From: Sarah Hammond, Corporate Director Children, Young People and Education

To: Beverly Fordham, Cabinet Member for Education and Skills

Subject: Services to Schools – 2026-27

Decision no: 25/00071

Key Decision: It affects more than 2 Electoral Divisions, and it involves expenditure or savings of maximum £1m.

Classification: Unrestricted

Past Pathway of report: Children's, Young People and Education Cabinet Committee – 16 September 2025

Future Pathway of report: None

Electoral Division: All

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

Summary: Changes in the national arrangements for funding schools and local authorities have seen a greater proportion of resources becoming incorporated into schools delegated budgets, with less resource retained by local authorities to deliver services for schools. The expectations of successive Governments have been that schools will increasingly chose and fund the services they wish to have. Maintained schools, and pupil referral units have been consulted on proposals to change how certain services provided to them by the Council are funded. This report sets out the outcomes of that consultation and makes recommendations for the Cabinet Member to consider. Adoption of the recommendations requires the approval of the Schools Funding Forum, therefore the Cabinet Member's decision will form the Council's recommendations to the Forum.

Recommendation(s):

The Cabinet Member for Education and Skills is asked to:

(a) Approve a policy change to the funding arrangements for the following services, that from 1 April 2026 these shall be provided from the maintained 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 shall cease to provide additional funding for these:

- *Statutory compliance testing and surveys, including tree surveys;*
- *Health and Safety advice and training;*
- *Employment tribunal awards and associated legal costs;*
- *Staff care (occupational health advice); and*
- *Administration of teachers' pensions.*

(b) Delegate authority to the Corporate Director for Children, Young People and Education, in consultation with the Cabinet Member for Education and

Skills, to (1) take the relevant actions to progress the decision, including as necessary seeking the agreement of the Schools Funding Forum to top-slicing or alternative or revised proposals as required, and (2) in the event it may become necessary, to then take all necessary steps to seek formal determination by the Secretary of State.

(c) *Delegate authority to the Corporate Director for Children, Young People and Education to take all relevant actions including but not limited to entering into relevant contracts or other legal agreements as required, to implement the changes required to give effect to this decision, including implementation of the proposal where it is approved by the Secretary of State provided that such determination aligns with the intended outcome of the decision.*

---

1. Introduction

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. 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.

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 (top-slice) 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 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 its maintained schools in line with DfE changes described above, instead continuing to fund many school services from council tax.

1.5 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.

1.6 The Council provides a range of services to maintained schools. These are delivered by teams across the Council. A review was undertaken to identify all services KCC provides to schools, determine the funding sources and recipient schools of these to ensure compliance with funding and grant conditions; and to identify potential changes and the possible timing of these.

1.7 The first phase of the review was implemented from 1 April 2025[1], which saw maintained school de-delegating funding for school improvement services, and contingencies for the costs of school-based redundancies; along with top-slicing funding for moderation of end of key stage assessments. The Council also ceased funding headteacher recruitment support to governing bodies.

1.8 Phase two of the review is, subject to final decisions, intended to be implemented from 1 April 2026. A consultation with maintained schools and pupil referral units (PRUs) took place in term 6 of 2024-25.

1.9 This report provides details of the outcome of this consultation. For brevity, it does not set out the detail behind each proposal, why each was proposed, how the Council secures value for money (VFM) and the alternatives considered. These details are contained in the consultation document which is attached as Appendix A.

1.10 The Cabinet Member for Education and Skills will be asked to decide on the final proposals on behalf of the Council. However, as four of the five proposals involve top-slicing funding from maintained schools delegated budgets, the Schools Funding Forum will need to agree with the Council's final proposals for these. The Forum will be consulted in November 2025 once the Council's decision has been made.

2. Key Considerations

2.1 The consultation covered five areas of service delivery with proposals regarding how these are funded moving forward. In summary these are:

- **Statutory compliance testing and surveys, including tree surveys –** the proposal is for the Council to continue to commission these services for maintained schools and PRUs, but for the funding to come from their delegated budgets via a top-slice. The decision would be for a rolling 2-year period.

- **Health and Safety advice and training –** the proposal is for the Council to continue to provide health and safety advice and training to maintained schools and PRUs, but for the funding to come from their delegated budgets via a top-slice. The decision would be for a rolling 2-year period.

- **Employment Tribunal Awards –** the proposal is to top-slice maintained school and PRU delegated budgets to meet the Council's costs related to

[1] Key decision: Decision - 24/00099 - Funding of Services to Schools

school-based employment tribunals. The decision would be for a rolling 2-year period.

- **Staff Care (Occupational Health Advice) –** the proposal for the Council to cease commissioning occupational health advice for maintained schools and PRUs. Instead, schools and PRUs would procure their own service from the market, funded from their delegated budgets.

- **Administration of teachers' pensions –** the proposal is to top-slice maintained school and PRU budgets for the Council's full cost of the administering the pension arrangements of maintained school teaching staff. The decision would be for a rolling 2-year period.

2.2 For each area, the consultation document set out what schools would receive under the proposal, the costs, and any changes in service that might be contained within the proposal.

2.3 Proposals for top-slicing maintained schools' budgets requires the support of the maintained schools' representatives (primary and secondary) on the Schools Funding Forum. Similarly, the special school and PRU representatives vote in respect of buy-back.

