

# WIRRAL SCHOOLS FORUM

25<sup>TH</sup> JANUARY 2011

## REPORT OF INTERIM DIRECTOR OF CHILDREN'S SERVICES

### SCHOOL REDUNDANCY COSTS

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#### 1.0 Executive Summary

This report recommends that the existing provision for school closures in the Schools Budget of £325,000 is also used in future to meet redundancy costs in schools arising from deficit recovery plans. In addition where this is the case that schools may be asked to contribute to these costs.

#### 2.0 Background

Schools may seek to reduce their workforce and in certain circumstances make staff redundant for the following reasons:

- school closure / merger / federation
- changes in school funding
- falling school rolls
- changes in curriculum.

The LA works closely with schools and governors during this time to support changes in schools, ensuring that Employment Legislation and guidance is followed and that the intended outcome is achieved.

#### 3.0 School Finance Regulations

Guidance for the treatment of premature retirement costs are contained in School Finance Regulations. These determine make up of the Local Authority and the Schools Budget.

The Local Authority (non-schools) budget is set out in Schedule 1 of the Regulations and includes budgets for:

“Expenditure in respect of the dismissal or premature retirement of, or for the purpose of securing the resignation of, or in respect of acts of discrimination against, any person except to the extent that these costs are chargeable to the schools’ budget shares or fall within paragraph 36(b) of Schedule 2.”

Most redundancy costs have tended to fall within this category and have been charged to the LEA/Children’s Services budget where there is a budget provision of £304,000.

The Regulations quoted above give an exception in Paragraph 36(b) of Schedule 2 (Schools Budget) where redundancy costs may be charged to the schools budget. This states that expenditure on redundancy or premature retirement costs may be included for “the purpose of the schools budget where the expenditure is on termination of employment costs” provided that they are “limited to the amount

deducted by the Authority under paragraph 36 of Schedule 2 to the 2008 regulation for the previous funding period”.

This has in the past given the ability to charge some School Premature Retirement costs to the Schools Budget, for example, school closure redundancies. School Forum guidance gives the forum decision-making powers to approve the use of the schools budget for this purpose.

Guidance states, “The forum must be satisfied that there is a saving to the Schools Budget at least equal to the expenditure proposed”. Where there is a deficit recovery plan the saving to the schools budget from redundancy is a reduction in school salary costs.

#### 4.0 Redundancy Costs 2010/2011

There have been significant costs in 2010-11. These are shown below and split between school deficits and school closures.

	Teaching £	Non-Teaching £	Total £
School deficit recovery			
Primary	55,522	31,102	86,624
Secondary	437,669	114,490	552,159
Special	16,347	-	16,347
Other	22,071	-	22,071
	<u>531,609</u>	<u>145,592</u>	<u>677,207</u>
School Closure			
Primary	76,016	25,628	101,644
Secondary	578,138	46,407	624,545
	<u>654,154</u>	<u>72,035</u>	<u>726,189</u>

#### 5.0 Redundancies arising from School deficits.

The number of schools in deficit needing to agree a recovery plan has started to increase, there are notably a number of large secondary deficits arising from falling rolls and/or teaching costs exceeding resources available. Schools in deficit are required to agree their recovery plans with the LA, almost all plans will include a need to reduce teaching/non-teaching staff.

#### 6.0 School Closures

In 2007/08 the Forum agreed to create a budget to cover school closure costs. At the start of the Primary Review it was recognised that in reducing surplus places this would remove a number of expensive places and increase funding for all other schools. However, in the short term there would also be costs arising from school closure - most notably staff redundancy/premature retirement costs. In 2010 - 11 closure costs are exceptional since they include the closure of 2 secondary schools, Rock Ferry and Park High School and 1 primary school - St Laurence’s. It is not

anticipated that there will be such significant demands on this budget in future. Although one-off costs have been high, currently within the contingency budget there is a reserve of £500,000 from the closure of 5 primary schools. It is planned that this will be distributed to all schools from 2011/12 as a permanent increase to school budgets.

## 7.0 Recommendation

1. That from 1<sup>st</sup> April 2011 the schools budget is also used to match fund costs associated with an approved school deficit recovery plan.
2. The views of schools are sought through Headteacher groups regarding additional contributions to these costs.
3. The Forum consider a further report at its next meeting.

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