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**From:** Christine McInnes, Interim Director of Children's, Young People and Education

**To:** Beverley Fordham, Cabinet Member for Education & Skills

**Subject:** School and Early Years Funding Arrangements for 2026-27

**Decision no:** 25/00092

**Key Decision :** Yes

**Classification:** Unrestricted

**Past Pathway of report:** Children's, Young People and Education Cabinet Committee 18<sup>th</sup> November 2025

**Future Pathway of report:** Cabinet Member Decision

**Electoral Division:** All

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**Is the decision eligible for call-in?** Yes

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**Summary:**

The Government has confirmed the Council will remain responsible for setting the School Budgets for primary & secondary schools for 2026-27. This is funded from the ring-fenced Schools Block of Dedicated Schools Grant which is set to increase by a total of £63.3 million to nearly £1.5 billion in 2026-27. The distribution of funding to primary & secondary schools is calculated through the operation of a Local Funding Formula (LFF).

In addition, the ring-fenced Early Years Block of the Dedicated Schools Grant is expected to increase by around £36.7 million to £264.1 million. Local Authorities are also responsible for agreeing a Local Funding Formula for the distribution of funding to early years providers for the Free Entitlement offer for children aged between 9 months and 4 years, for up to 30 hours free children a week (dependent on eligibility) in accordance with Government guidance.

This paper sets out the proposed principles in setting both the school and early years LFF, reflecting on the outcome of the School Funding Formula Consultation with schools and recommendations from the Schools Funding Forum.

**Recommendation(s):**

That the Cabinet Member for Education & Skills consider the following proposal:

- 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	£115	£18
Secondary Key Stage 4	£121	£25
Secondary Key Stage 5	£137	£28
Free School Meals Ever 6		
Primary	£110	£14
Secondary	£110	£22
Lump Sum	£3,800	£686
Minimum Per Pupil Funding Level		
Primary		£160
Secondary		£175

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

- 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

- 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	2025-26
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	Increase	<i>Indicative*</i> 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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## 1. Introduction

- 1.1 The Department of Education (DfE) 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. This is known as the Dedicated Schools Grant. 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.
- 1.2 This is an annual report, setting out the Council's proposed approach to setting the primary and secondary schools budgets and the rates paid to early years providers for delivering the free entitlements for eligible families (the approach to payment of SEN services is subject to a separate decision for 2026-27).

## 2. Key Considerations

### *School Budgets*

- 2.1 Historically, Local Authorities were able to design their own formulas to calculate the annual primary and secondary school budget for schools in their area, based on the local needs. Since 2018, the Government has been reforming mainstream school funding (aged 5-11) with the aim to create a system where all schools, regardless of where they are located in the country, are funded based on a single national formula using up-to-date assessment of need that reflects the characteristics of their pupils. The first step was the introduction of the National Funding Formula (NFF) which is now used to both determine the total funding a Local Authority receives from the DfE for primary and secondary schools in their area and, the prescribed factors and allowable rates that a Local Authority can use in designing their own Local Funding Formula (LFF).
- 2.2 In the Summer, the Government published a policy document outlining the principles on which Local Authorities could set the schools funding formula in 2026-27 for state-funded mainstream schools. This was followed in late November with confirmation of proposed uplifts to grant funding. In line with recent years, the Government has continued to tighten the thresholds that Local Authorities are able to vary the funding formula used to set school budgets in their area. This is in line with the Government's ambition for all schools across the Country to be funded by a single uniform formula, with no local variations.
- 2.3 Historically, Kent took the decision to move towards the NFF, but at the same time continue to utilise local flexibility to address areas of local concern". This has meant Kent's current school budget formula now mirrors the NFF (in line with Government requirements) both in terms of factors and rates (see appendix B) but deviates in 2 key areas:
  - Transfers 1.2% of the primary and secondary school budget to the High Needs Block to support SEN services in mainstream schools
  - Reduction to the Minimum Per Pupil Level (MPPL) to ensure all schools contribute towards the 1.2% transfer, encouraging joint responsibility and equity across all schools in Kent for children with SEN.
- 2.4 Both of these exceptions are also subject to Secretary of State approval, which have been approved. This transfer forms part of the Council's response to the overspend on High Needs Block (forecast to be nearly £70m in 2025-26), where the costs of delivering SEN services is greater than the grant received, and to deliver in line with the Safety Valve agreement. Without the transfer from the primary & secondary school budgets, the Council would have to identify other compensating savings, to avoid the overspend increasing by a further £17m a year.
- 2.5 The overspend on the High Needs Block is currently ring-fenced and held separately away from the Council's General Fund but still forms part of the Council's cashflow. The accumulated deficit arising from current and previous years deficits is expected to reach c£136m by March 2026. Recent announcements have confirmed the Government intention to review High Needs Funding arrangements as part of the wider SEN reforms, which are expected to be published in the Spring (but with no further details at this time), in the meantime they have frozen the high needs block at the same amount as 2025-26 (with no inflationary or demand uplift). The statutory override that is

