

KENT COUNTY COUNCIL – PROPOSED RECORD OF DECISION

DECISION TO BE TAKEN BY:

Rory Love, Cabinet Member for Education and Skills

DECISION NUMBER:

24/00099

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

Key decision: YES

The decision will:

- a) *result in savings or 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); and*
- b) *be significant in terms of its effects on a significant proportion of the community living or working within two or more electoral divisions – which will include those decisions that involve:*
 - *the adoption or significant amendment of major strategies or frameworks;*
 - *significant service developments, significant service reductions, or significant changes in the way that services are delivered, whether County-wide or in a particular locality.*

Subject Matter / Title of Decision – Funding of Services to Schools – 2025-26

Proposed decision:

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

- (a) Approve the proposal to the School Funding Forum that funding for the following services should be provided from the schools' budgets in line with the funding all schools receive under the National Funding Formula, as is currently the case for Academies, and that the Council no longer provides its own additional funding for these purposes:
 - School improvement and intervention support for maintained schools and PRUs;
 - Moderation of national curriculum key stage assessments;
 - Support to governing bodies when recruiting their headteacher; and
 - Redundancy and associated pension costs relating to school staff.
- (b) Delegate authority, subject to the agreement by the School Funding Forum to the proposals and the final outcome reflecting the Policy decision made above by the Cabinet Member, to the Corporate Director for Children, Young People and Education to take relevant actions including but not limited to entering into relevant contracts or other legal agreements as required, to implement the required changes to give effect to the decision.

Reason(s) for decision:

1. Changes to national funding regime
 - 1.1 The national funding arrangements for schools and local authorities has been shifting over the years as the Department for Education (DfE) seeks to move schools and academies to a consistent funding arrangement.
 - 1.2 With the introduction of the School Funding Reforms in 2013-14 Local Authorities were directed to delegate a number of former centrally retained Dedicated Schools Grant (DSG) budgets to schools for the first time. At the time, a total of £8.7m of DSG funding was delegated to schools from 1 April 2013 and at the same time, local Schools Funding Forums were given the powers to de-delegate funding. This is where some of this funding is returned to the LA for

certain categories of spend where better efficiency could be achieved through central delivery by the LA.

- 1.3 The Education Services Grant (ESG) allocated to local authorities by the Government for the provision of statutory services in relation to schools was withdrawn in 2016/17. The DfE introduced a provision within the School Funding Regulations for local authorities to agree a contribution from LA maintained schools budget shares towards the cost of statutory services. This principle reflects the charge that most Multi Academy Trusts (MATs) place on their schools for central services.
- 1.4 Between 2017 and 2023 the Local Authority School Improvement Monitoring and Brokering Grant was allocated to local authorities to support them in fulfilling their statutory school improvement functions. When this was withdrawn in 2022/23, local Schools Funding Forums were given the powers to de-delegate and return some of this funding to the LA. The DfE's withdrawal of grant reflects the fact that Academy Trusts are expected to fulfil the same functions for their schools, and that the funding to do so comes from the budgets of the schools in their trusts.
- 1.5 With the introduction of the National Funding Formula and the withdrawal of DfE funding to Local Authorities to support schools, we have seen funding shifting from Local Authorities to schools to pay for services. It is acknowledged that cost pressures and inflation will have reduced the purchasing power of these allocations for schools. However, the Council has been slow in transferring the costs of services from itself to schools in line with DfE changes described above, instead continuing to fund many school services from council tax.
- 1.6 Accordingly, it was important the Council reviewed whether it had kept up with funding changes and was not now inadvertently advantaging maintained schools over academies. In the County, c50% of schools are academies, educating c66% of Kent's children.
- 1.7 The Council provides a range of services to schools. These are delivered by teams across the Council. A review has been undertaken which sought to:
 - identify all services KCC provides to schools – these range from road crossing patrols to school improvement;
 - determine the funding sources and recipient schools to ensure compliance with funding and grant conditions;
 - consider these services against a set of principles provided by Cabinet Members; and
 - identify potential changes and the possible timing of these.
- 1.8 To support this work, Cabinet Members provided the following principles:
 - The Council is not in a position to shield schools from the financial realities they face as our funding reflects the national direction of policy.
 - Council tax money or LA grants will not be used to provide services to schools which they are considered to have been allocated funding through their school budget to self-provide, unless it is in the interests of the Council and its taxpayers to do so.
 - Where council tax or LA grants support services to schools this should be provided to all state funded schools equally, regardless of category.
 - All schools should be funded equitably, therefore if one category has to self-fund an activity, all should, unless there are prescribed exemptions or an agreed subsidy.
 - Our policy framework should reflect the national direction of travel and guidance, with the LA discharging its more strategic roles and responsibilities, and all schools moving to be self-reliant (regardless of category). This will usually be within a family of schools (federation or MAT).

2. Consultation

2.1 The outcome of the review was reported to the Corporate Management Team in May 2024, with recommendations for potential change. Following further development of the proposals a consultation with maintained schools and pupil referral units was issued on 9 September 2024. This covered four areas of service, with proposals to change how these are funded from 1 April 2025. It also highlighted further areas of potential change from 1 April 2026 which are currently being developed further and would be subject to consultation at a later date.

2.2 The four proposals were:

- **School improvement services (including delivery of the Council's responsibility in relation to schools causing concern)** – the proposal was that maintained schools fund the associated costs through de-delegating fund from their delegated budgets.
- **Moderation of end of key stage assessments** – the proposal was that maintained schools fund the associated costs through a top-slice of their delegated budgets.
- **Headteacher recruitment support** - the proposal was that maintained schools either fund the associated costs through de-delegating fund from their delegated budgets or buy the support they need as and when required.
- **Redundancy and early retirement costs** – the proposal was that maintained schools fund these costs through de-delegating fund from their delegated budgets. Schools were asked whether the fund should meet the costs of both redundancy and early retirement, or solely the redundancy lump sum. They were also asked if the eligibility criteria should be based on affordability.

