

# **Change proposals related to local authority funded services to maintained schools and pupil referral units**

## **A. Review of services to schools – context and background**

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. Kent County Council (the Council) has long argued there should be parity of funding between maintained schools and academies, and between Kent schools and those in other parts of the England.

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.

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allocated to local authorities by the Government for the provision of statutory services in relation to schools was withdrawn in 2016/17.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.

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 When this was withdrawn in 2022/23, local Schools Funding Forums were given the powers to de-delegate and return some of this funding to the LA.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.

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.

It was important, therefore, that we looked closely at how the Council funds its maintained schools and the services it provides to these, and in some cases

academies, to ensure there is greater equity in funding. This work was termed the Review of Services to Schools.

To support this work, Cabinet Members provided us 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).

Our review 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 the principles above; and
- identify potential changes and the possible timing of these.

In coming forward with its proposals the Council has carefully considered the options available to it. These included whether the service should cease, reduce, continue or be funded differently.

The Council recognises that school budgets are also under pressure, thus we have considered how we minimise the impact of any changes. We have also determined that changes should be made over two budget years in order to give more time for schools to plan for these. The proposals for 2025-26 will affect all maintained schools (community, community special, foundation, foundation special, voluntary controlled, and voluntary aided schools) and pupil referral units (PRUs).

This consultation focuses on the proposed changes for the 2025-26 financial year but provides details of possible areas of changes in 2026-27. The details and proposals for the latter are still being developed before the Council determines whether or not to proceed with these.

This consultation provides details of the funding mechanisms applicable to primary and secondary maintained schools only. In these proposals we will mention “de-delegation” and “top-slicing”. In summary these mean:

**De-delegation:** Proposals for de-delegation of services applicable are only to mainstream schools. These are services where schools retain the statutory duties, but better efficiency could be achieved through central delivery by the LA. Funding forms part of the school's delegated budget but is removed at source and retained by the Council (de-delegated) on a per-pupil rate with the agreement of the Schools Funding Forum to fund the agreed service.

**Central retention – also known as top-slicing.** Proposals for the central retention of funding for services where the LA retains a statutory duty to undertake activity to support maintained schools only.

In both cases, should the Schools Funding Forum not agree, the Secretary of State can be asked to adjudicate<sup>1</sup>.

Separate arrangements have been in place since 2014 to enable special schools and PRUs to “buy back” and contribute to LA pooled arrangements and benefit from these. For simplicity, we use the term de-delegation in this document. Where it is appropriate to include special schools and PRUs we have. In such cases de-delegation should be taken to mean buy-back by special schools and PRUs.

We appreciate that whether we look to de-delegate or top-slice funding from maintained schools, the effect is the same on schools' budgets, therefore we have not gone into more detail on the technicalities of these in this consultation document. However, in order to help minimise the impact of our proposals on maintained schools' budgets, we are looking to refocus the funding we currently de-delegate from schools in respect of schools in difficulty. Other de-delegations in respect of supply cover for trade union activities and free school meal eligibility are expected to remain unchanged and are not part of this consultation paper. Relevant to the proposals, we currently de-delegate:

#### Schools in Financial Difficulty (DFFG)

This funding is used to support individual maintained schools experiencing financial difficulty. Applications for support are considered by the Delegated Funding Formula Group, a sub-group of the Schools Funding Forum. Where this is not spent it contributes towards costs under targeted intervention as set out below.

#### Schools Personnel Services (Targeted Intervention):

It is used to fund HR Connect (formerly Schools Personnel Service) time where personnel support is needed in difficult cases to negotiate compromise agreements or work with Governing Bodies of maintained schools where action is needed in respect of the senior leadership team in the school.

#### Schools in Financial Difficulty (Targeted Intervention)

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<sup>1</sup> [Schools forum powers and responsibilities, Stat guidance template \(publishing.service.gov.uk\)](https://www.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/414842/schools_forum_powers_and_responsibilities_stat_guidance_template.pdf)

The Forum have agreed for the money to be used to support schools in category, to prevent schools from going into category, to move Kent schools from requiring improvement to good and to retain an Ofsted rating of good.

In recent years the Targeted Intervention fund has funded:

- commissioned support for some secondary schools that have subsequently academised.
- additional school improvement support linked to bids made by Senior School Improvement Advisers for vulnerable schools where these have not had the resources to fund this.
- from 2023-24 (and partly in 22-23), the costs of the additional support provided by The Education People (TEP) to maintained schools RAG rated red and amber were charged to this fund, as were.
- the costs of TEP's Schools Deficits Budgets Team, as it solely provides support to maintained schools with, or at risk of having, a deficit budget.
- costs associated with the prevention of deficits through essential restructures and the funding of deficits when schools academise.

The value of these de-delegated pots in 2024-25, and the spend in 2023-24 is set out in table 1 below.

