

KENT COUNTY COUNCIL – PROPOSED RECORD OF DECISION

DECISION TO BE TAKEN BY:

Rory Love, Cabinet Member for Education and Skills

DECISION NUMBER:

24/00117

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, and Special Education Needs payments for Post 16 providers (FE Colleges & Specialist Post 16 Providers) 2025-26

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 2025 as set out below:
 - a. Transfer 1.2% of the Schools Block (equates to approximately £16.5m) into the High Needs Block for 2025-25
 - b. In relation to the Kent Local Funding Formula for primary & secondary schools in 2025-26:
 - 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 Core Schools Budget Grant:

Factor Value Increase	24-25 Grants*	Full Year Effect Core Schools Budget Grant for 25-26
Basic Entitlement:		
Primary	£213	£51
Secondary Key Stage 4	£300	£71
Secondary Key Stage 5	£339	£80
Free School Meals Ever 6		
Primary	£188	£45
Secondary	£277	£68
Lump Sum	£8,006	£1.915
Minimum Per Pupil Funding Level		

Primary	£257	£62
Secondary	£350	£83

*Teachers Pay Grant; Teachers Pension Employers Contribution Grant; Core Schools Budget Grant

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

MPPFL Factor Value	2025-26 Local Rate £s
Primary	£4,910.41
Secondary Key Stage 4	£6,163.55
Secondary Key Stage 5	£6,741.71

- iv. All other factors within the current local funding formula to increase by approximately 0.2% (after grant funding has been added).

c. In relation to the Kent Early Years Local Funding Formula for 2025-26:

- i. the base rates for the Free Entitlement offer will be set as per the values in the table below:

Free Entitlement Base Rate	2025-26 Rate £ per eligible hour
Over 9 months to 2 years	£10.76
2 years	£7.84
3- & 4-year olds	£5.34

- ii. Increase the 3- and 4-year olds quality supplement by £0.14 per hour to £1.34 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 5% to 4% in line with government guidance (total estimated budget of £9.3m)

- iv. Remove the contingency for variations in demand for payments for children over 9 months and under 2 years.

- v. Early Years Pupil Premium and Disability Access Fund to be set in line with nationally prescribed rates.

d. approve a minimum 1% inflationary uplift to Special Educational Need payments made by the Local Authority to State-Funded Schools (SEN Inclusion Fund, Specialist Resource Provisions, Special Schools, Alternative Provision) and Post 16 providers (FE Colleges & Specialist Post 16 Providers) from 1 April 2025.

- 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 specific education grants during 2025-26 provided by the Department of Education, in line with grant conditions.

Reason(s) for decision:

Background:

In response to the Government confirming increases in the Dedicated Schools Grant for 2025-26 (a ring-fenced grant from the Department of Education), Kent County Council is set to receive approximately £35m in 2025-26 to distribute to primary and secondary school budgets in Kent (including both Schools maintained by this Local Authority and Academies). Along with £23m (equivalent to 3.7%) for High Needs and an estimated £7m for early years free entitlement. This decision will confirm how this additional funding will be distributed to schools in line with Government guidelines.

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 2025-26 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 funding formula rates to contribute towards the provision of special educational needs in state-funded education settings including SEN Inclusion Fund (Early Years Providers), mainstream top-up funding, specialist resource provisions, maintained & academy special schools, and post 16 providers (including FE colleges and Specialist Post 16 Providers).

The Council is also 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).

Links to Framing Kents Future and Securing Kent's Future:

- The decision is linked to the key priority "Levelling up Kent" within the 'Framing Kent's Future (2022-26)'
- Whilst the decision relates to the distribution of ring-fenced grant, this decision is linked to achieving the overall objectives of 'Securing Kent's Future – Budget Recovery Strategy' 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, High Needs (special educational needs payments) and Early Years Free Entitlement, and will not be a further cost to Council funding.

- However, whilst the intention is for recommended increases to be met from rises in grant funding, it should be noted, in relation to High Needs, the Council has agreed to fund £82m from General Fund towards the accumulated High Needs deficit (estimated to be £222m by 2027-28) arising from the total spend on SEN services exceeding the annual Grant received from the DfE for High Needs services since before 2018-19.

Legal implications:

There are no legal implications, but the Council is required to set the schools budget in accordance with Education Act 2002 and the Conditions of DSG Grant 2025-26.

The Secretary of State has agreed the 1.2% transfer of the Schools Block to the High Needs Block and the Minimum Per Pupil Funding Rate.

Equalities implications:

An equalities impact assessment has been completed and is included as part of the consultation documentation. There were no adverse impacts identified.

Cabinet Committee recommendations and other consultation:

The Children's and Young People Cabinet Committee considered and endorsed the decision on 16 January 2025.

An all-schools consultation took place in December 2024. 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 were shared with the Schools' Funding Forum on 10 January 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".
- Option not 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)
- Options to change the reduction to the MPPFL (either higher or lower) from 2024-25
- Option to set the Minimum Funding Guarantee at -0.5% rather than 0% (with the governments allowable range)

High Needs Funding Formula Changes:

Options that were considered and discarded included:

- No uplift (to reflect the Council is overspending the grant and to support with savings on the High Needs Block)

- Uplifts above average uplift in primary and secondary school funding rates (excluding impact of rolling in grants previously received separately).

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

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

None



20 February 2025

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signed

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date