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**From:** Rory Love, Cabinet Member for Education and Skills  
Sarah Hammond, Corporate Director Children, Young People and Education

**To:** Children's, Young People and Education Cabinet Committee – 21 November 2024

**Subject:** Services to Schools – 2025-26

**Decision no:** 24/00099

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

**Classification:** *Unrestricted*

**Past Pathway of report:** None

**Future Pathway of report:** None

**Electoral Division:** *All*

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

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**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 choose 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 recommendation to the Forum.

**Recommendation(s):**

The Children's, Young People and Education Cabinet Committee is asked to **CONSIDER** and **ENDORSE, or MAKE RECOMMENDATIONS** to the Cabinet Member for Education and Skills on the proposed decision:

That the Cabinet Member for Education and Skills:

- (a) Approve the proposal to the School Funding Forum that funding for the following services should be provided from the schools' budgets in line with the funding all schools receive under the National Funding Formula, as is currently the case for Academies, and that the Council no longer provides its own additional funding for these purposes:
- School improvement and intervention support for maintained schools and PRUs;
  - Moderation of national curriculum key stage assessments;
  - Support to governing bodies when recruiting their headteacher; and

- Redundancy and associated pension costs relating to school staff.
- (b) Delegate authority, subject to the agreement by the School Funding Forum to the proposals and the final outcome reflecting the Policy decision made above by the Cabinet Member, to the Corporate Director for Children, Young People and Education to take relevant actions including but not limited to entering into relevant contracts or other legal agreements as required, to implement the required changes to give effect to the decision.
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## **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 towards the cost of statutory services. This principle reflects the charge that most Multi Academy Trusts (MATs) place on their schools for central services.
- 1.4 Between 2017 and 2023 the Local Authority School Improvement Monitoring and Brokering Grant was allocated to local authorities to support them in fulfilling their statutory school improvement functions. When this was withdrawn in 2022/23, local Schools Funding Forums were given the powers to de-delegate and return some of this funding to the LA. The DfE's withdrawal of grant reflects the fact that Academy Trusts are expected to fulfil the same functions for their schools, and that the funding to do so comes from the budgets of the schools in their trusts.
- 1.5 With the introduction of the National Funding Formula and the withdrawal of DfE funding to Local Authorities to support schools, we have seen funding shifting from Local Authorities to schools to pay for services. It is acknowledged that cost pressures and inflation will have reduced the purchasing power of these allocations for schools. However, the Council has been slow in transferring the costs of services from itself to schools in line with DfE changes described above, instead continuing to fund many school services from council tax.

- 1.6 Accordingly, it was important the Council reviewed whether it had kept up with funding changes and was not now inadvertently advantaging maintained schools over academies. In the County, c50% of schools are academies, educating c66% of Kent's children.
- 1.7 The Council provides a range of services to schools. These are delivered by teams across the Council. A review has been undertaken which sought to:
- identify all services KCC provides to schools – these range from road crossing patrols to school improvement;
  - determine the funding sources and recipient schools to ensure compliance with funding and grant conditions;
  - consider these services against a set of principles provided by Cabinet Members; and
  - identify potential changes and the possible timing of these.
- 1.8 The review was led by Education and Finance but involved representatives from all services identified as in scope. Some services, which are/were subject to separate reviews were removed from scope, for example the those relating to special educational needs and disabilities.
- 1.9 For services in scope, the review considered where funding came from, whether the activity discharged a statutory duty, and whether options of cease, reduce, continue or be funded differently may apply.
- 1.10 To support this work, Cabinet Members provided the following principles:
- The Council is not in a position to shield schools from the financial realities they face as our funding reflects the national direction of policy.
  - Council tax money or LA grants will not be used to provide services to schools which they are considered to have been allocated funding through their school budget to self-provide, unless it is in the interests of the Council and its taxpayers to do so.
  - Where council tax or LA grants support services to schools this should be provided to all state funded schools equally, regardless of category.
  - All schools should be funded equitably, therefore if one category has to self-fund an activity, all should, unless there are prescribed exemptions or an agreed subsidy.
  - Our policy framework should reflect the national direction of travel and guidance, with the LA discharging its more strategic roles and responsibilities, and all schools moving to be self-reliant (regardless of category). This will usually be within a family of schools (federation or MAT).
- 1.11 The outcome was reported to the Corporate Management Team in May 2024, with recommendations for potential change. Following further development of the proposals a consultation with maintained schools and pupil referral units was issued on 9 September 2024. This covered four areas of service, with proposals to change how these are funded from 1 April 2025. It also highlighted further areas of potential change from 1 April 2026 which are currently being developed further and would be subject to consultation at a later date.