*Table 1: De-delegation rates in 2024-25 for relevant funds*

<b>Current De-delegation rates (£ per pupil)</b>	<b>Primary</b>	<b>Secondary</b>	<b>Special/ PRU</b>	<b>Total pot 2023-24</b>	<b>Spend in 2023-24</b>
Schools in Financial Difficulty (DFFG)	£1.12	£1.12	£0	£100,625	£100,625
Schools in Financial Difficulty (Targeted Intervention)	£18.74	£8.85	£17.90	£1,346,826	£1,278,199
Schools Personnel Service	£0.86	£0.86	£0.86	£74,521	£112,178
Previous years shortfall in fund*	-	-	-	-	£131,595
<b>Total</b>	-	-	-	<b>£1,512,972</b>	<b>£1,512,972</b>

\*The de-delegation fund has been treated as a rolling fund and underspends have been used to fund overspends incurred in the fund in previous years.

We are also very conscious that any service the Council provides to schools, regardless of how this is funded, must represent good value for money. De-delegating/top-slicing shines a spotlight on what is being provided and the cost. Any request to de-delegate/top-slice is subject to annual consultation and agreement, which provides an ongoing opportunity for the Council to report back to schools on the services provides and to receive feedback on how these might need to change moving forward. This is helpful and increases the transparency for all.

Whilst developing the proposals we set out in section C below, we considered the question “What if this proposal is not supported?”. The Council could of course decide not to continue with a particular proposal and look elsewhere for savings. It should be taken as read that we are not discounting this option. However, against each proposal we have set out the answer(s) we came to assuming the Council determined it should proceed in some shape or form. We do so to be open and honest. We would stress this is a consultation, no decisions have been made, and the views received through this consultation will be considered through our democratic process as set out in section F – What happens next?

## **B. Area of potential change for 2025-26 – why have these been considered?**

### **1. School Improvement Services (including delivery of the Council's responsibilities in relation to Schools Causing Concern)**

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, including those set out in the Schools Causing Concern (SCC) guidance. These require councils to monitor the performance of maintained schools, broker school improvement provision, and intervene as appropriate. The DfE reduced the grant by 50% for the financial year 2022/23, the final year the grant was given. 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.

To mitigate the adverse impact on the provision of school improvement services to maintained schools, Part 7 of Schedule 2 to the School and Early Years Finance (England) Regulations 2024 enables councils to de-delegate both core and additional school improvement activities and associated expenditure.

Until 2022-23 the Council continued to fund the school improvement work it commissions from The Education People (TEP), which supports maintained primary, secondary and special schools and PRUs (details of the services commissioned from TEP are at Appendix 1), using the DfE funding. With a reduction in the DfE funding in 2022-23 (and funding ceasing completely in 2023-24), and a proportion of the de-delegated Schools in Financial Difficulties (Targeted Intervention) Fund has been used to fund the work of the budget deficits team in School Financial Services, and to pay for the additional work the school improvement service delivers in maintained schools/PRUs RAG rated amber and red by the LA. However, in line with the principles above, it is necessary to further adjust this position to reflect all costs of school improvement as set out in section C.

### **2. Moderation of end of key stage assessments**

The Education Act 2002 requires the Council to monitor National Curriculum assessment arrangements required by Orders made under section 87(3) of the Act. The requirements can be summarised as, the Council must:

- make provision for moderating teacher assessments;
- quality assure assessment data that is part of a school's submission and submit it to the DfE;
- ensure schools have access to training and advice in all aspects of key stage 1 assessment and exam processes; and
- must visit schools administering KS2 tests for monitoring purposes.

The Council commissions TEP to deliver these duties on its behalf (see Appendix 2 for full details). We receive a grant of £39,000 from the DfE to support this activity on



behalf of maintained schools, however the current costs are £294,000. Academy and free schools are required to arrange moderation but may choose the LA they commission to provide this service. Accordingly, TEP offer this chargeable service to academies and free schools on our behalf. Academy Trusts receive a grant to help enable their school(s) to buy in external moderation.

Similarly to above, the school funding rules enable the Council to consider whether it should seek funding from maintained schools to meet the “76. *Expenditure on monitoring National Curriculum assessment arrangements required by orders made under section 87(3) of the 2002 Act.*”<sup>2</sup>

The funding gap between the grant received and the costs of provision is not sustainable for the Council, therefore change is required.

### **3. Headteacher recruitment support**

The Council invests in supporting governing bodies of maintained schools and the management committees of PRUs to discharge their duties to appoint a headteacher. We commission TEP and HR Connect to provide school improvement and HR officers who work with governors throughout the process, including the initial meeting in which governors agree their person specification, job description and process, through shortlisting including contacting candidates, requesting references and preparing candidate packs, and the selection days. Further information as to what is provided can be found at Appendix 3.

