipated grant meant that more settings became eligible for funding. A total of 392 settings qualified for the grant. Eligible settings are required to submit the e-form referenced in their funding letter to the Local Authority by the end of term, outlining how they intend to use the funding.

Members noted the following:

1.3 Early Years Budget

A request was made for further information on the budget setting process and relevant data. It was confirmed that some information has already been shared and that most of the requested information is included within the meeting papers.

1.4 Exceptional Funding

It was noted that a process is now in place and funding will be backdated to 1 April 2026.

1.5 EHCP Back Payments

Concerns were raised regarding outstanding EHCP back payments relating to the previous academic/financial year. Members were advised to contact relevant area teams for investigation and follow-up. It was noted that work is ongoing to resolve the financial position and clear any outstanding payments.

2 Dedicated Schools Grant Monitoring 2026/27

Members considered the most recent DSG monitoring. As per the January 2026 Schools Budget 2026/27 Cabinet Report and report to Schools Forum, the DSG was set with a forecast shortfall of £75.90m. At period 1-5 monitoring an additional £75.71m budget pressure is forecast, totalling a forecast in-year budget pressure of £151.61m.

With the deficit brought forward from 2025/26 of £101.60m, the accumulated DSG deficit is forecast at £253.21m by March 2027. Members focused on the early years block and it was noted that the block is largely forecasted on budget.

**The working group:
Noted the report**

Discussed:

- **Members queried the significant increase in the High Needs Block deficit compared with the original budget forecast. Officers advised that the budget did not fully account for the EHCP backlog and ongoing fluctuations in new referrals, resulting in a larger deficit than anticipated.**
- **Data quality issues had limited the accuracy of previous forecasting, although improvements are being made to provide more reliable forecasts going forward.**
- **Members highlighted the importance of discussing these issues through the appropriate High Needs forums and noted ongoing work to streamline meeting arrangements.**



This report was also presented to the Schools and High needs Block Working Groups.

3 Early Years Funding: Proposed Changes to the Entitlements Funding System DfE Consultation

The report provided an overview of the DfE Early years funding: proposed changes to the entitlements funding system consultation, which sets out proposed reforms to Early Years funding from 2027/28 onwards. The proposals aim to improve outcomes for disadvantaged children and those with SEND, increase access to childcare, and create a simpler and more transparent funding system. Key proposals include retaining the Inclusive Early Years Fund as a standalone grant initially, increasing expectations around SEN Inclusion Fund spending, updating deprivation funding factors, and, in later years, streamlining inclusion funding arrangements and increasing the proportion of funding passed directly to providers.

**The working group:
Noted the DfE Consultation.**

Discussed:

- **Members noted that further detail is awaited on the proposed replacement arrangements for SEN Inclusion Funding (SENIF) and the Disability Access Fund (DAF).**
- **A member raised concerns regarding delays to Phase 2 nursery capital funding and queried current responsibility for administering the funding. This will be picked up outside of the meeting.**

4 Early Years Funding Formula 2027/28 Consultation

Members noted that the Early Years consultation forms part of the wider Schools Funding and De-delegation Consultation for 2027/28, which will shortly be circulated to schools and early years providers. The deadline for responses is 11 October 2026. Members were encouraged to share the consultation to increase engagement. Consultation responses will be reviewed by the Local Authority, with a summary of feedback reported to Lancashire Schools Forum on 15 October 2026 to inform decisions and voting on the 2027/28 Early Years Funding Formula. It was noted the Local Authority cannot confirm 2027/28 Early Years funding rates until the Department for Education publishes the funding settlement.

Following initial sector feedback, the proposed transfer was revised from 3% to 2.75%, and the amended proposal was circulated to members.

**The working group:
Noted the consultation and discussed the following;**

Discussed:

- **Members challenged the Local Authority's proposal, noting that it had previously been agreed that 1.75% of the central retention would be used to support SEND provision within the Early Years sector.**
- **Following detailed discussions between members and officers, it was agreed that the previously agreed 1.75% allocation would be honoured and reflected within the proposals.**



- **Members challenged assumptions within the financial modelling, including staffing reductions, training costs and funding allocated to the Portage service.**
- **Concerns were raised about the proposed increase in Portage funding, with requests for clearer evidence of need and further explanation in the consultation documentation.**
- **Clarification was sought on the consultation process, including confirmation that responses would be submitted on a one-response-per-setting basis and that all proposals would form part of a single consultation.**
- **Members requested more detailed impact data, including analysis by setting type and a clearer distinction between Early Years and High Needs Block EHCP funding.**
- **It was agreed that the consultation documents would be updated in response to feedback and recirculated to members.**
- **Officers advised that the proposed retention rate had been reduced from 3% to 2.75% following initial feedback from the sector.**
- **Members raised concerns about changes being made shortly before consultation, noting that this could cause confusion and make it difficult for settings to assess the impact of the proposals.**
- **Officers explained that the proposals had been presented to the working group for early scrutiny and transparency, and that amendments could still be made before wider consultation.**
- **Members noted the importance of maintaining statutory services and staffing levels, while requesting clearer supporting information and evidence within the consultation documentation.**

5. Any Other Business

There were two items of AOB raised.

A) Early Years Block Funding and Exceptional Funding

Officers provided clarification on funding explaining that the funding remained within Early Years Block for SEND provision and is being used to support exceptional funding arrangements. Discussion took place regarding the use of the funding, with members requesting updates on expenditure, forecasts and the development of the exceptional funding process. Officers advised that work is ongoing to finalise guidance and criteria

B) Inclusion Fund Update from Sapphire Murray

Officers reported that a small number of settings had declined Inclusion Fund support and associated guidance. Members expressed concern and requested further clarification Officers confirmed that settings remain responsible for meeting children's needs and advised that an automated process is being developed to support requests for involvement and access to funding.