2.4 In the event that the Schools Funding Forum does not agree, the Council would need to determine how to proceed. Options vary by proposal and are included in section B of the consultation document. These include continuing to provide the service in full or at a reduced level, amending the proposal and reconsulting, or referring the matter to the Secretary of State for determination.

2.5 The final decisions have implications for the Council's contracts and service level agreements with Skanska, Kent Landscape Services and HR Connect, as these organisations provide the majority of these services.

3. Consultation outcome

3.1 The consultation ran from 9 June to 21 July 2025. It was promoted in headteacher briefings, governor updates, and finance information groups, as well as being communicated via KELSI and published the Council's Let's Talk website. The audience was governors, headteachers and business managers of maintained schools and PRUs.

3.2 There were 589 visits to the consultation page, with 423 interactions (such as downloading the document). 71 responses were received from 61 schools. Five responses were received from one primary school, and five from one federation of four schools. Kent has 289 maintained schools and PRUs, thus 21% of schools and PRUs responded. 48 responses were from the primary sector, 12 from the secondary sector, one from an all-through school (included in secondary analysis), nine from the special school sector and one PRU response.

3.3 21 responses were from headteachers, 11 from governors, 37 from school business managers, and two from others postholders in schools.

Statutory compliance testing and surveys, including tree surveys.

3.4 Statutory compliance testing and surveys include the following areas: asbestos management, water hygiene, fire safety, electrical safety, gas, oil and petroleum gas services, lifts, local exhaust ventilation and extraction equipment, trees, and radon.

3.5 Our proposal for 2026-27 is that maintained schools and PRU budgets fund the full costs of the schools element of the Council's facilities management contract with Skanska (though which it arranges and manages all premises-related statutory compliance tests and surveys) and its contract with Kent Landscape Services (for tree surveys on school sites). It is also proposed that a "rolling two year" agreement process be adopted, such that if agreed, the arrangements under consultation would apply to 2026-27 and 2027-28. The annual consultation next year (2026-27) would confirm if the arrangements would continue in 2027-28 and decide if arrangements were to continue or change for 2028-29. This is to enable both schools and the Council to plan for any changes in service delivery and to provide the time for both parties to enter/exit contracts as necessary.

3.6 59% of respondents disagreed or strongly disagreed with the proposals to top-slice maintained school budgets to meet the costs of statutory compliance tests and tree surveys, compared to 38% who agreed/strongly agreed. Secondary phase representatives were more strongly opposed (77% strongly disagreeing), compared to primary and special where respectively 56% and 55% either disagreed or strongly disagreed. The detailed breakdown is as per Table 1 below:

Table 1: To what extent do you agree or disagree with the proposal to top-slice school budgets for statutory compliance testing and surveys, including tree surveys?

	Primary		**Secondary**		**Special**		**PRU**	
	Number	%	Number	%	Number	%	Number	%
Strongly agree	5	10%	1	8%	2	22%	0	0%
Tend to agree	15	31%	1	8%	2	22%	1	100%
Neither agree/disagree	1	2%	1	8%	0	0%	0	0%
Tend to disagree	2	4%	0	0%	3	33%	0	0%
Strongly disagree	25	52%	10	77%	2	22%	0	0%
Not sure/blank	0	0%	0	0%	0	0%	0	0%
Total	48	100%	13	100%	9	100%	1	100%

3.7 The main reasons given for opposing the proposal were:

- Budget - the impact on the sustainability of/cost pressures on schools' budgets (18 responses) (particularly small schools), the resultant negative impact on pupils' education (7), already having to make staff redundant/fewer adults/at skeleton staffing (5), and for large schools the proposal would be costly (2). Some felt KCC was seeing school budgets as part of the answer to its own financial problems (3) and/or was already top-slicing too much. Others stated KCC should provide these services/find money from somewhere else (5); or that statutory compliance testing is the responsibility of the landlord and schools should not have to pay for this (3).

- Schools should commission - some respondents disagreed with the notion of top-slicing because they believed they could achieve better VFM if they arranged testing and surveys themselves (3); were unconvinced KCC secures VFM (3); commented that statutory compliance tasks are not always arranged on time/have to chase. Secondary schools in particular felt their staff have the skills to commission these surveys and the responsibility to do so should pass to them rather than top-slicing funding for central commissioning. They felt this would increase their control over quality.

- Combination – it cannot be inferred that all those saying that schools should commission their own compliance surveys (rather than KCC managing the process) were saying they agreed schools should fund these.

3.8 Those that supported the proposal agreed the need for this vital activity to be undertaken centrally (6); it was essential for safety; that KCC was able to secure lower rates (4); it ensures consistency across the county; compliance and risk are managed effectively; and they had confidence that this is being carried out to the satisfaction of the duty holder. They commented that schools (generally primary schools) do not have the expertise to assess what a quality survey looks like (2) or the staff to undertake the work, and recognised that a level of KCC monitoring would still be required.

3.9 Not directly related to the proposal, some commented that fees added to all bills by Skanska can be extortionate; quotes obtained via Skanska are not competitive (4); had little faith in them as the maintenance arm for KCC schools; that Skanska profit from arranging remedial works; and that their contractors were often unfamiliar with school setups resulting in more time trying to solve the issue (compared to going directly to schools' own suppliers).

