

KENT COUNTY COUNCIL – PROPOSED RECORD OF DECISION

DECISION TO BE TAKEN BY:

Beverley Fordham, Cabinet Member for Education and Skills

DECISION NUMBER:

25/00092

For publication *[Do not include information which is exempt from publication under schedule 12a of the Local Government Act 1972]*

Key decision: YES

Key decision criteria. The decision will:

- a) result in expenditure which is significant having regard to the budget for the service or function (currently defined by the Council as in excess of £1,000,000); or*
- b) be significant in terms of its effects on a significant proportion of the community living or working within two or more electoral divisions*

Subject Matter / Title of Decision

Changes to the KCC local funding formula for State Funded Schools and Early Years Providers 2026-27

Decision:

As Cabinet Member for Education and Skills, I agree to:

- APPROVE changes to the Kent County Council local funding formula for schools and early years providers that is used to calculate school budgets and early years rates from 1 April 2026.
- DELEGATE authority to the Corporate Director of Children, Young People and Education, in consultation with the Cabinet Member for Education, to make any necessary changes to the Local Funding Formula rates once final affordability is known and the outcome of Secretary of State approval.
- Delegate authority to the Corporate Director of Children, Young People and Education, in consultation with the Cabinet Member for Education and Skills, to agree the distribution method for school and early years specific education grants during 2026-27 provided by the Department of Education, in line with grant conditions.

Reason(s) for decision:

Background:

The Department of Education provides Local Authorities with a specific ring-fenced grant each year to fund the school budgets (mainstream primary & secondary schools), early years free-entitlements for children under 5, high needs (Special Educational Needs Education Placements including special schools) and central services for schools. It is the Local Authority responsibility to distribute this funding to schools, eligible early years and to provide SEN services and other services for schools in Kent.

The Government's intention remains to have all primary and secondary school budgets to be based on a single formula set nationally by Government, with no Local Government involvement. To

support this aim, for 2026-27 Local Authorities will continue to set a local funding formula to distribute their schools block funding (for all schools including both maintained, academies and free schools), in consultation with their local schools and their Schools' Funding Forum, however, the extent to which local decisions can be made continues to be increasingly limited as the National Funding Formula stipulates the variables that can be used within the formulae, along with some rates. A dis-application to the Secretary of State will be required where a Local Authority formula is outside nationally prescribed guidelines, this includes setting the Minimum Per Pupil Funding Level at a different level to the national threshold.

Within the current guidelines, Local Authorities are able to transfer funding from the Schools Block to the High Needs Block with the agreement of Schools' Funding Forum and in certain circumstances the Secretary of State, this includes where the total value to be transferred is over 0.5% of the School Block.

The Government requires schools to be consulted on an annual basis regarding any proposed changes to Local Funding Formula for all schools and the request to transfer funding from the school's block to high needs block. The council is also responsible for allocating any additional grants, issued by the DfE, to schools in line with Government guidelines.

The Council is responsible for setting the Early Years Local Funding Formula which is used for setting the rates paid to early years providers for the Free Entitlement offer for children aged between 9 months and 4 years attending nurseries or childminders, for up to 30 hours of free childcare a week (dependent on eligibility).

The proposed changes to both the Local Funding Formula used to calculate the School Budgets and set the Early Years Providers Funding rates is dependent on the Government's final funding announcements on the Dedicated Schools Grant for 2026-27 (expected in the Autumn) and the outcome of relevant consultations and Schools Funding Forum feedback. This will inform the final recommendations, and the formal decision to be taken by the Cabinet Member for Education & Skills. This will include recommendations on the following principles:

- **Whether to transfer funding from the Schools Block to the High Needs Block at the same (or different) percentage rate as the previous year (1.2%)**
- **Changes to factor values in the schools local funding formula, in response to Government funding announcements, including whether the Minimum Per Pupil Funding Level should continue to be reduced and to what extent.**

Links to the Council's Strategic Statement:

- Whilst the decision relates to the distribution of ring-fenced grant, this decision is linked to achieving the overall objectives of best value whereby proposals will support the financial recovery of the High Needs Block of the Dedicated Schools Grant.