currently in place, which keeps SEN deficits off Council balance sheets, is expected to come to an end by March 2028, therefore any residual debt remaining at this time will transfer to the Council's General Fund. It is unclear at this time what the future role and responsibility of the Council will be and the extent of savings required. Therefore the Council must reflect carefully on any action that could increase the deficit further.

#### *Early Years Free Entitlements*

- 2.6 Local Authorities are also responsible for setting the payment rates to early years providers for Free Entitlement Rates for eligible children aged between over 9 months to four-year olds.
- 2.7 Details on grant funding for Early Years Entitlements was published on 17<sup>th</sup> December. Like the mainstream schools formula, the DfE set strict parameters for how rates for early years providers can be set by individual local authorities. There are no significant changes to this guidance in comparison to last year apart from the Government requirement to reduce the proportion of the grant funding that can be retained by a local authority to fund central services for early years.
- 2.8 The Council must agree annually how the Kent's LFF for schools budgets and early years provider rates should be set for the forthcoming financial year (i.e. from 1 April 2026) even when there are no proposed changes, taking into account views from both the schools & early years sector (where appropriate) and the Schools Funding Forum.
- 2.9 The Schools Funding Forum is a statutory body made up of a representative group of headteachers, governors or other senior members of staff (i.e. school finance manager) within Kent schools including academy trusts, maintained schools, primary, secondary and special schools. Along with Post 16 and Early Years providers.

### **3. Background**

- 3.1 The Dedicated Schools Grant (DSG) funding is allocated through 4 separate blocks, with each block calculated using their own nationally set formula (known as a National Funding Formula). Each block has its own rules and Local Authorities cannot transfer funding between blocks without seeking permission from either the Schools Funding Forum or the Secretary of State. The block allocations for Kent for 2026-27 are set out in table 1 below:

Schools Block (SB)	High Needs Block <sup>1</sup> (HNB)	Early Years Block (EYB)	Central Schools Services Block (CSSB)
£1.447 billion	£372.8 million	£264.1 million	£12.5 million

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<sup>1</sup> The High Needs Block is used to fund payments for top up funding to mainstream schools & post 16 providers for individual children with SEN, and Specialist Resource Provisions, Special Schools and Alternative Provision Funding. Along with independent schools and other centrally commissioned SEN support services. A separate key decision will be taken on the approach for SEN payments and the current position was presented to Cabinet Committee in January 2026

### 3.2 Schools Block – Primary & Secondary School Budgets

3.2.1 The School Block allocation is the funding available for primary and secondary school core budgets. The allocation is updated each year to reflect the latest pupil numbers (the 26-27 budget will be based on the October 2025 school census), any increase to reflect the rolling in of grants that were previously received separately by schools, and other general increases relating to either demographic changes or inflationary increases. In 2026-27, approximately £35.6m of the increase in funding relates to rolling of grants previously received separately (National Insurance Contribution and Teachers Pay Award 2025 Grants), reduction in pupil numbers accounted for -£8.7m change in funding and approximately £36.2m increase for general inflation and other demography changes.