3.10 A small number of Voluntary Aided and Foundation schools raised inconsistency in whether they or KCC undertook surveys and resultant works, and/or the role of the Diocese. Similarly, a small number of respondents commented they did not have need for a particular survey, thus they would not want to pay for it. A PFI school (private finance initiative) explained these services were not relevant to them while the PFI contract existed.

3.11 A detailed summary of comments received by proposal and by school type, is attached as Appendix B.

Health and Safety advice and training

3.12 KCC's Health and Safety Team provide a range of support to maintained schools:

- Competent health and safety advisers.
- Duty advice line.
- Provision of standards, guidance, and templates.

- Regular guidance and news articles.
- Access to an on-line accident, incident, and near miss reporting form.
- Follow up support for serious concerns, trends in accident, incident and near miss reporting to reduce risk of reoccurrence (e.g. training, risk assessment).
- Advice on Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR).
- Audits informed by data and trend analysis to improve control measures and communications, guidance, and training.
- Access to e-learning courses, such as asbestos management, control of substances hazardous to health (COSHH), fire safety, legionella and water hygiene, and manual handling.

3.13 All employers have a duty to comply with the legal requirements outlined in the Health and Safety at Work Act 1974 and associated legislation and must so far as is reasonably practicable, ensure the health, safety and welfare of employees and others who have access to their work environment or may be affected by their work activities. The legal accountability for the health and safety of employees and others cannot be delegated and remains the responsibility of the employer.

3.14 In the education space this is not straightforward. Governing bodies of maintained schools are either the legal employer (foundation and voluntary aided schools) or act as the first employer through education legislation (community and voluntary controlled schools). However, in respect of staff in community and voluntary, KCC remains the legal employer, and thus liable in the event of any breach of health and safety duties in these schools. Education funding regulations[2] and associated guidance[3] require local authorities to fund all maintained schools equally. This means, for example, that the Council cannot charge maintained schools where the governing body is the employer for health and safety advice, while providing it free to those maintained schools where KCC is the employer.

3.15 For the reasons above the proposal for 2026-27 is that maintained schools and PRU budgets fund the costs of the Council's health and safety team to provide the support set out above. It is also proposed that a "rolling two year" agreement process be adopted, such described in the statutory compliance section above.

3.16 55% of respondents disagreed or strongly disagreed with the proposal to top-slice funding to cover the costs of providing health and safety advice and training. 38% agreed or strongly agreed with the proposal. 7% neither agreed nor disagreed. The detailed breakdown by sector is as at Table 2 below:

Table 2: To what extent do you agree or disagree with the proposal to top-slice school budgets to fund Health and Safety advice and training?

	Primary	**Secondary**	**Special**	**PRU**

[2] The School and Early Years Finance (England) Regulations 2025
[3] Schools operational guide: 2024 to 2025 - GOV.UK

	Number	%	Number	%	Number	%	Number	%
Strongly agree	5	10%	2	15%	2	22%	0	0%
Tend to agree	15	31%	1	8%	1	11%	1	100%
Neither agree/disagree	4	8%	1	8%	0	0%	0	0%
Tend to disagree	3	6%	1	8%	3	33%	0	0%
Strongly disagree	21	44%	8	62%	3	33%	0	0%
Not sure/blank	0	0%	0	0%	0	0%	0	0%
Total	48	100%	13	100%	9	100%	1	100%

3.17 Half the responding primary schools disagreed/strongly disagreed with the proposal. Similarly to the previous proposal, the main reasons for this were: Budgets are tight (8); sustainability of schools (2); these services should be provided by KCC (4); need the money to support children (4); KCC using schools to balance its budget; adds no value to children. A minority of comments related to VFM, quality of support, and schools' ability to source support themselves.

3.18 Those supportive recognised the importance of compliance in this area (3), that they remain with KCC to ensure adherence to correct procedures (2) and that issues are reported to KCC. They commented it is well run by KCC with Health and Safety experts, and VFM. Concerns were raised that issues will occur if not overseen by LA, and the point was made that they would rather pay KCC than an outside company, schools could not afford to employ experts.

3.19 70% of secondary schools were opposed to the proposal. Budget pressures and the belief KCC should provide the service were minority comments. Comments that secondary schools could arrange their own training and support, or had skills in-house were more frequent. Some Foundation schools questioned whether they needed to send KCC information, or explained that they had been told by KCC that it could not support them.

3.20 66% of special school respondents were not in support. Most referenced they could secure training from existing purchased systems, such as the National College, and therefore suggested a traded model by KCC. Confusion regarding Foundation schools was also highlighted.

3.21 The single response from a PRU supported the proposal, recognising its VFM.

3.22 In response to comments received regarding support for maintained schools where the governing body is the employer (Aided and Foundation schools), the Service has confirmed this is provided but is different or tailor as necessary to reflect their different legal status.