Financial Implications:

- The costs of the new proposed funding formulas will be fully met from the increases in the Dedicated Schools Grant, a specific ring-fenced grant from the Department of Education, used to fund primary & secondary school budgets, and Early Years Free Entitlement, and will not be a further cost to Council funding.
- This decision will impact the High Needs Budget for 2026-27. The agreement to transfer funding from the schools block to the high needs block will increase the funding available to help support SEN Support Services provided by the Council and reduce the overspend on this block of funding. Overspends on the High Needs Block have led to an annual deficit on the Dedicated Schools Grant since 2018-19. This has arisen where the total spend on SEN services is exceeding the annual grant received from the DfE for High Need Services. As a result the Local Authority is part of the Safety Valve Programme, a DfE initiative to support Local Authorities with highest deficits, of which the Council has agreed to fund £82m from

General Fund, between 2022-23 and 2027-28, to help reduce the accumulated High Needs deficit, alongside an extra £140m from DfE. The transfer of funding from the schools block to support the High Needs block is part of the plan to avoid higher overspends during this period.

Legal implications:

- The Local Authority is required to set the schools budget in accordance with the Education Act 2002 and the Conditions of DSG Grant 2026-27. School Budgets and Early Years funding rates must be published by 28th February of each year.
- Proposals will be made in accordance with the prevailing grant conditions for the Dedicated Schools Grant set by the Department of Education. Where relevant, Secretary of State approval will be sought if recommendations require a dis-application of these conditions.
- Section 149 of the Equality Act 2010, provides that "...a public authority must in the exercise of its functions, have due regard to the need to a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act, b) advance equality of opportunity... c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.."
- Secretary of State approval will be required for the proposal to transfer 1.2% of the Schools Block to the High Needs Block and to change the Minimum Per Pupil Funding Rate.

Equalities implications:

An initial equalities impact assessment has been completed and is included as part of the consultation documentation. There were no adverse impacts identified at this stage but will be reviewed as final proposals are confirmed.

Cabinet Committee recommendations and other consultation:

To be completed following consideration on the principles at the Children's and Young People Cabinet Committee considered on 18 November 2025.

An all-schools consultation is taking place during October and November 2025. This was open to all Kent schools. The consultation document, an illustration tool showing the impact of proposals on individual school budget, an on-line response form and an equality impact assessment were provided

www.kent.gov.uk/schoolfundingconsultation

Recommendations will be shared with the Schools' Funding Forum on 21 November 2025.

Any alternatives considered and rejected:

Primary & Secondary Schools Local Funding Formula Changes:

Options that were considered and discarded included:

- Options to excessively deviate from the National Funding Formula (NFF) used by Government to allocate school funding to local authorities for distribution to schools. This is in line with previous recommendations from both schools & the Schools Funding Forum who have supported the general principle that "our Local Funding Formula should move towards the NFF, but at the same time continue to utilise local flexibility to address areas of local concern".

Further options to be considered as part of the final key decision, following feedback from consultations and the views of the Schools Funding Forum:

- Option to transfer funding from the Schools Block to the High Needs Block
- Options to transfer a different percentage from the Schools Block to the High Needs Block (either higher or lower) than in previous years (previously 1.2%)

- Options to change the reduction to the MPPFL (either higher or lower) from 2025-26
- Option to set the Minimum Funding Guarantee within the Government's allowable range

Early Years Funding Formula Changes:

Option to be considered as part of the final key decision following feedback from consultations and the views of the Schools Funding Forum:

- Changing the basis of the funding rates in addition to or instead of applying a standard uplift

Any interest declared when the decision was taken and any dispensation granted by the Proper Officer:

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signed

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date