

# KENT COUNTY COUNCIL – PROPOSED RECORD OF DECISION

**DECISION TO BE TAKEN BY:**

Beverley Fordham, Cabinet Member for Education & Skills

**DECISION NUMBER:**

25/00092

**Executive Decision – key**

[25/00092 – Changes to the KCC local funding formula for State Funded Schools and Early Years Providers 2026-27](#)

**Decision:**

As Cabinet Member for Education & 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 as set out below:
  - a. Transfer 1.2% of the Schools Block (equates to approximately £17.4m) into the High Needs Block for 2026-27
  - b. In relation to the Kent Local Funding Formula for primary & secondary schools in 2026-27:
    - i. Set the local Minimum Funding Guarantee (MFG) percentage at 0.0% for primary & secondary schools
    - ii. Increase the following factor values as set out in the table below to reflect the incorporation of grants (which were previously received separately) including the full year effect of the Schools Budget Support Grant (SBSG):

Factor Value Increase	25-26 Grants*	Full Year Effect SBSG for 26-27
Basic Entitlement: Primary Secondary Key Stage 4 Secondary Key Stage 5	£115 £121 £137	£18 £25 £28
Free School Meals Ever 6 Primary Secondary	£110 £110	£14 £22
Lump Sum	£3,800	£686
Minimum Per Pupil Funding Level Primary		£160

Secondary	£175
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\*National Insurance Contributions (NICs) grant; Schools Budget Support Grant (SBSG)

- iii. Set the Minimum Per Pupil Level (MPPL) as per the values in the table below. This is equivalent to 99.1% of the National Funding Formula Rate

MPPL Factor Value	2026-27 Local Rate £s
Primary	£5,068.97
Secondary Key Stage 4	£6,330.51
Secondary Key Stage 5	£6,954.84

- iv. All other factors within the current local funding formula to increase in line with the National Funding Formula by approximately 2% (after grant funding has been added).
- c. In relation to the Kent Early Years Local Funding Formula for 2026-27:
  - i. The base rates for the Free Entitlement offer will increase in line with grant changes (subject to final affordability checks\*):
 

Free Entitlement Base Rate	*Estimated Increase	2025-26 Indicative* Rate £ per eligible hour
Over 9 months to 2 years	3.9%	£11.18
2 years	4.7%	£8.23
3- & 4-year olds	5.4%	£5.63
  - ii. Increase the 3- and 4-year olds quality supplement by £0.06 per hour to £1.40 per hour for settings with a nominated leader with a qualified teacher status and employed on & paid under the Statutory Teachers' Terms & Conditions.
  - iii. reduce the proportion of the Early Years Block retained by the Council to fund services for early years from a maximum of 4% to 3% in line with government guidance (total estimated budget of £8.3m)
  - iv. Remove the contingency for variations in demand for payments for children aged 2 years.
  - v. Early Years Pupil Premium and Disability Access Fund to be set in line with nationally prescribed rates.
- 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.
- 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 & early years specific education grants

during 2026-27 provided by the Department of Education, in line with grant conditions.

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### **Reasons for decision:**

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. Both Schools and the Schools Funding Forum supported the approach to continue with the same principles as last year, by agreeing to transfer 1.2% from primary & secondary school budget to the High Needs Block, maintaining the minimum per pupil funding level at 0.9% below the National Level, and for the minimum funding guarantee (protecting year on year changes in per pupil funding) at 0%. Other rates within the formula will increase in line with national funding changes. These proposal also require Secretary of State approval, which has been gained. If not agreed, the formula would have revert to aligning as close as possible National Funding Formula.

The council is responsible for allocating any additional grants, issued by the DfE, to schools in line with Government guidelines. These grants can be announced at any time during the year, the most recent examples have been in responses to increases in teachers pay and national insurance contribution changes.

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 Schools Funding Forum supported the approach set out in this key decision.

### **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 the 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. If this transfer is not agreed, additional savings of £17.4m will need to be identified to compensate for the loss of additional funding.

### **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 has approved 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.

**Data Protection implications:**

None

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Cabinet Committee recommendations and other consultation:

*The proposed decision was considered by the Children's, Young People and Education Cabinet Committee on 18 November 2025. Minutes can be found in the attached [link](#).*

*An all-schools consultation took place during October and November 2025. This was open to all Kent schools. Recommendations were also shared with the Schools' Funding Forum on 12 December 2025.*

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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.
- 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 – Options that were considered and discarded included:

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

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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