3.2.2 Normally, the Government would publish the planned spending levels for schools in the Summer (July 2025) for the forthcoming financial year (2026-27) which would include detailed guidance and estimated Dedicated School Grant totals. This information was delayed and published on 19<sup>th</sup> November. In the interim, the Government published a [policy document](#) outlining the principles on which Local Authorities could set the schools funding formula for state-funded mainstream schools confirming the local authority responsibilities and outlining the parameters in which each Local Authority LFF must operate. This information was used to complete the Schools Consultation.

3.2.3 There is no timeline as to when Government intends to complete its ambition for all schools' budgets (for primary & secondary schools) to be based on a single, national formula rather than each Local Authority being responsible for setting their own Local Funding Formula (LFF) to distribute School funding in their area. But to ensure a smooth transition for schools, the Government continues to increasingly tighten the restrictions on Local Authorities when setting their Local Funding Formula for 2026-27. For example: in 2026-27, all local Authorities must include all NFF factors in their local formulae (except the locally determined premises factors) and must also move closer to the NFF rates by at least 10%. Appendix B sets out the factors and proposed rates to be used in the schools funding formula for 2026-27. For 2026-27, most factors are expected to increase by around 2% for general inflation (except protection factors which have received no uplift via the National Funding Formula).

#### *School Consultation Results*

3.2.4 The regulations state Local Authorities must consult annually with their primary and secondary schools when setting their school budgets (even where there is no changes from the previous year), and in particular if they are considering transferring money from the School Block to the High Needs block (known as a block transfer). The council's historic approach has been to consult with schools once Local Authority DSG allocations were published by the DfE. However, this approach has led to delays when funding announcements are late (as was the case both this year and last year). Therefore, following consultation with the Schools Funding Forum, it was agreed to launch the Kent Schools' Local Funding Formula 2026-27 consultation during October & November, ahead of Government funding announcements focusing on the

proposed principles on which the Formula would be set. The Schools Funding Forum were subsequently consulted on 12<sup>th</sup> December 2025.

- 3.2.5 This timeline also reflected the limited changes proposed to the existing Kent schools formula for 2026-27. Historically Kent took the decision to move towards the NFF, but at the same time continue to utilise local flexibility to address areas of local concern". This has meant Kent now mirrors the NFF both in terms of factors and rates (see appendix B proposals) whilst still addressing our high demand for Special Educational Needs services, through the use of 1.2% transfer of the school budget to support SEN services in mainstream schools funded through the High Needs budget. The consultation focused on whether to maintain the previous year's principles.
- 3.2.6 The consultation document, an illustration tool showing the impact of the proposals on individual school budget, an on-line response form and an equality impact assessment can be accessed via the following link: [www.kent.gov.uk/schoolfundingconsultation](http://www.kent.gov.uk/schoolfundingconsultation). This information has been used to support the development of the final proposed decision.
- 3.2.7 Results of the consultation can be found in appendix C. In summary, there was support from both schools and the Schools Funding Forum for the **block transfer of 1.2% from primary & secondary school budget to the High Needs Block**, maintaining the minimum per pupil 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%.
- 3.2.8 **If the transfer is ultimately not supported, the proposal will default to mirroring of the National Funding Formula rates as closely as possible.** This is in line with the overall guiding principle agreed by the schools and the Schools Funding Forum in previous years.