The Council has made this investment because high quality school leadership is fundamental to delivering good or better education provision and thus good school places. The consequences of getting the decision wrong and making a poor appointment impact significantly on children, families and staff, as well as the governing body which has to manage the underperformance and associated issues. This can also necessitate further school improvement and intervention support, which itself carries a cost.

The Council has carefully considered its position on continuing to support governing bodies in recruiting their headteachers. Funding for the costs of staff recruitment is in schools’ delegated budgets, so the Council considers it should not continue to fund headteacher recruitment support. However, the Council acknowledges that headteacher recruitment decisions are amongst the most significant governing bodies might make, therefore they should ensure they are appropriately advised to make this key decision.

Whilst the Council’s proposal is to stop funding this support, it would welcome schools’ views on alternative funding models for this, which are set out in the proposals (section C) later in the paper.

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<sup>2</sup> The School and Early Years Finance and Childcare (Provision of Information About Young Children) (Amendment) (England) Regulation 2024 – Schedule 2, Paragraph 76.

#### **4. Redundancy and early retirement costs**

In light of the principles above and statutory guidance, a further area the Council has to reconsider is where the costs of school-based redundancy and early retirement are charged.

DfE guidance<sup>3</sup> summarises the position relating to the charging of voluntary early retirement and redundancy costs. It sets out what is specified in legislation and provides examples of when it might be appropriate to charge an individual school's budget, the central schools budget or the local authority's non-schools budget. In summary it says:

*The default position, therefore, is that premature retirement costs must be charged to the school's delegated budget, while redundancy costs must be charged to the local authority's budget.*

*In the former case, the local authority has to agree otherwise for costs to be centrally funded, while in the latter case, there has to be a good reason for it not to be centrally funded, and that cannot include having a no redundancy policy.*

*The local authority can retain a central budget within the schools budget to fund the costs of new early retirements or redundancies by a deduction from maintained school budgets, excluding nursery schools, only where the relevant maintained school members of the schools forum agree.*

*A de-delegated contingency could be provided, if schools forum agree, to support individual schools where a governing body has incurred expenditure which it would be unreasonable to expect them to meet from the school's budget share.*

Currently, the cost of redundancy and associated pension strain costs has paid by the Council, provided the redundancy is necessary to address a potential budget deficit. These costs have been met from either the Schools in Financial Difficulties Targeted Intervention Fund, where there has been sufficient funding, or by the Council. However, academies must meet these costs from within their own budget.

The Council believes that if one category of school has to bear a cost, all should do so, or none. It is not feasible for the Council to pick up redundancy costs for academies, which now educate over two thirds of the County's children, and therefore maintained schools should meet the full costs of redundancy moving forward.

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<sup>3</sup> [Schemes for financing local authority maintained schools 2024 to 2025 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/100000/schemes_for_financing_local_authority_maintained_schools_2024_to_2025_-_gov.uk) - section 17 (Annex B)



## C. The proposals for 2025-26

### 1. *School Improvement Services (including delivery of the Council's responsibilities in relation to Schools Causing Concern)*

Our proposal for 2025-26 is that the full costs the Council's school improvement work, including both monitoring and intervention, is funded through a de-delegated fund entitled School Improvement and Intervention. This would include the current activity commissioned from TEP at Appendix 1 (excluding headteacher recruitment support), a proportion of the costs of the Area Education teams (approximately 5%) to account for their time related to school improvement and intervention, and the costs of HR Connect in supporting the Assistant Directors Education when they lead intervention in maintained schools. This fund would replace the current targeted intervention fund and relevant schools personnel service de-delegation. The definition given to this new pot would be:

#### *School Improvement and Intervention*

*This funding is used by the Council to fulfil its statutory duties in respect of promoting high standards in schools, to monitor, categorise, support and challenge schools to ensure all pupils make adequate progress, and are inclusive environments; to discharge the Council's duties of ensuring schools deliver the national curriculum and assessment requirements specified by regulations and statutory guidance; and enact its intervention duties in accordance with legislation and statutory guidance.*

We believe the proposal represents the best way forward. It fits with the principles set out above:

- it recognises the government policy and national direction of travel (for schools to fund their own improvement);
- that government believe schools have already been funded for this activity; and
- that if one category of schools is expected to fund the activity, all should do so.

It seeks to minimise the changes to schools' budgets in 2025-26, whilst maintaining the essential work of the Council in supporting schools to all be good or better, and to remain so. It continues to provide additional support to vulnerable schools but stops short of being able to make financial contributions for specific interventions, which historically the Intervention Fund would have paid for. We feel this is an appropriate compromise, with the Council and its maintained schools supporting all schools to improve, with extra help for those who need it at times of difficulty but retaining a sense of responsibility for self-improvement.