1.12 This report provides details of the outcome of this consultation. The Cabinet Member for Education and Skills will be asked to decide on the final proposals on behalf of the Council. However, as three of the proposals involve de-delegated or top-sliced 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 December 2024 once the Council's decision has been made.

## 2. Key Considerations

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

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

2.2 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. It also set out the Council's options if the proposals were not supported.

2.3 The consultation document is attached as Appendix A.

2.4 The financial affect of the proposals on schools has been mitigated by seeking to refocus elements of existing de-delegation such that that funding covers delivery of these services moving forward. Currently the Council de-delegates £1.5m of funding from maintained schools to support targeted intervention (school standards), schools in financial difficulties, and personnel support for schools requiring leadership changes. The maximum total cost of delivering the four service areas would be £3.0m, thus the additional cost to schools would be £1.5m. This additional cost would be £16.69 and £10.96 per primary and secondary school pupil respectively. It is not possible to de-delegate funding from special schools and pupil referral units, but a buy-back scheme can be

offered providing access to these services. The additional cost to these schools would be £17.52 per pupil.

- 2.5 Proposals for de-delegating and top-slicing maintained schools' budgets requires the support of the maintained schools' representatives (primary and secondary) on the School Funding Forum. Similarly, the special school and PRU representatives vote in respect of buy-back.
- 2.6 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 the consultation document, but include continuing to provide the service in full or at a reduced level, amending the proposal and reconsulting, ceasing to provide the support, or referring the matter to the Secretary of State for determination.
- 2.7 The final decisions have implications for the Council's contracts and service level agreements with The Education People (TEP) and HR Connect, which provide the majority of these services. These implications include potential staff reductions.

### **3. Consultation outcome**

- 3.1 The consultation ran from 9 September to 18 October 2024. It was presented by Assistant Directors Education in the governor briefings, headteacher briefings, and finance information groups, as well as being communicated via KELSI and published the Council's Let's Talk website. The audience was governors, headteacher and business managers of maintained schools and PRUs.
- 3.2 There were 798 visits to the consultation page, with 501 interactions (such as downloading the document). 39 responses were received from 33 schools. Kent has 294 maintained schools and PRUs, thus 11% of schools and PRUs responded. This comprised 24 primary schools (28 responses), five secondary schools (five responses), four special schools (six responses). A detailed consultation outcome report is attached as Appendix B. A summary is provided here.

#### School Improvement and Intervention Services

- 3.3 Until 2023 the Council received a Local Authority School Improvement Monitoring and Brokering Grant to support it in fulfilling its statutory school improvement functions, including those set out in the Schools Causing Concern (SCC) guidance. These are to monitor the performance of maintained schools, broker school improvement provision, and intervene as appropriate. 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.
- 3.4 To mitigate the adverse impact, the School and Early Years Finance (England) Regulations 2024 enables councils to de-delegate both core and additional school improvement activities and associated expenditure.

3.5 Our proposal for 2025-26 is that the full costs of the Council’s school improvement work, including both monitoring and intervention, is funded through a de-delegated fund entitled School Improvement and Intervention Fund. This would include the current activity commissioned from TEP - excluding headteacher recruitment support (see Appendix 1 of Appendix A), 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.*

3.6 The proposal 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 Targeted Intervention Fund would have paid for. It is felt 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.