<u>Employment tribunal awards and legal costs</u>

3.23 Regulations[4] set out that in respect of applications to Employment Tribunals by maintained school staff, such applications must be made against the governing

[4] The Education (Modification of Enactments Relating to Employment) (England) Order 2003

body, but any decision, declaration, order, recommendation or award made in the course of such proceedings (except in so far as it requires reinstatement or re-engagement) has effect as if made against the authority. This means the costs of any awards have to be met by the authority. DfE guidance on school financing enables LAs to restrict this to circumstances where governing body has acted in accordance with LA's agreement and/or advice[5]. This guidance is reflected in the Council's Scheme for Financing Maintained Schools[6] which sets out the circumstances in which a charge may be made to an individual school's budget share - "6.2.3 Awards by courts and employment tribunals against the LA, or out of court settlements, arising from action or inaction by the governing body contrary to the LA's agreement and/or advice." Collectively, this means that ordinarily, if a school has followed the Council's (or their commissioned Human Resources (HR) provider's) advice, the Council meets the costs of employment tribunal awards or settlement agreements agreed via ACAS early conciliation processes.

3.24 The costs of school-based employment tribunal awards which the Council has to fund are small, averaging c£50,000 per annum. In part this is because both the Council's school insurance scheme (Safe Hands) and the DfE's (RPA) provide schools with legal costs cover.

3.25 The school funding regulations[7] allow for the Council to secure from the schools' budgets (top-slice) its expenditure in relation to its functions regarding the appointment and dismissal of employees in maintained schools. The costs of this annually in respect of employment tribunals is c£69k – comprising c£50,000 in awards and £18,800 legal costs (based on the last three-year average).

3.26 The proposal is for the Council to top-slice maintained schools' budgets to provide a funding pot from which to meet these costs in the future. This proposal is subject also to a suggested 2-year rolling agreement.

3.27 49% disagreed or strongly disagreed with the proposal to top-slice the funding to meet the Council's costs related to school base employment tribunals. 35% agreed or strongly agreed with it. 15% were undecided or neither agreed nor disagreed. The detailed breakdown by sector is as Table 3 below:

Table 3: To what extent do you agree or disagree with the proposal to top-slice school budgets to fund Employment Tribunal Awards?

	Primary		**Secondary**		**Special**		**PRU**	
	Number	%	Number	%	Number	%	Number	%
Strongly agree	4	8%	3	23%	4	44%	0	0%
Tend to agree	13	27%	1	8%	0	0%	0	0%
Neither agree/disagree	6	13%	2	15%	1	11%	1	100%
Tend to disagree	4	8%	1	8%	0	0%	0	0%

[5] Schemes for financing local authority maintained schools 2025 to 2026 - GOV.UK
[6] Financial Scheme for Schools
[7] The School and Early Years Finance (England) Regulations 2025

Strongly disagree	20	42%	6	46%	4	44%	0	0%
Not sure/blank	1	2%	0	0%	0	0%	0	0%
Total	48	100%	13	100 %	9	100 %	1	100%

3.28 It is clear from the written responses that there was a degree of misunderstanding about the proposal. Some suggest respondents believed the proposal was to provide support to defend employment tribunals, which is not the case. Others have suggested this be a buy in service.

3.29 This cannot be a buy in service, as the Court awards are against the authority[8]. Whilst our finance scheme already makes clear that a school's budget would be charged these costs if it has failed to follow HR advice, it would not be lawful to have a blanket policy that charged any award to the individual school's budget, for example, in a situation where the school had not bought in to a KCC traded offer.

3.30 Responses that schools have insurance, so KCC should do the same may have arisen because the consultation document was insufficiently clear that insurance schemes will only meet award costs in certain circumstances. In general organisations cannot insure against liabilities arising from contractual obligations, such as a Court awarding pay in lieu of notice, or their acts of discrimination.

3.31 Responses that the proposal is misaligned with the principles of accountability and other schools should not be paying for the mismanagement of others miss the point that the existing policy makes provision for an individual school's budget to be charged if they have not followed advice.

3.32 Responses not in support reference the pressure on school budgets, and the related issues similarly to the previous proposals. Those in support recognise the costs of employment tribunal awards can be significant and current arrangements provide protection to schools' budgets, thus the top-slice proposed is VFM.

Staff Care (occupational health advice)

3.33 The Council currently commissions HR Connect (Staff Care Services) to provide a full suite of fully compliant occupational health (OH) services to maintained schools. This includes:

- Management referrals to an OH Advisor or OH Physician and the provision of a report containing advice, guidance, and reasonable adjustments.
- Pre-placement questionnaire health screening.
- Ill Health Retirement (IHR) case file collation and Independent Registered Medical Practitioner (IRMP) case file opinion.
- Health surveillance and other associated services including:
    - Flu vaccinations

[8] The Education (Modification of Enactments Relating to Employment) (England) Order 2003

- Hepatitis B vaccinations
- Health surveillance/screening activities e.g. lung function, audiometry, HAVS, driver-medicals, eyesight, dermatology.

3.34 Schools refer individual employees to the service as and when required by their absence management policy. The governing bodies of all maintained schools have delegated revenue budgets. The costs of occupational health advice are clearly a revenue matter which schools should be meeting. OH advice services are freely available in the market. Schools should be free to commission this support from their preferred provider, something many are already doing. There is no legal requirement for KCC to provide or fund OH support to maintained schools and PRUs. For these reasons, the proposal is that the Council cease funding this support in 2026-27.