### 3.3 Early Years Block – Free Entitlement Rates

- 3.3.1 The Early Years Block is used to fund the rates paid to early years providers to deliver the Free Entitlement offer. All early years providers are paid an hourly rate for each hour of childcare provided per eligible child. If the child is 3- or 4-year olds the provider may also receive an addition or supplementary rate for deprivation or if the nursery has staff with particular qualifications.
- 3.3.2 In 2024, the Government announced a range of measures to support early education and help for parents with childcare so they can return to work more easily. This resulted in a number of changes to the sector including an expansion of the free entitlement offer from a universal/targeted offer for 3 & 4 year olds (& some eligible 2 year olds) to include free childcare up to 30 hours to working parents with children aged over 9 months.
- 3.3.3 There are no significant changes to the local authority guidance for 2026-27. DfE have confirmed Local Authority grant funding will increase by around 4% (per hour) to reflect inflationary, workforce costs and the roll in of grants previously received separately. The DfE are also planning on changing the way the local authority grant is calculated for 3- & 4-year olds (& 2 year olds receiving additional support), moving from a system of counting pupils at a

high point in the year to an average for the whole year, the DfE have adjusted the funding rate for local authorities to compensate for potential loss of funding as a result of this change.

3.3.4 The amount of funding a local authority can retain to support the delivery of council run (or commissioned) early years education services will also reduce from 4% to 3% of the total Early Years block. Further increasing the rate paid to providers by up to 1%. The expectation from the DfE is that central budgets will remain relatively static in 2026-27, as the reduction in the proportion of budget that can be retained will be offset to some extent by an increase in total block amount as the roll out of the expanded offer continues. The Council has estimated the total amount that can be retained to fund Early Years Services will reduce by £9.3m to £8.3m as a result of these changes.

3.3.5 The principles for setting the early years rates were shared with the Schools Funding Forum for feedback on 12<sup>th</sup> December and 9<sup>th</sup> January, this included representatives from the maintained nursery, Private, Voluntary and Independent Sector and School based nurseries. The Schools Funding Forum supported the following proposals outlined in this report:

- Increases in grant funding would be mainly passed onto providers through an increase in the base rate for providers of around 4% to 5% (depending on affordability).
- Funding received from the mainstreaming of the EYNTPG<sup>2</sup> Grant will be passed to providers through increasing the Quality supplement rate for those settings with a nominated leader with a Qualified Teacher Status and employed on and paid under Statutory Teachers' Terms & Conditions by increasing the rate from £1.34 per hour to £1.40 per hour.
- Other supplements (linked to deprivation and qualified staff not employed under teachers terms & conditions) will remain unchanged from 2025-26.
- SEN Inclusion Fund will continue to be part funded from Early Years Block
- All contingency funding should be removed for 2026-27, and built into the base rate for providers.

3.3.6 A request was made by the Maintained Nursery School to review the lump sum paid to the school in light of the funding made available to local authority through the grant allocation. The Schools Funding Forum requested the Council to review the request ahead of the 28<sup>th</sup> February 2026 and make an necessary adjustments to the payment rates accordingly. The SFF also requested a review of the Quality supplement for 2027-28.

#### **4. Options considered and dismissed, and associated risk**

4.1 Primary & Secondary Schools Local Funding Formula Changes - options that were considered and discarded included:

4.1.1 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 &

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<sup>2</sup> Early Years Budget National Insurance Contributions & Teachers Pay Grant

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”. DfE requirements limit the ability of the local authority to do this without Secretary of State approval.