We are proposing the following de-delegation rate set out in Table 2:

*Table 2: Proposed de-delegation rates for school improvement and intervention*

<b>School Improvement</b>	<b>Rate (Cost per Pupil)</b>	<b>Estimated size of pot</b>
Primary	£24.97	£1,605,868
Secondary	£12.53	£199,352
Special and PRU (Buyback)	£23.84	£138,929
<b>Total</b>	-	<b>£1,944,149</b>

*What will schools receive under this proposal?*

Schools will continue to receive the same school improvement and intervention support from the Council as now, with the exception of headteacher recruitment (see below) and there would not be the opportunity for schools RAG rated amber and red to secure funds to support specific interventions or brokered school to school support. Schools will have to fund these direct interventions themselves.

Please note, the Council will be consulting on an Education Strategy in the autumn term 2024. This may have implications for the model of school improvement support for maintained schools in the future. The earliest any new model would be commenced is the new academic year September 2025. For the 2025-26 financial year, the funding for any school improvement and intervention support would be as above. The Council is required to consult schools annually on de-delegation, thus the funding for any future school improvement and intervention model is subject to annual support by maintained schools and the Schools Funding Forum.

*What if the proposal is not supported?*

The Council's options would be:

- i) To reduce the level of support and reconsult schools on a revised offer and cost of de-delegation.
- ii) To reduce support levels to the statutory minimum. This might mirror the DfE's model in respect of academies – e.g. monitor school performance via published data, information such as complaints, failure to comply with regulations, etc, and to rely upon the Schools Causing Concern process to issue warning notices to schools to bring about improvement. In the event formal intervention is required, adopt a policy of school pays. If the Council's finances dictate, reconsult schools on a top-slice model to meet these costs and if rejected by the Schools Funding Forum, refer the matter to the Secretary of State for determination.

## **2. Moderation of end of key stage assessments**

We propose to introduce a new top-slice fund covering the costs of discharging the Council's responsibility to undertake moderation of national curriculum assessments (as per Appendix 2). The financial effect on maintained schools would be as set out in table 3 below.

*Table 3: Proposed top-slice rates for moderation of end of key stage assessments*

<b>Moderation</b>	<b>Rate (Cost per Pupil)</b>	<b>Estimated size of pot</b>
Primary	£3.18	£204,547
Special	£3.18	£50,581
<b>Primary/Special Total</b>	-	<b>£255,128</b>
DfE Grant	-	£39,000
<b>Total</b>	-	<b>£294,128</b>

*What will schools receive under this proposal?*

The current processes and support for moderation would continue. Schools would see no change.

*What if the proposal is not supported?*

The Council's options would be:

- i) To work with schools and TEP on a different model based around school staff undertaking the role of moderators as part of their CPD and without reward/charge, co-ordinated by TEP on the Council's behalf. Please note to be a moderator the individual has to be trained and to pass the Standards and Testing Agency's moderators' assessment. Schools would need to commit to releasing staff for training and duty. This model could not be put in place for 2025-26.
- ii) To refer the matter to the Secretary of State for determination.

**3. Headteacher recruitment support**

The Council proposes to cease funding its support for governing bodies and management committees in their headteacher recruitment process. However, it believes it is important governing bodies and management committees access appropriate support in this important decision-making process. Therefore, we welcome the views of schools and PRUs on:

**Option 1** – a de-delegated Headteacher Recruitment fund is created, under the school improvement de-delegation financial regulation. All maintained schools and PRUs are able to access the current level of support provided (see Appendix 3) for one full round of headteacher recruitment only. In the three years 2021-24, a candidate was successfully appointed in the first selection round on 73% of occasions. It is expected that if a governing body or management committee was not able to appoint in the first full round (i.e. having run any of its selection days), it will have developed the competence to run subsequent rounds unsupported, or will commission the support it needs. By limiting support to one full round, the Council will be able to reduce the funding rate per pupil required to create the fund, which we propose would be as per table 4.

Table 4: Proposed de-delegation rates for headteacher recruitment support

Headteacher Recruitment Fund	Rate (Cost per Pupil)	Estimated size of pot
Primary	£3.22	£207,120
Secondary	£3.22	£51,217
Special/PRU (Buyback)	£3.22	£18,763
<b>Total</b>	-	<b>£277,100</b>

**Option 2** – schools commission directly the headteacher recruitment support they need. TEP and HR Connect, both companies in the Commercial Service Group, provide the Council funded support currently. This Group, or other providers, will be able to offer schools a comprehensive package to aid governors.

*What will schools receive under this proposal?*

This depends on the option chosen. Option one would see governing bodies/management committees continuing to receive the same support for headteacher recruitment as now, except for one round only. Under option two schools and PRUs would not receive any funded support from the Council.

*What if the proposal is not supported?*

Option 2 would be selected.