3.35 48% of respondents favoured the option that schools buy in occupational health advice and support when they require this. 41% did not agree with the proposal. The detailed breakdown by sector is as Table 4 below:

Table 4: To what extent do you agree or disagree with the proposal for schools to commission their own Occupational Health advice?

	Primary		Secondary		Special		PRU	
	Number	%	Number	%	Number	%	Number	%
Strongly agree	6	13%	5	38%	2	22%	0	0%
Tend to agree	15	31%	4	31%	2	22%	0	0%
Neither agree/disagree	4	8%	1	8%	3	33%	0	0%
Tend to disagree	8	17%	1	8%	1	11%	1	100%
Strongly disagree	15	31%	2	15%	1	11%	0	0%
Not sure/blank	0	0%	0	0%	0	0%	0	0%
Total	48	100%	13	100%	9	100%	1	100%

3.36 More primary school responses opposed the proposal than supported it. Fewer comments were received than for the first proposal, but the reasons for disagreeing remain consistent, principally focused on budget pressures, the impact on education delivery, and staff wellbeing. Those agreeing with the proposal felt schools should choose their OH providers, were already making other arrangements, or expressed a level of dissatisfaction with the current service. It was suggested KCC could offer this as a buy-in service to continue to secure better VFM.

3.37 70% of secondary schools supported the proposal, citing choice, quality control, and buying when required as the principal reasons for doing so. Those opposed felt it could be an offer schools could opt out of, or felt constantly outsourcing would be an issue.

3.38 44% of special schools agreed or strongly agreed with 33% neither agreeing nor disagreeing. Choice and VFM were reasons for supporting.

3.39 The PRU responded disagreed, recognising the value in having a one-stop shop HR provider and the cost efficiencies of bulk purchasing.

Administration of teachers' pensions

3.40 Under the regulations of the Teachers' Pension scheme, LAs are responsible for the provision of data and contributions to the Teachers' Pensions Scheme, and for ensuring compliance with the Disclosure and Auto Enrolment Regulations. The LA retains these responsibilities even where a maintained school chooses to use a payroll provider other than the LA. This is not something that can be delegated to schools and thus not a service schools can buy from the market. It is an area where the finance regulations enable the Council to top-slice maintained school budgets, recognising that the Education Services Grant has ended, and the Council must provide this service.

3.41 The proposal is to top-slice maintained school budgets to cover the costs of the Council providing this service to them. The cost is £132k pa, including the fee for our external auditors to provide the required audit certificate. This proposal is subject also to a suggested 2-year rolling agreement.

3.42 The detailed breakdown of responses by sector is as at Table 5 below. This shows 44% of primary respondents agreed or strongly agreed with the proposal to top-slice funding, compared with 42% who disagreed/strongly disagreed. In the secondary sector 39% agreed, while 61% disagreed/strongly disagreed. 55% of the special school respondents agreed/strongly agreed compared to 44% disagreed/strongly disagreed. The PRU respondent neither agreed nor disagreed.

Table 5: To what extent do you agree or disagree with the proposal to top-slice school budgets to fund the cost of administering the teacher pensions arrangements of maintained school staff?

	Primary		Secondary		Special		PRU	
	Number	%	Number	%	Number	%	Number	%
Strongly agree	11	23%	4	31%	4	44%	0	0%
Tend to agree	10	21%	1	8%	1	11%	0	0%
Neither agree/disagree	5	10%	0	0%	0	0%	1	100%
Tend to disagree	1	2%	2	15%	2	22%	0	0%
Strongly disagree	19	40%	6	46%	2	22%	0	0%
Not sure/blank	2	4%	0	0%	0	0%	0	0%
Total	48	100%	13	100%	9	100%	1	100%

3.43 In general responses from those that agreed/strongly agreed indicate they believe this is the best way of dealing with this; important that teachers pensions are maintained appropriately (3); this service is administered well; reasonable VFM (3); would be more costly to deal with differently; too burdensome for schools to administer pensions (3), and do not have the expertise to organise in house (2).

3.44 Those disagreeing referenced budget stress (7); will disadvantage children (3); this should be funded from the pensions; KCC should provide (3); is a KCC statutory duty (2); this shouldn't be a school cost; should come from central government funding; schools do not have the financial resources to top up KCC's budget (2); no control over quality.

Rolling two-year top-slicing

3.45 Where proposals above related to top-slicing maintained school budgets, respondents were asked to what extent they supported top-slicing operating on a two-year rolling basis, as described in 3.5 above. On reflection this was the wrong question to ask. The correct question would have been, “if top-slicing is agreed for any particular proposal, to what extent do you support the intention that this operate on a rolling two-year basis to give both KCC and schools time to plan for any future change?”.

3.46 The responses received generally aligned to the respondents’ answers to the related question on the extent to which they agreed with the particular proposal to top-slice, rather than giving a separate view on the benefits of a two-year decision-making period.

3.47 On average, across the four questions involving top-slicing, 52% disagreed or strongly disagreed with the four proposals to top-slice. In comparison, 40% disagreed or strongly disagreed with a two-year top-slice process. More respondents neither agreed nor disagreed with the two-year decision proposal (19%) compared with 8% neither agreeing nor disagreeing with the actual top-slice proposal. This indicates that where respondents were able to disassociate whether or not they supported top-slicing from whether a two-year decision was preferable to an annual decision, there was generally more support.