- 4.1.2 Option to not transfer funding from the Schools Block to the High Needs Block – the transfer from the Schools Budget to the High Needs Block forms part of the agreed Safety Valve plan. If the transfer was not agreed, additional annual savings of £17m would have to be found from the High Needs Block to avoid increasing the overspend (as set out in paragraphs 2.5 & 2.6). This funding is allocated against mainstream inclusion activities such as Community of Schools Funds and Specialist Teaching and Learning Service. Only 25% of schools agreed with this option. The Schools Funding Forum did not support this option (see appendix C).
- 4.1.3 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%) – the amount to be transferred forms part of the agreed Safety Valve plan. If the amount was lower, additional savings within the High Needs Block would have to be found to compensate for the reduction of funding, of a higher amount was transferred – schools would have to make additional savings. 75% of schools agreed with continuing with 1.2% transfer, and all Schools Funding Forum members supporting keeping the transfer the same percentage.
- 4.1.4 Options to change the reduction to the MPPL (either higher or lower) from 2025-26 – The funding formula includes a protection factor to ensure all schools receive a minimum amount of funding per pupil (MPPL). This protection factor will “top-up” a school budget when the budget calculated on the characteristics of a school is lower than the protection threshold (set nationally). By including a reduction to this protection factor, in the same way as the other factor valves, ensures all school budgets contribute towards the funding of the High Needs Transfer. **The reduction to the MPPL is subject to Secretary of State approval, which has been approved.** The option to not reduce the MPPL was rejected on the basis that all schools have a responsibility for SEN and should contribute towards SEN support services. If the MPPL was not reduced 17% of school would not contribute, leaving the remaining 83% to contribute more. The option to increase the reduction from 0.9% to 1.2% was consulted on with schools, on the basis that all schools would then contribute the same amount. Whilst 50% of schools supported this proposal, the Schools Funding Forum did not agree this proposal. Late funding announcements (at the end of November) confirmed the Government intended to “freeze” the MPPL rate in 2026-27 with no inflationary uplift applied (whilst other factor values increased by around 2%). Therefore, by reducing MPPL by a further 0.3% in 2026-27 compared to 2025-26 would effectively be a “cut” in funding for 17% of schools.
- 4.1.5 Option to set the Minimum Funding Guarantee (MFG) within the Government’s allowable range – The funding formula includes a protection factor to ensure all schools receive a minimum change in funding per pupil (MFG). For 2026-27 the Government confirmed Local Authorities could set the MFG between 0% and -0.5% (i.e. year on year funding for schools must either stay the same or

could be up to 0.5% lower than the previous year). Almost all schools supported the principle that MFG should be set at the higher end of the range, and to protect school funding as much as possible, and avoid a per pupil “cut”. The Schools Funding Forum also supported this principle.

4.2 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:

4.2.1 Changing the basis of the funding rates in addition to or instead of applying a standard uplift – rates for 2 years and under were introduced in 2024 following consultation with the sector and Schools Funding Forum. Along with changes to the 3- and 4-year olds local funding formula (including contribution to the SEN Inclusion Fund and changes to deprivation supplement). Therefore, following consultation with the Schools Funding Forum it was agreed to avoid any significant changes in 2026-27.

## 5. Financial Implications

5.1 All funding proposals associated with the Schools’ Local Funding Formula proposals (primary & secondary schools) and Early Years Local Funding Formula are made within the total School Block and Early Years Block available for distribution in 2026-27. These proposals are not expected to be a cost to the Council’s General Fund.

5.2 The Government requires the full school block to be distributed to schools, except where a block transfer has been agreed. Local Authority’s must budget to spend all of the Early Years Block and for 2026-27 only 3% of the total budgetary allocation can be retained (with school funding forum agreement) for council run or commissioned early years education services.

5.3 The proposals for the primary and secondary school budget includes continuing to transfer funding to support the cost of SEN support services currently paid from the High Needs Block. The High Needs Block is significantly overspent and therefore it is imperative that the Council does all that it can to mitigate this overspend including seeking additional funding where possible i.e through the transfer from the Schools Block. If the transfer were to not go ahead a review of service currently funded by the High Needs Block would have to be undertaken and a further decision (separate to this decision) would have to be taken with any proposed actions to redress the reduced income level. The transfer helps to support future financial sustainability and avoids cuts to SEN services.

5.4 Paragraph 2.4 and 2.5 outlines the latest financial position on the High Needs Block (this is also reported regularly in the Cabinet financial monitoring reports [section 1h](#)). Whilst there is significant ambiguity over future funding arrangements for SEN, the Council continues to part of the Safety Valve Programme. This programme was introduction for those Councils with the highest high needs deficits to support the development of a sustainable plan for recovery; including further funding from the DfE and the Council to pay off part of the deficit. This transfer request forms part of a wider approach to managing the Dedicated Schools Grant deficit recovery alongside reviewing the council’s local policies and process in relation to supporting children with SEN.