3.7 Please note, the Council is 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.

3.8 67% of respondents disagreed or strongly disagreed with the proposals that the full costs of school improvement and intervention should be met from a de-delegated fund. The detailed breakdown is as per Table 1 below:

Table 1: To what extent do you agree or disagree with the proposal to create a de-delegated School Improvement and Intervention Fund

	School improvement and intervention					
	Primary		Secondary		Special	
	Number	%	Number	%	Number	%
Agree	7	25%	0	0%	0	0%

Strongly agree	0	0%	0	0%	0	0%
Neither agree/disagree	1	4%	0	0%	1	17%
Disagree	4	14%	3	60%	3	50%
Strongly disagree	13	46%	2	40%	1	17%
Not sure/blank	3	11%	0	0%	1	17%
Total	28	100%	5	100%	6	100%

- 3.9 The main reasons for opposing the proposal were, cost pressures on schools' budgets (6 responses), value for money of the service provided (8 responses), quality and level of service, and paying more for less support (2 responses). Some respondents felt the Council should adopt a statutory minimum style of service, with schools self-funding any support they need (4 responses), and greater use should be made of school-to-school support.
- 3.10 It is clear that some respondents have taken the view they should only pay for what they receive, rather than seeing de-delegation as a mutual form of support for maintained schools. They have also taken a narrow view of the support they receive, for example referring to two half day visits from their school improvement partner, rather than looking at the wider range of support that assists maintained schools at different times.
- 3.11 Others who disagreed commented more about the cost pressures on school, inferring the Council should continue funding this support, rather than their objection to the proposal being the perceived value for money or that a pay as you go model should be applied.
- 3.12 It is interesting to note that over time one of the most significant draws on the Targeted Intervention Fund has been support for the secondary school sector, due to the high costs of intervention in a number of maintained non-selective schools.

#### Moderation of end of key stage assessments

- 3.13 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.
- 3.14 The Council commissions TEP to deliver these duties on its behalf (see Appendix 2 of Appendix A for full details). The Council receives 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 chose the LA they commission to provide this service.

3.15 School funding rules enable the Council to consider whether it should seek funding from maintained schools to meet the costs.

3.16 The proposal is to introduce a new top-slice fund covering the costs of discharging the Council's responsibility to undertake moderation of national curriculum assessments. Schools would see no change in service.

3.17 41% of respondents agreed or strongly agreed with the proposal to top-slice funding to cover the costs of moderating end of key stage assessments. 33% disagreed or strongly disagreed with the proposal. The remainder were undecided or did not respond. However, it should be noted that the proposal does not affect secondary schools, as the moderation requirements relate to phonics and key stage 2 assessments. One of the responding secondary schools is an all-through school. It disagreed with the proposal. 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 budget for the moderation of end of key stage assessments.

	<b>Moderation of end of key stage assessments</b>					
	<b>Primary</b>		<b>Secondary</b>		<b>Special</b>	
	Number	%	Number	%	Number	%
Agree	15	54%	0	0%	0	0%
Strongly agree	1	4%	0	0%	0	0%
Neither agree/disagree	4	14%	1	20%	2	33%
Disagree	3	11%	2	40%	1	17%
Strongly disagree	2	7%	2	40%	3	50%
Not sure/blank	3	11%	0	0%	0	0%
Total	28	100%	5	100%	6	100%

3.18 The primary sector was marginally in agreement with the proposal (58%). This remains the case when the all-through school is treated as a primary school for this purpose.

3.19 The special school respondents were not in support. Four identical comments were received on the lack of benefit to improving outcomes for their cohort from assessment and moderation. However, they recognised the process was mandatory.

3.20 10 comments including the four in 3.18 above were received on this proposal. Similarly to school improvement, those disagreeing or strongly disagreeing referred to the pressures on school budgets, paying for no additional service, or the value for money.

#### Headteacher recruitment support



3.21 The Council commissions TEP and HR Connect to provide school improvement and HR officers who work with governors and management committees throughout the headteacher recruitment process. The duty to appoint a headteacher rests with governing bodies of maintained schools and the management committees of PRUs. Funding for the costs of staff recruitment is in schools' delegated budgets. Further information as to what support is provided can be found at Appendix 3 of Appendix A.

3.22 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.

3.23 Whilst the Council's proposal is to stop funding this support, the consultation asked whether schools would want:

Option 1 – a de-delegated Headteacher Recruitment fund to be created. All maintained schools and PRUs to be able to access the current level of support provided 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 would be able to reduce the funding rate per pupil required to create the fund.