#### **4. Redundancy and early retirement costs**

The proposal is to treat redundancy costs separately in future and we are proposing to re-purpose the Schools in Financial Difficulties de-delegated fund to create a new Redundancy Fund which maintained schools and PRUs can access. The fund will also cover the Council's costs of commissioning Schools Financial Services in TEP to manage the redundancy costs application process (Appendix 4). The current criteria for schools to access funding from the local authority for redundancy costs is set out below.

*This funding is used to meet the costs of redundancy, including the Council's administration, where these are necessary due to budget constraints. Costs of any other redundancy must be met by the school. Budget constraints are defined as:*

- *The school will go into deficit and remain in that position if there is no reduction in staffing costs.*
- *Reserves are reduced to a level which would result in the school not being sustainable in financial terms. An in-year deficit is not necessarily assessed as being a financial reason if this is caused by one off expenditure or if there is not a continuous trend of in year deficits.*

*The following exceptions are applied:*

- *Where the school is making staffing reductions which the LA does not believe are necessary to either set a balanced budget or meet the conditions of a licensed deficit.*

- *If a school has decided to offer more generous terms than the authority's policy, then it would be reasonable to charge the excess to the school.*
- *If a school is otherwise acting outside the LA's policy.*
- *Where the school has excess surplus balances and no agreed plan to use these.*
- *Where the school has failed to make reasonable attempts to redeploy 'at risk' staff within the school.*
- *If the only cause of the revenue deficit is due to the school making a revenue contribution to capital. The only circumstances that this would be agreed would be if there was an outstanding capital loan and the amount contributed was equal to or less than the shortfall in the loan repayments.*
- *Where staffing reductions arise from a deficit caused by factors within the school's control. This could be demonstrated by a school that has previously submitted a Three-Year Budget Plan or monitoring which indicates management action is required in the next two years but makes decisions which contribute to the deficit. For example, appointing permanent staff or authorising a building project.*

*Any criteria listed above is in addition to and not contradictory to Personnel requirements or the guidance given by HR Connect. Personnel Service providers other than HR Connect must also adhere to the criteria.*

#### *Recovery of Funds:*

*For the two financial years after the effective date of the redundancy, the LA will consider whether the financial circumstances of the school have improved or if staffing costs increased post redundancies. If it is shown that the cost could have been borne by the school, the funding will be reclaimed and returned to the LA's centrally held budget to allow other schools to access this funding.*

Under this criteria, there is no assessment made as to whether the school could "afford" the cost of the redundancy or whether by paying the redundancy costs it would make the school unsustainable in financial terms.

*Simplified Example: A school was forecasting an ongoing in-year deficit of £10,000 per year (and they had no reserves). They make a staff member redundant who cost £20,000 per year, with an associated redundancy cost of £4,000. This means the school will now have a £10,000 surplus each year. Under the current policy this school would be eligible for their redundancy cost of £4,000 to be paid by the LA, even though the school could have afforded to pay the associated redundancy cost themselves.*

We are seeking schools' views on continuing to use the current criteria and specifically whether we should add a further exception based on whether the school could "afford" to pay the redundancy cost without risking their financial sustainability in the medium term (within 3 years).

### *Eligible Redundancy Costs: Early Retirement Pension Costs*

Currently, if the Application for Approval of Payment of Redundancy Costs is successful, both the redundancy lump sum payment and any associated pension strain costs relating to an early retirement is also met by the LA.

In this consultation we are seeking school views as to whether, where a school meets the financial criteria for support, redundancy costs and related early retirement costs should continue to be met by the LA through the proposed central fund, or whether the funding of early retirements should be treated separately to redundancy costs. If both costs are covered this will mean the total funding required for de-delegation will be higher per pupil.

Table 5 below shows the current and forecast costs of redundancy and related early retirement costs in previous years, not including administration costs.

*Table 5: Current and forecast costs of redundancy and related early retirement*

-	Primary		Special		-
Financial Year	Redundancy	Early retirement	Redundancy	Early Retirement	Total
2024-25	£302,328	£250,025	£229,261	£93,000	£884,614
2023-24	£10,689	£89,209	£40,524	£60,736	£201,158
2022-23	£38,380	£263,973	-	-	£302,353
2021-22	£195,830	-	-	-	£195,830

Unfortunately, the current rate of de-delegation for schools in financial difficulty does not provide a suitably sized fund to meet all of the anticipated costs of redundancy and related early retirement. We are proposing the following size fund if all redundancy and related early retirement costs, including administration costs are met (table 6). Recently the secondary sector has not experienced redundancy costs, but we wish to explore in the consultation whether secondary schools would want to create a pot that would provide financial support should they meet the criteria.

*Table 6: Proposed de-delegation rate for a redundancy and related early retirement costs fund*

Redundancy Fund	Rate (Cost per Pupil)	Estimated size of pot
Primary	£6.04	£388,511
Secondary	£6.04	£96,072
Special & PRU	£6.04	£35,195
<b>Total</b>	-	<b>£519,788</b>

If we were to create a fund where only the redundancy lump sum payment was funded and a school was expected to fund any associated early retirement costs, we would look to create a smaller de-delegated fund (table 7).