5.5 The transfer total of 1.2% is in line with last year's request and has previously been expected to be asked annually until the High Needs budget returns to a more sustainable position.

## **6. Legal implications**

6.1 The Council is required to set the schools budget in accordance with Education Act 2002 and the Conditions of DSG Grant 2026-27 (when published). School Budgets and Early Years funding rates must be published by 28th February of each year for the forthcoming financial year.

6.2 The Schools Funding Forum generally have a consultative role whose composition, constitution and procedures of schools forums are set out in the Schools Forums (England) Regulations 2012 (S.I. 2012/2261) (as amended).

6.3 Section 149 of the Equality Act 2010 provides an obligation upon public authorities to have due regard to certain express equality considerations when exercising their functions, including when making decisions.

## **7. Equalities implications**

7.1 An equalities impact assessment has been completed and is included as part of the consultation documentation. There were no adverse impacts identified. The schools budget includes a number of factors that positively impact some protected groups including disability, sex, and race, by focusing additional funding on certain characteristics linked to these groups. In addition, this proposal will also transfer funding to the high needs block to focus on supporting children with SEN. The reduction to the MPPL will also ensure all schools contribute towards this transfer.

7.2 The proposed Early Years Local Funding Formula includes a contribution towards the SEN Inclusion Fund to support children with SEN in early years settings.

## **8. Data Protection Implications**

8.1 None.

## **9. Other corporate implications**

9.1 This does not have an impact on other areas of the Council.

## **10. Governance**

10.1 To ensure timely implementation of the funding arrangements, this decision delegates authority to the Corporate Director of Children, Young People and Education, in consultation with the Cabinet Member for Education and Skills, to make necessary changes to the Local Funding Formula rates once final affordability is known and following Secretary of State decisions, to implement the decision.

## 11. Conclusions

11.1 The continual tightening of rules around the setting of the local funding formula for primary and secondary school budgets means the opportunity for local choice has become more limited, with each year we move closer to the full implementation of the National Funding Formula, in the meantime the Council will still use its local discretion to prioritise actions to help mitigate its biggest financial risk: the overspend on the High Needs Block. The recommendations continue to ensure all schools are contributing towards this action in line with overall funding increases. Approval has been gained, where appropriate, from the Secretary of State for both the 1.2% transfer and to reduce the minimum per pupil funding level.

11.2 Funding rates for Early Years providers have been set in line with the overriding principle of stability for the sector, and in line with government guidance, whilst the sector continues to roll out the expansion of the free entitlement.

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### Recommendation(s):

- 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:
  - d. Transfer 1.2% of the Schools Block (equates to approximately £17.4m) into the High Needs Block for 2026-27
  - e. In relation to the Kent Local Funding Formula for primary & secondary schools in 2026-27:
    - v. Set the local Minimum Funding Guarantee (MFG) percentage at 0.0% for primary & secondary schools
    - vi. 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
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Primary	£115	£18
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Lump Sum	£3,800	£686
Minimum Per Pupil Funding Level		
Primary		£160
Secondary		£175

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

- vii. 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

- viii. 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).

- f. In relation to the Kent Early Years Local Funding Formula for 2026-27:
  - vi. 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 <i>Indicative*</i> 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

- vii. 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.
- viii. 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)
- ix. Remove the contingency for variations in demand for payments for children aged 2 years.
- x. 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

## 10. Background Documents

10.1 ***The Kent Schools' Local Funding Formula 2026-27 Consultation documentation can be found in the link below:  
[www.kent.gov.uk/schoolfundingconsultation](http://www.kent.gov.uk/schoolfundingconsultation)***

10.2 Cabinet Committee Report presented 18<sup>th</sup> November 2025

## 11. Appendices

- 11.1 Appendix A: Draft Proposed Record of Decision
- 11.2 Appendix B: List of Prescribed Factors and Rates for the Primary & Secondary School Budgets
- 11.3 Appendix C: Schools Consultation Outcomes 2026-27
- 11.4 Appendix C: Equality Impact Assessment (EQIA)

## 12. Contact details

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