Option 2 – schools commission directly the headteacher recruitment support they need.

3.24 Almost three quarters of respondents (74%) favoured the option that schools buy in the support they require when the governing body has to recruit a new headteacher. The detailed breakdown by sector is as Table 3 below:

Table 3: Do you favour Option 1 - de-delegation to provide support for headteacher recruitment or Option 2 - Schools commission the support the require?

Headteacher recruitment support					
Primary		Secondary		Special	
Number	%	Number	%	Number	%

Option 1	4	14%	0	0%	0	0%
Option 2	23	82%	5	100%	1	17%
Not sure	1	4%	0	0%	5	83%
Total	28	100%	5	100%	6	100%

3.25 In commenting why Option 2 was chosen, the responses included preferring to use their trusted HR provider, infrequency of needing to appoint, the responsibility being schools, and it being better financial management to buy in support when required.

#### Redundancy and early retirement costs

3.26 DfE guidance<sup>1</sup> summarises the position relating to the charging of voluntary early retirement and redundancy costs. In summary it says the default position 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.

3.27 The local authority can either top-slice maintained schools' budgets, or de-delegate funding from these, to cover these costs, but only where the relevant maintained school members of the Schools Funding Forum agree.

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

3.29 The proposal is to treat redundancy costs separately in future and we are proposing to re-purpose the de-delegated Schools in Financial Difficulties 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 of Appendix A).

3.30 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.*

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<sup>1</sup> [Schemes for financing local authority maintained schools 2024 to 2025 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/publications/schemes-for-financing-local-authority-maintained-schools-2024-to-2025) - section 17 (Annex B)

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.*

- 3.31 Under these criteria, no assessment is made as to whether the school could "afford" the cost of the redundancy payment 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). It makes 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.*

- 3.32 Views were sought on:

- a. if the existing eligibility criteria is used, 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); and
- b. whether both the redundancy lump sum payment and any associated pension strain costs relating to an early retirement is met by the LA (current the Council meets both costs).

3.33 The consequence of the proposal is that schools in financial difficulty will not be able to access additional funding to help manage an unexpected event. 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.

3.34 The detailed breakdown of responses by sector is as at Table 4 below. This shows 43% of primary respondents agreed or strongly agreed with the proposal to de-delegate funding for redundancy purposes, compared with 32% who disagreed/strongly disagreed. In the secondary sector 20% agreed, while 40% disagreed/strongly disagreed, albeit that is one and two respondents respectively. 83% of the special school respondents disagreed/strongly disagreed.

Table 4: To what extent do you agree or disagree with the proposal to create a de-delegated Redundancy Fund.

	<b>Redundancy Fund</b>					
	<b>Primary</b>		<b>Secondary</b>		<b>Special</b>	
	Number	%	Number	%	Number	%
Agree	10	36%	1	20%	0	0%
Strongly agree	2	7%	0	0%	0	0%
Neither agree/disagree	4	14%	2	40%	0	0%
Disagree	6	21%	1	20%	1	17%
Strongly disagree	3	11%	1	20%	4	67%
Not sure/blank	3	11%	0	0%	1	17%
<b>Total</b>	<b>28</b>	<b>100%</b>	<b>5</b>	<b>100%</b>	<b>6</b>	<b>100%</b>

3.35 62% felt the fund should cover both redundancy lump sum and pension strain costs. It is clear from Table 5 below that both primary and secondary respondents firmly supported the fund covering both costs, while secondary respondents supported the fund meeting only the cost of the redundancy lump sum.

Table 5: Should the redundancy fund cover redundancy lump sum only, or redundancy and pension strain?

	<b>Redundancy or redundancy and pension strain</b>					
	<b>Primary</b>		<b>Secondary</b>		<b>Special</b>	
	Number	%	Number	%	Number	%
Redundancy lump sum only	6	21%	4	80%	1	17%
Both redundancy lump sum and pension strain	21	75%	1	20%	4	67%
Not sure/Blank	1	4%	0	0%	1	17%
<b>Total</b>	<b>28</b>	<b>100%</b>	<b>5</b>	<b>100%</b>	<b>6</b>	<b>100%</b>

- 3.36 62% felt the eligibility criteria should not be amended to include affordability. The majority of primary and special school respondents did not favour including an affordability criterion, while secondary schools did (see Table 6 below).