Alternative suggestions and comments

3.48 Respondents were invited to suggest alternatives and make comments. There were few specific alternatives proposals, most comments were more general. A summary of points not included analysis above is:

- For unpredictable costs like Employment Tribunal Awards, create a central contingency fund or pooled insurance-style scheme, with schools contributing a small, capped annual premium rather than open-ended top-slicing.
- Prefer a three-year arrangement to tie in with budget setting.
- If top-slicing is unavoidable, it requires clear SLAs that define: what services are provided, how performance is measured, and how schools can give feedback.
- Services should be offered on an opt-in basis, with tiered pricing according to school size, risk, or usage (3).
- Can fire risk assessments be included in the statutory compliance support from KCC?
- Schools to group together to commission tree surveys in their schools. KCC provide a list of safe / approved companies to use.
- Increase transparency regarding the actual costs and benefits of central services.

- KCC needs to ensure regular monitoring of its large contracts to ensure good service and value.
- There is money to be saved elsewhere in KCC property maintenance.
- KCC funding is tight because of poor past strategic decisions.
- Revisit SEN funding decisions.

4. Options considered and dismissed, and associated risk

4.1 The review considered a wider range of services to schools. These were narrowed down to the four areas set for change in 2025-26 and five areas of change for 2026-27. Consideration was given to ceasing, reducing, continuing, or changing the services delivered.

4.2 Of the proposals above, four relate to statutory duties of the Council and cannot be ceased. Change, in respect of how these are funded were the preferred options. In respect of the fifth area, occupational health advice, the proposal is for the Council to cease funding this.

4.3 The principal risk to the Council is that the Schools Funding Forum do not support the proposals. While the Council can refer the matter to the Secretary of State for a decision, the delay could mean the proposals cannot be implemented in 2026-27. In the short term the savings associated with 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 reductions in the level of service provided, possibly to statutory minimums. Details of what statutory minimum might look like are set out in the consultation document at Appendix A.

5. Financial Implications

5.1 Guidance on top-slicing maintained schools budgets sets out that a LA should set a single rate per 5 to 16-year-old pupil for all mainstream maintained schools, both primary and secondary. An LA can choose to establish differential rates for special schools and PRUs if the cost of fulfilling the duty is substantially different for these schools. The rate will be expressed per place rather than per pupil for special schools and PRUs.

5.2 The financial impact on maintained schools and the Council are summarised in the Table 6:

Table 6: Draft proposed top-slicing and buy-back rates based on 2024-25 costs. These costs are subject to annual inflation, cost of services and number of pupils.

Top-slicing/buyback rates (£ per pupil) of existing	Primary (62,699 pupils)	Secondary (15,384 pupils)	Special & PRU (5,437 & 354 pupils)	Total pot
Statutory compliance (including tree surveys)	£22.61	£22.61	£22.61	£1,896,128

Health and Safety advice, training, and compliance	£1.81	£1.81	£1.81	£152,075
Employment tribunal awards and associated legal costs	£0.82	£0.82	£0.82	£68,800
Administration of teacher pensions	£1.57	£1.57	£1.57	£132,000
Total	**£26.81**	**£26.81**	**£26.81**	**£2,249,003**

5.3 Additionally, ceasing funding occupational health advice to schools would save the Council £344,800, with this cost being met by schools in the future.

5.4 These savings to the Council form part of the Medium Term Financial Plan (MTFP) as set to the Council in February 2025. The "Review of Services to Schools" sets out the intention of a phased programme of delivery starting in 2025 and continuing in line with the proposals set out in this paper in 2026-27. In the event these are not secured, alternatives would need to be found.

5.5 The proposed top-slice rates are an estimate. Final rates are subject to both the number of pupils (supported by maintained primary & secondary schools) and the estimated cost of delivery. Schools Funding Forum agreement is required to action this decision. If the Schools Funding Forum disagrees with the Council's recommendations, the Council has an option to pursue determination by the Secretary of State for Education, which may still deliver the estimated level of savings set out in the table above. However, if this is not agreed, an appraisal will need to be made as to the likely financial benefit of moving to a statutory minimum offer, including schools commissioning their own services, with the local authority providing a monitoring role. Under these circumstances the level of savings will be lower, as it is expected the authority will have to put in place enhanced monitoring offer, to compensate for the variability in school approaches. It is also likely to result in reduced Value for Money across both the LA and schools, as whilst some schools may be able to secure cheaper services, others will not. It is also unlikely the changes in offer could be secured by April 2026 therefore, delaying any reduced savings to September 2026 (at the earliest).

5.6 Consultation results clearly identify the impact on the school budget, as a barrier to progressing with these proposals. Maintained Schools form part of the overall KCC accounts and where a school enters into deficit they are expected to put in place plans to return to a surplus position within a maximum of three years. The risk to KCC is if a school is forced to academise whilst in deficit, the Council will be expected to fund any residual deficit at the time of academisation. Therefore, it is in the Council's interest to ensure all maintained schools remain financially sustainable.