*Table 7: Proposed de-delegation rate for a redundancy cost only fund*

<b>Redundancy Fund</b>	<b>Rate (Cost per Pupil)</b>	<b>Estimated size of pot</b>
Primary	£2.91	£187,180
Secondary	£2.91	£46,287
Special & PRU	£2.91	£16,957
<b>Total</b>	<b>-</b>	<b>£250,424</b>

We plan to administer the redundancy and related early retirement fund as a year-on-year rolling de-delegated fund, so if the fund underspent, we would roll this funding into the next financial year. However, if the fund overspent, we would expect this to be the first call on the following year's budget.

The consequence of all of the above proposals is that schools in financial difficulty will not be able to access additional funding to help manage an unexpected event. We believe, in the current climate, this is a fair compromise. The Council currently commissions a significant amount of support from TEP's Schools Financial Services to ensure schools do not get into deficit, and if, exceptionally they do, that a budget recovery plan is implemented which brings the school's budget back in to balance within the three-year term of a licenced deficit. In 2023-24 two maintained primary schools had year end deficits (0.7% of maintained schools) with an average debt of approximately £37,000. Nationally in 2022-23, 13.1% of maintained schools were in deficit. This favourable national comparison suggests the Council's investment in supporting schools to not get into deficit in the first place is worthwhile and mitigates the need for a fund to support schools in financial difficulty.

#### *What will schools receive under this proposal?*

The outcomes of these proposals will depend on feedback from this consultation and the Schools Funding Forum. However, in summary schools in financial difficulty will continue to be able to access financial support to cover redundancy and/or related early retirement costs. The criteria for accessing this fund may remain unchanged or may tighten so that only schools which meet the current criteria and who cannot "afford" the redundancy costs in the medium term will be eligible. The current process for applying will remain unchanged.

Schools in financial difficulty would not be able to access additional funds to help manage any exceptional event.

#### *What if the proposal is not supported?*

The Council's options would be:

- i) To work with the Schools Funding Forum to review and amend the criteria and exceptions.
- ii) To refer the matter to the Secretary of State for determination.

## D. Overall impact of the proposals

Table 8 below summarises the current costs de-delegation related to schools in financial difficulty and targeted intervention, and the costs of de-delegation/top-slicing contained in the proposals. All of the pupil numbers and figures contained in this are indicative, actual figures will be based on 2025/26 financial data. Please note the pupil numbers related to maintained schools only

*Table 8: Existing and proposed de-delegation rates*

<b>De-delegation/buyback rates (£ per pupil) of existing</b>	<b>Primary (64,323 pupils)</b>	<b>Secondary (15,906 pupils)</b>	<b>Special &amp; PRU (5,295 &amp; 532 pupils)</b>	<b>Total pot</b>
Schools in Financial Difficulty (DFFG)	£1.12	£1.12	£0	£100,625
Schools in Financial Difficulty (Targeted Intervention)	£18.74	£8.85	£17.90	£1,346,826
Schools Personnel Service	£0.86	£0.86	£0.86	£74,521
<b>Total</b>	<b>£20.72</b>	<b>£10.83</b>	<b>£18.76</b>	<b>£1,512,972</b>
-	-	-	-	-
<b>De-delegation/top-slice/buyback rates (£ per pupils) of proposals</b>	-	-	-	-
School Improvement and intervention	£24.97	£12.53	£23.84	£1,944,149
Moderation	£3.18	-	£3.18	£255,128
Headteacher Recruitment	£3.22	£3.22	£3.22	£277,100
Redundancy Fund (this includes the early retirement option)	£6.04	£6.04	£6.04	£519,788
<b>Total</b>	<b>£37.41</b>	<b>£21.79</b>	<b>£36.28</b>	<b>£2,996,165</b>
<b>Increase per pupil/budget</b>	<b>£16.69</b>	<b>£10.96</b>	<b>£17.52</b>	<b>£1,484,193</b>

It can be seen from the above that the difference between the current de-delegated amount and the amount if all the proposals for de-delegation/top-slicing is £16.69 per pupil for primary schools, £10.96 for secondary schools and £17.52 for special schools and PRU's.