Table 6: Should the redundancy fund eligibility criteria include affordability as a criterion?

	<b>Affordability criterion</b>					
	<b>Primary</b>		<b>Secondary</b>		<b>Special</b>	
	Number	%	Number	%	Number	%
Yes, include affordability criterion	10	36%	4	80%	1	17%
No	18	64%	1	20%	5	83%
Not sure/Blank	0	0%	0	0%	0	0%
<b>Total</b>	<b>28</b>	<b>100%</b>	<b>5</b>	<b>100%</b>	<b>6</b>	<b>100%</b>

- 3.37 In general responses from those that disagreed/strongly disagreed suggests there were two positions. One being they disagree because schools in financial difficulty need the support (7 responses) and thus it should be available to them (inferring the Council should pay). The other suggesting individual schools should meet the costs (2 responses), they should see the issue coming and manage it properly.
- 3.38 One concern was raised regarding special schools that have a service level agreement (SLA) with the Council to deliver a specialist teaching and learning services (STLS). In a separate consultation one option is that the SLAs are not renewed when these expire in August 2025. If this proposal on redundancy costs, and that to end the SLAs, are both approved, the concern is special schools get unfairly impacted. Reassurance can be given to these schools. The SLA is clear that the Council will meet redundancy costs related to the ending of the STLS SLA.

#### Alternative suggestions and comments on impact

- 3.39 Respondents were invited to suggest alternatives. There were no specific alternatives proposed, most comments were more general:

- Schools may be able to source services more cost effectively.

- Money is tight, cut your cloth accordingly.
- Encourage schools into the MAT system, this would encourage schools to have greater oversight of their spending.
- School to school support should be at the fore.
- Quality assurance needs to be in place for LA delivered services.
- Increasingly difficult to balance budgets, particularly with unilateral KCC staff pay decisions.
- Schools should take on the costs themselves.

3.40 They were also invited to explain the impact on their schools if the proposals are implemented. The responses focus on having less resources in school to support pupils, potential staff reductions and less resilience to meet any unexpected costs. A point was raised that primary schools will be paying more than secondary schools.

#### **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 out above for change in 2025-26. Consideration was given to ceasing, reducing, continuing or changing the services delivered. Of the proposals above, three relate to statutory duties of the Council and cannot be ceased. Change, in respect of how these are funded were the preferred options. The consultation also explains for each proposal what Council's options are if these are not supported. In respect of the fourth area, headteacher recruitment support, the proposal is to cease funding this, but the alternative of schools agreeing de-delegation has been consulted on.
- 4.2 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 2025-26. In the short term the savings identified by the proposals would need to be identified from other service areas. If not supported by the Secretary of State, alternative proposals would need to be developed for the medium term. This is likely to necessitate a reduction in the level of service provided, possibly to statutory minimums, to reduce costs as part of a wider proposal to top-sliced maintained schools budgets to fund discharging the Council's statutory duties to these schools.

#### **5. Financial Implications**

- 5.1 The financial impact on maintained schools and the Council are summarised in the Table 7:

Table 7: Existing and proposed de-delegation rates

<b>De-delegation/buyback rates (£ per pupil) of <u>existing</u></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>
<b>Schools in Financial Difficulty (DFFG)</b>	<b>£1.12</b>	<b>£1.12</b>	<b>£0</b>	<b>£100,625</b>
<b>Schools in Financial Difficulty (Targeted Intervention)</b>	<b>£18.74</b>	<b>£8.85</b>	<b>£17.90</b>	<b>£1,346,826</b>
<b>Schools Personnel Service</b>	<b>£0.86</b>	<b>£0.86</b>	<b>£0.86</b>	<b>£74,521</b>
<b>Total</b>	<b>£20.72</b>	<b>£10.83</b>	<b>£18.76</b>	<b>£1,512,972</b>
<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>De-delegation/top-slice/buyback rates (£ per pupils) of <u>proposals</u></b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>School Improvement and Intervention Fund</b>	<b>£24.97</b>	<b>£12.53</b>	<b>£23.84</b>	<b>£1,944,149</b>
<b>Moderation Fund</b>	<b>£3.18</b>	<b>-</b>	<b>£3.18</b>	<b>£255,128</b>
<b>Headteacher Recruitment</b>	<b>£3.22</b>	<b>£3.22</b>	<b>£3.22</b>	<b>£277,100</b>
<b>Redundancy Fund (including pension strain)</b>	<b>£6.04</b>	<b>£6.04</b>	<b>£6.04</b>	<b>£519,788</b>
<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>

