

WIRRAL SCHOOLS FORUM

12TH APRIL 2011

REPORT OF THE INTERIM DIRECTOR OF CHILDREN'S SERVICES

SCHOOLS REDUNDANCIES - UPDATE

1.0 EXECUTIVE SUMMARY

- 1.1 This report updates members on the anticipated number and cost of redundancies in schools over the coming financial year. There are four potential funding sources to meet these costs
- The existing budget provision for redundancy and premature retirement in Children's Services.
 - School closure budget.
 - Capitalisation, which is subject to the approval of the Secretary of State, Department for Communities and Local Government, and the Council's Director of Finance.
 - A contribution from individual schools.

2.0 BACKGROUND AND KEY ISSUES

- 2.1 The previous report to the Forum in January 2011 is attached. This outlines some of the reasons schools may seek to reduce their workforce and DFE regulations describing the guidance for the treatment of costs.

The view from the last meeting was further time was needed to discuss these issues and therefore a decision was deferred to the next Schools Forum. The issue has since been raised at Primary and Secondary heads meetings.

3.0 LEGAL IMPLICATIONS

The Education Act 2002 sets out the legal framework for the treatment of redundancies and associated costs in schools. The Act states that costs incurred in respect of the dismissal of staff shall not be met from the schools budget share unless the Authority has good reason for doing so.

School Finance Regulations have given further guidance. The costs of school redundancies may be charged to the school budget where savings to the school budget are greater than expenditure proposed (resulting in efficiencies). It is this regulation that has been used to create the school closure budget.

3.1 CURRENT POSITION 2011 – 12

Redundancy costs for staff in schools are based on statutory weeks multiplied by average salary. Generally the average salary is significantly greater than the statutory entitlement.

The final position and costs will not be known until all schools have set a budget. At this time there are 16 secondary schools seeking to make redundancies and 5 primary schools. In total this may impact on 50 – 60 teachers and 15 – 20 support staff. This is summarised below:

| | Number of schools | Deficit in 2011/12 £000s | Deficit in 2012/13 £000s | Number of Teachers | Number Support Staff | Cost in 2011/12 £000s |
|-----------|-------------------|--------------------------|--------------------------|--------------------|----------------------|-----------------------|
| Secondary | 15 | 2,300 | 6,615 | 53.6 | 13.5 | 1,590 |
| Primary | 5 | 90 | 269 | 10.7 | 5.6 | 245 |
| | | | | 64.3 | 19.1 | 1,835 |

The table clearly illustrates the scale of the problem and the urgent need to address it. With specific resources of £380,000 in Children’s Services there is a potential budget shortfall of £1,455,000 to meet 2011/12 costs of redundancy.

The statutory redundancy element of these costs may be in the region of £700,000.

The specific factors contributing to the difficulties in schools are:

- i) A falling secondary pupil roll

| | |
|---------------------|----------|
| January 2010 census | 22,856 |
| January 2011 census | 22,418 |
| Reduction | 438 (2%) |
- ii) A reduction in school 6th Form funding of 3%.
- iii) A 25% reduction in Teachers Pay Grant - £225,000

3.2 FUTURE OUTLOOK

The falling roll will continue to impact secondary schools over the medium term (until 2016). Over the 6 year period from 2010 the total pupil numbers may decline by 1,873 (about 8%). Each pupil attracts Dedicated Schools Grant (DSG) of about £5,000. The change may result in a reduction of grant in excess of £9m (a typical secondary budget is £5m).

In addition to the above the indications are that funding for School 6th Forms will reduce by £3m over the next 3 years.

3.4 PROPOSALS

It is essential that robust plans are put in place by the Council, Forum and Schools to deal with these changes. These should include:

- The use of the school closure budget to fund non-closure redundancies.
- The capitalisation of statutory redundancy costs. Redundancy costs are revenue spending but the Secretary of State may permit the statutory

redundancy element to be treated as capital spending subject to meeting strict criteria. This is based upon a bidding process with no guarantee that such a bid will be approved and the costs would have to be met from non-capital funds.

- A contribution from schools of up to 25% of the costs of redundancy with agreement to extend the deficit recovery period. This would cover some costs that are in excess of the statutory requirement
- An agreement by schools to re-introduce the principles of the former Wirral school redeployment policy.

3.5 REDEPLOYMENT

In order to minimise the potential numbers of redundancies in schools a redeployment scheme is recommended. Vacancies should be advertised in schools subject to downsizing prior to an external advert, giving opportunities for all staff in schools affected to be considered. This is a means to minimise costs in schools. The views of schools will be requested.

4.0 RECOMMENDATIONS

1. That the Schools Budget is used to match fund the redundancy costs associated with an approved school deficit recovery plan.
2. That schools contribute up to 25% of redundancy / severance costs.
3. That schools are consulted on the proposals for redundancies and the introduction of a redeployment scheme.

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