## E. Overview of the areas for change being considered for 2026-27

We committed to provide an overview of possible future changes which affect maintained schools budget. Following the review of services to schools, it has been agreed that we will undertake further work to develop proposal for change in 2026-27 related to the following areas (table 9):

*Table 9: Potential areas for change in financing in 2026-27*

Area	Service	Activity	Maximum Financial implication
Premises issues - revenue items and health and safety advice (maintained schools)	TFM	Statutory compliance testing & surveys	£2,350,000
	TFM	Tree surveys	£171,600
	Health and Safety	Advice, training, policy, and audit, plus support following an incident/intervention	£552,000
HR services (maintained schools)	Education / HR	Employment Tribunal awards	£50,000
	Education / HR	Staff care	£235,000
	Education / HR	Administration of the Teachers Pensions	£140,000
			<b>£3,486,286</b>

We are currently looking at the legal, contractual and practical aspects of these to determine whether all or any should progress to consultation with schools. The underlying direction of travel is to explore moving to a clear top-slicing regime covering these areas, and potentially those set out in the 2025-26 section above. To provide schools with an idea of the financial impact of the 2026-27 areas being consider, if we simply calculate a cost per pupil it would be £40.76. Please note this is simply to provide an indication as further work is needed on the costs, whether activity can be reduced, and whether cost differentials for primary, secondary and special schools and PRUs need to be applied.

## **F. What happens next?**

Headteachers, bursars and governors of local authority-maintained schools and PRUs are invited to submit their responses **via.....**. This consultation runs from 9 September for 6 weeks, closing at 5pm on Friday 18 October 2024.

The outcome of the consultation will be presented to the Children's, Young People and Education Cabinet Committee on 21 November 2024. The Committee will be asked to make a recommendation to the Cabinet Member for Education and Skills in respect of the proposals.

The Cabinet Member for Education and Skills will be asked to make a decision on behalf of the Council following the Cabinet Committee meeting.

The Cabinet Member's decisions becomes the Council's proposal to the Schools Funding Forum. This proposal will be considered by the Forum in December 2024 (date to be confirmed). The respective representatives for maintained primary and secondary schools will vote on whether to agree or reject the Council's proposals.

In the event the Schools Funding Forum rejects the Council's proposals, the Council has the right to refer the matter to the Secretary of State for determination.

## Appendix 1

### ***TEP School Improvement Support***

TEP is commissioned by the Council to fulfil its statutory duties and responsibilities for school improvement. The Council has a duty to:

- exercise functions with a view to securing (and validating that a head teacher ensures):
  - ✓ that the curriculum provided is broad and balanced;
  - ✓ that the curriculum comprises the National Curriculum, including implementing key stage test arrangements (SATs) and examination preparation (GCSE etc);
  - ✓ the curriculum includes provision for religious education and for relationships, sex and health education as appropriate in primary and secondary schools;
  - ✓ there is due regard to statutory guidance issued by the Secretary of State.
- produce an action plan if a maintained school goes into special measures following an OFSTED inspection;
- comply with statutory requirements if it decides to use its powers to intervene in underperforming local-authority-maintained schools; and
- to comply with a direction of the Secretary of State to give a school a warning notice.

Accordingly, TEP is currently commissioned to:

- support in production and implementation of the Council's School Improvement Strategy;
- monitor, categorise and report on the quality of education across the schools in Kent;
- use high quality analysis of performance data from MI and local intelligence at school, district and county levels to sharply focus improvement, identify trends and inform support;
- provide advice, support and challenge to schools to improve leadership capacity, teaching and learning and effective action to improve pupil progress and achievement;
- focus on improvement and innovation in teaching and learning, to ensure that teaching improves rapidly to become at least Good;
- promote the use of Kent, National and system leaders and all available support for KALE /KSENT, facilitating and brokering appropriate school to school support in order to secure the leadership of schools in need;
- promote rapid gains in performance across the school system through the leadership and influence of the best performing schools working in collaboration with others;
- work in partnership with the Assistant Directors Education and KCC colleagues to promote effective partnerships with all stakeholders including academy sponsors, academy trusts, employers, SEND providers and other key stakeholders, to build capacity for system-wide improvements;



- represent the Council in school Ofsted meetings, attend feedback and draft statements of action when necessary;
- identify solutions for schools in difficulties;
- support governing bodies with headteacher recruitment;
- work alongside the Assistant Directors Education to intervene in underperformance; and
- work in partnership with the Assistant Directors Education and KCC colleagues to support district-based working and more coordinated and integrated work between schools, early years settings, KCC education and Early Help services, health, social care and other partners.

***Including intervention activity by Governor Services:***

- Make recommendations to KCC for the appointment of additional governors and to establish IEBs, in line with the Statutory Schools Causing Concern Guidance.
- Support School Improvement and interventions for schools causing concern, in line with the intervention action plan created by School Improvement and approved by KCC; including supporting Boards when issued with a pre-warning notice, a directive academy order and supporting coasting double RI's.
- To provide additional support for governing bodies of schools in challenging circumstances; in line with the School Improvement specification, typically appointing Governors to act on IEBs or appointing additional Governors when schools have failed to comply with a Formal Warning Notice.