5.2 Table 7 demonstrate the Council currently de-delegates c£1.5m from maintained schools. The maximum costs of delivering these services in 2025-26 would be c£3m (subject to final pupil numbers). Thus, the proposal represents a reduction in the additional funding the Council provides to maintained schools of £1.48m, and a cost of the same to maintained schools' delegated budgets, which have within them the funding for these costs.

5.3 These savings to the Council form part of the MTFP. In the event these are not secured, alternatives would need to be found.

5.4 The proposed de-delegation rates are an estimate. Final de-delegation 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 Councils recommendations, the Council has an option to

pursue agreement from the Secretary of State for Education. Alternative actions and wider implications to deliver savings are outlined in section 4.2.

## **6. Legal implications**

- 6.1 Legal advice was sought prior to consultation. Regard was had to the advice received to ensure Council's statutory duties would continue to be discharged under the proposals and that the funding changes met the requirements of the school funding regulations. Details of relevant legislation, DfE guidance, and funding regulations are contained in the consultation document, so are not replicated here, and details are below in Section 12 - Background Documents.
- 6.2 Advice was sought in respect of the proposals related to redundancy and early retirement costs (known as pension strain), specifically whether it was possible to separate the costs of redundancy lump sums from the pension strain costs which arise from contractual obligations. The advice received is that the pension strain was an associated redundancy cost, arising from a contractual obligation and should not be considered as "early retirement" in the sense meant by the DfE's funding guidance.

## **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 Two comments regarding equalities were received. One was more general about the impact of these and other changes on the provision of education for SEND. The other, by a special school, was that the proposals will unreasonably impact on students with protected characteristics in their school because these remove funding from them for services they do not use to give to students in other schools without these protected characteristics, and thus these proposals would breach legislation. The proposals do not take funding from one group of pupils to give to another, they relate to the delivery of services the Council provides to schools. Special schools receive school improvement support in the same way as mainstream schools, intervention and crisis management happens in this sector, last year a number initially set deficit budgets requiring support and challenge from the Council, at least one will be accessing the redundancy fund, they have key stage assessments, and their headteachers do change.

## **8. Data Protection Implications**

- 8.1 The proposals do not have data protection implications.

## **9. Other corporate implications**



- 9.1 The final decision has implications for The Education People and HR Connect as it directly affects their delivery models. In the event the Council ceases funding headteacher recruitment support these costs will be removed from the respective contracts, and the companies will need to secure that funding from direct commissions from schools. Similarly, the final decision on school improvement and intervention may impact. Colleagues from these business units have been involved in the formation of the proposals and consultation and are aware of the implications for their services.
- 9.2 It also has implications for Corporate Finance through Schools Budget Team which will manage the process of de-delegating and 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.

## 11. Conclusions

- 11.1 39 consultation responses from 33 schools out of 294 schools and PRUs that could have responded is disappointing and makes drawing firm conclusions challenging. The simple conclusion might be the 89% that have not responded were sufficiently comfortable with the proposals, responding was not a priority.
- 11.2 The responses as to why respondents disagreed or strongly disagreed with individual proposals consistently indicate two opposing positions – do not de-delegate because schools should meet these costs themselves and should buy what they need, verses, schools cannot afford this delegation and (inferred) the Council should continue to provide these services. Neither position is entirely tenable. The Council has statutory duties to promote high standards in maintained schools and PRUs and to intervene when these standards are threatened. Whilst it can adopt a light touch school improvement system which relies upon monitoring available data and issuing warning notices to schools to address any concerns, there remains a cost to the Council. It may be possible to further streamline our moderation of end of key stage assessment processes or to create a completely different model with schools providing suitably trained and qualified staff to undertake the activity under the co-ordination of the Council, but this does not make for a cost-free solution. Redundancy costs have to be met. Whilst it is accepted school budgets are under pressure, the fact remains the funding for these costs has transfer to them and the Council is no longer in a position to provide additional funding to maintained schools beyond the national funding formula.
- 11.3 In light of the responses received, it is recommended that:

**School Improvement and Intervention** – the Schools Funding Forum be asked to agree to create the School Improvement and Intervention Fund as defined in in 3.5 above.