2.3 Despite 798 visits to the consultation page, only 39 responses (from 33 schools) were received. This represents 11% of the eligible maintained schools and pupil referral units that might have responded. This response rate is disappointing and makes drawing firm conclusions challenging. The simple conclusion might be the 89% that have not responded were sufficiently comfortable with the proposals, responding was not a priority.

2.4 The consultation responses indicated:

- the majority (67%) did not support the proposal to de-delegate sufficient funding to create a School Improvement and Intervention Fund which delivered the current level of service provided to schools;
- more (41%) agreed/strongly agreed with the proposal to top-slice schools' budgets to fully fund the costs of moderating end of key stage assessments than disagree/strongly disagreed (33%);
- 74% preferred the option that schools buy in the support for headteacher recruitment as and when they need it, rather than de-delegating funding for this; and
- more (43%) agreed/strongly agreed with the proposal to de-delegate funding from schools' budgets to fully fund redundancy and associated pension strain than disagree/strongly disagreed (32%), with 62% supporting that the Redundancy Fund should meet both redundancy and pension strain costs; and 62% not wishing the eligibility criteria to be tightened to include affordability.

2.5 The responses as to why respondents disagreed or strongly disagreed with individual proposals consistently indicate two opposing positions – the Council should not de-delegate funding because schools should meet these costs themselves and should buy what they need, verses, schools cannot afford this delegation and (inferred) the Council should continue to provide these services. Neither position is entirely tenable. The Council has statutory duties to

promote high standards in maintained schools and PRUs and to intervene when these standards are threatened. Whilst it can adopt a light touch school improvement system which relies upon monitoring available data and issuing warning notices to schools to address any concerns, there remains a cost to the Council. It may be possible to further streamline our moderation of end of key stage assessment processes or to create a completely different model with schools providing suitably trained and qualified staff to undertake the activity under the co-ordination of the Council, but this does not make for a cost-free solution. Redundancy costs have to be met. Whilst it is accepted school budgets are under pressure, the fact remains the funding for these costs has transfer to them and the Council is no longer in a position to provide additional funding to maintained schools beyond the national funding formula.

2.6 In order to minimise the financial impact on maintained schools, the Council proposed to re-define existing de-delegated budgets to contribute this funding to the proposed School Improvement and Intervention Fund and the Redundancy Fund. Currently this represents £1.5m of school funding.

3. Proposed Recommendation to the Schools Funding Forum

3.1 The funding regulations require proposals for de-delegation and/or top-slicing of maintained schools' budgets to be supported by the relevant representatives of the Schools Funding Forum (i.e. the primary maintained schools representatives on the matters affecting this sector). Accordingly, the Council's decision will be presented as a recommendation to the Schools Funding Forum. The Forum will be consulted in December 2024 once the Council's decision has been made.

3.2 In light of the responses received, I propose that:

School Improvement and Intervention – the Schools Funding Forum be asked to agree to create the School Improvement and Intervention Fund as defined in paragraph 3.5 of the Decision Maker's Report.

Moderation of end of key stage assessments – the Council seek agreement from the Schools Funding Forum to proceed and top-slice funding to cover these costs.

Headteacher recruitment support – the Council cease funding this support and agree option 2 - schools and PRUs buy in the support they require.

Redundancy and early retirement fund – the Council seek the approval of the Schools Funding Forum to create a de-delegated contingency to meet the costs of both redundancy and associated pension strain costs, with access continuing as per current policy.

3.3 The financial implications of this decision for maintained schools and Pupil Referral units would be (subject to final costs and pupil numbers):

De-delegation/buyback rates (£ per pupil) of existing	Primary (64,323 pupils)	Secondary (15,906 pupils)	Special & PRU (5,295 & 532 pupils)	Total pot
School Improvement and Intervention Fund	£24.97	£12.53	£23.84	£1,944,149
Moderation of end of key stage assessments fund	£3.18	-	£3.18	£255,128

Headteacher Recruitment	-	-	-	-
Redundancy Fund (including pension strain)	£6.04	£6.04	£6.04	£519,788
Total	£34.19	£18.57	£33.06	£2,719,065

3.4 In reaching this decision I have considered the Decision Maker’s Report and associated documents including but not limited to the full consultation outcome report, equalities, data protection, legal and financial implications.

Cabinet Committee recommendations and other consultation:

Any alternatives considered and rejected:

The review considered a wider range of services to schools. These were narrowed down to the four areas set out above for change in 2025-26. Consideration was given to ceasing, reducing, continuing or changing the services delivered. Of the proposals above, three relate to statutory duties of the Council and cannot be ceased. Change, in respect of how these are funded were the preferred options. The consultation also explains for each proposal what Council’s options are if these are not supported. In respect of the fourth area, headteacher recruitment support, the proposal is to cease funding this, but the alternative of schools agreeing de-delegation has been consulted on.

In the event that the Schools Funding Forum do not support the proposals the Council can refer the matter to the Secretary of State for a decision. In the short term the savings identified by the proposals would need to be identified from other service areas. If not supported by the Secretary of State, alternative proposals would need to be developed for the medium term. This is likely to necessitate a reduction in the level of service provided, possibly to statutory minimums, to reduce costs as part of a wider proposal to top-sliced maintained schools budgets to fund discharging the Council’s statutory duties to these schools.

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