***Including intervention activity by Schools Financial Services:***

SFS provide support to LA maintained schools in financial difficulty, including schools taken out of delegation. They:

- Work with schools to achieve a deficit recovery plan agreed by governors and approved by KCC's Director of Education and SEN.
- Provide written guidance.
- Provide KCC with reports including summary details of deficits and agreed recovery plans, and produce an annual report summarising year-end figures and budget forecasts on 3-year budget plans submitted by schools in financial difficulty.
- Provide KCC with financial support when intervention is required in Kent LA maintained schools including schools out of delegation, amalgamating, closing and new schools.

## Appendix 2

### ***Moderation of end of key stage assessments***

The Council commissions TEP to deliver its statutory duties under The Education Act 2002, which requires the Council to monitor National Curriculum assessment arrangements required by Orders made under section 87(30 of the Act). The requirements can be summarised as, the Council must:

- make provision for moderating teacher assessments;
- quality assure assessment data that is part of a school's submission and submit it to the DfE;
- ensure schools have access to training and advice in all aspects of key stage 1 assessment and exam processes; and
- must visit schools administering KS2 tests for monitoring purposes.

TEP provide the required moderation manager, who must pass the moderation exercise for the current year, and discharge the following requirements:

#### **Key stage 1 assessment:**

- Undertake monitoring visits to 10% of maintained schools annually.
- Discuss the outcome of the moderation visit with the headteacher.
- If as a result of the visit it appears that an assessment has not been administered in accordance with the provisions, it must (a) bring the matter to the attention of the head teacher; and (b) report the matter to the Secretary of State.

#### **Key stage 2 assessment:**

- Undertake monitoring visits to 10% of maintained schools annually.
- Discuss the outcome of the moderation visit with the headteacher.
- If as a result of the visit it appears that an assessment has not been administered in accordance with the provisions, inform the head teacher and the Authority.
- Investigate any concern which relates to the accuracy or correctness of any results of any pupil in respect of the NC tests administered.
- Where, following an investigation the Authority determines that the accuracy or correctness of a pupil's results is in doubt, substitute the results determined by the Authority.

#### **Moderation of teacher assessment in writing:**

- Moderate teacher assessments of 25% of maintained schools, including having a professional dialogue with the year 6 teacher.
- Notify the headteachers of the results of moderation.
- Review any disputed downgraded assessments.

## **Appendix 3**

### ***Headteacher Recruitment***

The Council currently commissions TEP and HR Connect to provide the following support to governing bodies of maintained schools when recruiting a new headteacher:

#### **Pre interview:**

- All Lead Officers (LO) to complete HT recruitment training and safer recruitment training in line with KCSE (2 days annually).
- Senior Improvement Advisor to source interim leadership if required.
- Discussion with COG around process and sharing of HT recruitment guidance documentation.
- SIA/ Lead officer to liaise with HR connect to draft timeline and HR advisor is assigned.
- Lead Officer is appointed. Diary liaison to try and secure dates and timelines are prepared and distributed.

#### **Initial meeting:**

- LO and HR attend initial meeting.
- LO and HR support in advising on person specification and job description.
- HR advise regarding Headteacher Salary and pay scales.
- HR advise on Keeping Children Safe in Education requirements – safer recruitment requirements including online searches.
- Agree process with recruitment panel including scoring mechanism and recruitment timeline.
- LO to complete full shortlisting activity for all candidates including scoring and online searches.
- Make arrangements for printing, organisation of day, observations etc along with JD and Person Spec, Leadership Scale and any other documents as part of selection day.
- Review references and self-disclosure forms.

#### **Shortlisting (Approximately 1 day depending on number of candidates to review)**

- Agree process for feedback to unsuccessful candidates.
- Panel complete applications scores collated using scoring matrix to agree shortlist candidates.
- Discuss and agree selection day programme.
- HR contact successful candidates.
- HR send unsuccessful emails.
- HR request references.
- HR send self disclosure forms to successful candidates.
- HR share online search guidance with nominated governor.

- Prepare candidate programme and send to LO for review, distribute and share with candidates.

**Selection Days (2-3 days, depending on number shortlisted)**

- Attend selection days tasks and interviews.
- LO liaise with HR Connect of Selection Outcome.
- HR Connect send Chair of Selection Panel offer letter and post recruitment guidance.
- Support COG with feedback.
- Arrange mentoring.

## Appendix 4

### ***Redundancy Administration***

Schools Financial Services (SFS) in TEP are commissioned by the Council to evaluate claims from maintained schools for payment of redundancies. This includes:

- Informing maintained schools of the process to apply for redundancy payments, via published financial controls;
- setting strict financial criteria ensuring parity amongst all maintained schools as laid out in the financial controls;
- analysing applications;
- providing recommendations for agreement to KCC's Director of Education and SEN; and
- informing KCC's Director of Education and SEN if a school's financial position allows for repayment of all/part of redundancy payment.