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

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

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

These recommendations would adjust the financial implications to be as per Table 8 below.

Table 8: Proposed de-delegation/top-slice costs.

<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>
School Improvement and Intervention Fund	£24.97	£12.53	£23.84	£1,944,149
Moderation of end of key stage assessments fund	£3.18	-	£3.18	£255,128
Headteacher Recruitment	-	-	-	-
Redundancy Fund (including pension strain)	£6.04	£6.04	£6.04	£519,788
<b>Total</b>	<b>£34.19</b>	<b>£18.57</b>	<b>£33.06</b>	<b>£2,719,065</b>

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### **Recommendation(s):**

The Children's, Young People and Education Cabinet Committee is asked to **CONSIDER** and **ENDORSE**, or **MAKE RECOMMENDATIONS** to the Cabinet Member for Education and Skills on the proposed decision:

That the Cabinet Member for Education and Skills:

- (a) approve the proposal to the School Funding Forum to cease funding the following Council paid services and to repatriate the costs of these services to the schools' budgets in line with the funding all schools receive under the National Funding Formula, as is currently the case for Academies, and that the Council no longer provides its own additional funding for these purposes:
- School improvement and intervention support for maintained schools and PRUs;
  - Moderation of national curriculum key stage assessments;
  - Support to governing bodies when recruiting their headteacher; and

- Redundancy and associated pension costs relating to school staff.
- (b) delegate authority, subject to the agreement by the School Funding Forum to the proposals and the final outcome reflecting the Policy decision made above by the Cabinet Member, to the Corporate Director for Children, Young People and Education to take relevant actions including but not limited to entering into relevant contracts or other legal agreements as required, to implement the required changes to give effect to the decision.

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## 12. Background Documents

- Equality Impact Assessment
- Data Protection Impact Assessment
- Education Act 2002
- Education Act 2005
- Education and Inspections Act 2006
- [The Education \(National Curriculum\) \(Key Stage 2 Assessment Arrangements\) \(England\) Order 2003 \(legislation.gov.uk\)](#)
- [2024 key stage 2 assessment and reporting arrangements - GOV.UK \(www.gov.uk\)](#)
- [The Education \(National Curriculum\) \(Key Stages 1 and 2 Assessment Arrangements\) \(England\) \(Amendment\) Order 2013 \(legislation.gov.uk\)](#)
- [The Education \(National Curriculum\) \(Key Stage 1 Assessment Arrangements\) \(England\) Order 2004 \(legislation.gov.uk\)](#)
- [2024 assessment and reporting arrangements \(phonics screening check\) - GOV.UK \(www.gov.uk\)](#)
- [The School and Early Years Finance and Childcare \(Provision of Information About Young Children\) \(Amendment\) \(England\) Regulations 2024 \(legislation.gov.uk\)](#)
- [Schools operational guide: 2024 to 2025 - GOV.UK \(www.gov.uk\)](#)
- [Schemes for financing local authority maintained schools 2024 to 2025 - GOV.UK \(www.gov.uk\)](#)
- [Schools causing concern \(publishing.service.gov.uk\)](#)

## 13. Appendices

*Appendix A - Funding Services to Schools Consultation Document 2025-26*  
*Appendix B – Services to Schools 2025/26 -Consultation outcome report*

## 14. Contact details

Report Author: David Adams	Director: <i>Christine McInnes</i>
Job title: Assistant Director Education (South Kent)	Job title: Director Education and SEN
Telephone number: 03000 414989	Telephone number: 03000 418913

Email address: david.adams@kent.gov.uk

Email address:  
christine.mcinnes@kent.gov.uk