5.7 Schools will be expected to fund additional costs outlined in this proposal either through use of increases in the school budgets for 2026-27 or through efficiencies/changes in spending plans. Funding towards these costs was put into the overall school budget back in 2017-18, as part of the ending of the Education Schools Grant, and so schools will have inevitably prioritised this funding on other spending areas. Therefore, there is no specific funding available to help schools to fund these extra costs apart from general increase in the schools' budgets announced by the DfE. The DfE have delayed the announcement for school funding for 2026-27 until the autumn.

5.8 The budget for individual schools will vary depending on the characteristics of the children the school support. Using the 2025-26 budget as an estimate, the additional costs outlined in this proposal equate to 0.6% of the schools budget for primary schools (£7,700 per average maintained primary school of 250 pupils), 0.4% for secondary schools (£27,700 per average maintained secondary of 890 pupils), 0.14% special school (£8,000 per average special school) and 0.16% for a PRU (£2,000 per average PRU). In recent years, schools' budgets have only been increased to contribute towards basic inflation only. Therefore, these proposals are likely to result in schools having to make additional efficiencies to an equivalent value.

6. Legal implications

6.1 In addition to references made to related legal provisions contained within the body of the report, to note is the published statutory Guidance, made pursuant to s. 48(4) and para. 2A (2) of Schedule 14 to the School Standards and Framework Act 1998. Local Authorities are required to publish schemes for financing schools, Regard has been given to work with legal officers throughout the process, to ensure Council's statutory duties would continue to be discharged under the proposals and that the funding changes would meet the requirements of the school funding regulations. Full details of relevant legislation, statutory guidance and funding regulations are contained in the consultation document reproduced within the background documents to this report [paragraph 12].

7. Equalities implications

7.1 An Equality Impact Assessment (EqIA) has been completed and was subject to consultation alongside the proposals. The assessment did not identify any equalities implications of the proposals. The proposals themselves relate to services provided to school leaders and staff. Any equalities impacts are likely to arise as a consequence of the decisions made by individual maintained schools in response to the changing financial situations they face as a result of the proposals.

7.2 Four comments regarding equalities were received, albeit one simply restated the financial situation of schools and a second commented on changes to high needs funding. One made points that the proposals would impact SEND pupils, small schools serving pupils from disadvantaged backgrounds, staff with health conditions and disabilities, female staff, and those from minority communities, increase education gaps, and create inequality in access to services. The other made the point that the level of needs in terms of contract management and HR related matters differs between mainstream and special schools.

7.3 The points raised have been considered. It is inevitable that if the cost of providing these services moves from KCC to maintained schools, there will be an impact on these schools' budgets. The subsequent spending decisions of school leaders and governors may have equalities impacts. This is different to whether the proposals themselves have equalities impacts. It is important to remember that KCC is currently subsidising maintained schools via council tax, and these school educate one-third of children in Kent. The Council is not providing this subsidy to academies, which are educating two-thirds of Kent's children.

8. Data Protection Implications

8.1 The proposals do not have data protection implications.

9. Other corporate implications

9.1 The final decision may have implications for Skanska, Kent Landscape Services and HR Connect as it directly affects their delivery models. It also impacts teams in Infrastructure who manage the Skanska and Landscape Services contracts and the Health and Safety Team. In the event the Council ceases funding occupational health advice these costs will be removed from service level agreement and HR Connect will need to secure that funding from direct commissions from schools.

9.2 It also has implications for Corporate Finance through Schools Budget Team which will manage the process of top-slicing funding and accounting to schools on how this has been spent.

10. Governance

10.1 The Corporate Director Children, Young People and Education will be delegated authority in line with the final decision. In turn the Director of Education and SEN will be delegated authority to implement the decision, in line with existing schemes of delegation.

10.2 In the event the Schools funding Forum do not agree the proposals relating to top-slicing school and PRU budgets, the Corporate Director, in consultation with the Cabinet Member for Education and Skills will be able to make alternative arrangements which give effect to the decision of the Council, that the funding to secure the services in question in future comes from maintained schools' and PRUs' delegated budgets and not the Council's General Fund. This maybe, for example, through seeking the determination of the Secretary of State for Education, or revised delivery proposals.

10.3 In the event that any proposal is revised, the Corporate Director will determine with the Schools Funding Forum whether further consultation with all or some schools and PRUs is required before a final decision is made. Any revised proposal involving top-slicing of maintained schools delegated budgets will need the agreement of the Schools Funding Forum, or determination by the Secretary of State to be implemented.

10.4 The Corporate Director and Cabinet Member will consult the relevant Corporate Management Team members and relevant Portfolio Cabinet Members prior to agreeing any revised proposals.

10.5 The risks associated with alternative delivery models, such as schools directly procuring statutory compliance tests and surveys are set out in the consultation document at Appendix A. Similarly, the need to put in place suitable monitoring and quality assurance processes has been set out in the consultation document.

10.6 In the event that any proposal is referred to the Secretary of State for Education to determine, she can either approve or reject the Council's proposal, or request further consultation or evidence before making a ruling. Should the Secretary of State reject any individual proposal the Council will not be able to implement its decision in respect of that particular proposal.

11. Conclusions and comments

11.1 71 consultation responses from 61 schools out of 289 schools and PRUs that could have responded is disappointing but is more than double the responses received during Phase 1 consultation.

11.2 The responses as to why respondents disagreed or strongly disagreed with individual proposals consistently indicate two opposing positions – do not top-slice because schools should buy what they need, rather than have a service imposed upon them that some view as poor value and/or quality, verses, schools cannot afford this top-slicing and the Council should continue to provide these services.

11.3 These two positions do not sit comfortably together. Respondents have indicated many schools do not have the budget, skills, or staff to self-manage these critical areas of service, particularly in the primary sector. The secondary sector is undoubtedly better placed to take on the responsibilities. Suggestions there should be opt-in systems do not sufficiently consider that this results in a twin system for the Council – providing for some, monitoring of others. This increases, rather than decreases costs.

11.4 Ultimately, the conundrum is how the council supports those schools that do not have the capacity to take on the responsibilities associated with statutory compliance, and health and safety, while enabling those that do to be free to choose who provides the services for them, and at the same time ensuring KCC's statutory duties are met, within the context of financial regulations that apply to schools. This includes balancing the risks held by the Council as a maintaining authority and the responsibilities it has as an employer of staff in some schools (for example ensuring their workplaces are safe, compliant environments). These accountabilities remain in relation to these services (including statutory compliance, health and safety) regardless of how these services are delivered.

11.5 Some responses to the statutory compliance question refer to KCC's duties as "landlord". The DfE model Scheme for Financing Schools makes it clear that "Local authorities should delegate funding for repairs and maintenance to schools; only capital expenditure is to be retained by authorities". Therefore, there is no intention that the Council should fund all school building costs particularly where they are defined as revenue, as are the infrastructure costs in this report.

11.6 Similarly, some respondents suggested the Council should provider health and safety advice for free as it is the employer. This is only true for staff in Community and Voluntary Controlled schools, not all maintained schools.

11.7 Both these points highlight the complexity of the relationship between the Council and its maintained schools, something simplified by the funding regulations which requires the Council to fund them all equally. However, it further illustrates why it is important to ensure the Council is equitable in how it uses council tax money in the education sector. In respect of the services in this paper, council tax money is only being used to support education support that affects one-third of Kent's school children.

11.8 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.

11.9 In light of the responses received, it is recommended that maintained schools and PRU budgets are top-sliced as set out in Table 7, and that the Council ceases funding occupational health advice for maintained schools and PRUs.

Table 7: Draft proposed top-slicing and buy-back rates based on 2024-25 costs. These costs are subject to annual inflation, cost of services and number of pupils being supported.

Top-slicing/buyback rates (£ per pupil) of existing	**Primary (62,699 pupils)**	**Secondary (15,384 pupils)**	**Special & PRU (5,437 & 354 pupils)**	**Total pot**
Statutory compliance (including tree surveys)	£22.61	£22.61	£22.61	£1,896128
Health and Safety advice, training, and compliance	£1.81	£1.81	£1.81	£152,075
Employment tribunal awards and associated legal costs	£0.82	£0.82	£0.82	£68,800
Administration of teacher pensions	£1.57	£1.57	£1.57	£132,000
Total	**£26.81**	**£26.81**	**£26.81**	**£2,249,003**

Recommendation(s):

The Cabinet Member for Education and Skills is asked to:

(a) *Approve a policy change to the funding arrangements for the following services, that from 1 April 2026 these shall be provided from the maintained 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 shall cease to provide additional funding for these:*

- *Statutory compliance testing and surveys, including tree surveys;*
- *Health and Safety advice and training;*
- *Employment tribunal awards and associated legal costs;*
- *Staff care (occupational health advice); and*
- *Administration of teachers' pensions.*

(b) *Delegate authority to the Corporate Director for Children, Young People and Education, in consultation with the Cabinet Member for Education and Skills, to (1) take the relevant actions to progress the decision, including as necessary seeking the agreement of the Schools Funding Forum to top-slicing or alternative or revised proposals as required, and (2) in the event it may become necessary, to then take all necessary steps to seek formal determination by the Secretary of State.*

(c) *Delegate authority to the Corporate Director for Children, Young People and Education to take all relevant actions including but not limited to entering into relevant contracts or other legal agreements as required, to implement the changes required to give effect to this decision, including implementation of the proposal where it is approved by the Secretary of State provided that such determination aligns with the intended outcome of the decision.*

---

12. Background Documents

- Decision - 24/00099 - Funding of Services to Schools
- The Education (Modification of Enactments Relating to Employment) (England) Order 2003
- Schemes for financing local authority maintained schools 2025 to 2026 - GOV.UK
- The School and Early Years Finance (England) Regulations 2025
- Schools operational guide: 2024 to 2025 - GOV.UK
- Financial Scheme for Schools

13. Appendices

Appendix A - Funding Services to Schools Consultation Document 2026-27
Appendix B – Services to Schools 2026/27 – Detailed summary of consultation comments
Appendix C - Equality Impact Assessment

14. Contact details

Report Author: David Adams Job title: Assistant Director Education (South Kent) Telephone number: 03000 414989 Email address: david.adams@kent.gov.uk	Director: *Christine McInnes* Job title: Director Education and SEN Telephone number: 03000 418913 Email address: christine.mcinnes@kent.gov.uk