

**WIRRAL COUNCIL**

**CABINET**

**3 NOVEMBER 2011**

<b>SUBJECT</b>	<b>SCHOOL REDUNDANCY COSTS</b>
<b>WARD/S AFFECTED</b>	<b>ALL</b>
<b>REPORT OF</b>	<b>ACTING DIRECTOR OF CHILDREN'S SERVICES</b>
<b>RESPONSIBLE PORTFOLIO HOLDER</b>	<b>COUNCILLOR ANN MCLACHLAN</b>
<b>KEY DECISION</b>	<b>YES</b>

**1.0 EXECUTIVE SUMMARY**

- 1.1 This report summarises the current position regarding school redundancy costs and the reasons for an increased budget pressure. The report recommends that schools contribute 25% of the costs of redundancies from their delegated budget from April 2012 and that a new school redeployment policy is implemented.

**2.0 RECOMMENDATIONS**

- 2.1 Cabinet is recommended to agree that any school affected by redundancy from 1 April 2012 be charged a contributing sum amounting to 25% of the total redundancy costs incurred (from 1 April 2012) in respect of that school.
- 2.2 Cabinet is recommended, subject to consultation with the professional associations and trade unions, to authorise the Director of Law, HR and Asset Management to implement a revised voluntary school redeployment policy as soon as practicably possible.

**3.0 REASON FOR RECOMMENDATIONS**

- 3.1 The recommendations have been made in light of:
- The ongoing and increasing costs of redundancies in schools.
  - Ongoing budget pressures on the authority.
  - The need to reduce the number of school redundancies through the development of a voluntary school redeployment policy.

#### **4.0 BACKGROUND AND KEY ISSUES**

4.1 The key reasons that require schools to reduce staffing levels (and result in an increase in redundancies) are:

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

#### 4.2 Falling School Rolls

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).

#### 4.3 Changes in School Funding

Funding for School 6th Forms may reduce in the region of £3m over the next 3 years.

#### 4.4 School/Closure/Merger/Federation

The authority has to date approved a number of school closures/mergers. In addition some schools have considered Federating in order to reduce costs. These measures are likely to result in a need to reduce staffing numbers.

#### 4.5 Changes in the School Curriculum

In light of changes made by the Department for Education, schools need to realign teaching resources against the new curriculum priorities. As there are many specialist subjects taught in secondary schools, it is much harder to redeploy staff to meet the new curriculum needs. In addition secondary schools need to respond to curriculum changes required to meet the subject choices made by pupils moving into KS4 (GCSE) and KS5 (AS and A Level).

4.6 The number staff affected and costs in 2011/12 are summarised below:-

	<b>Number of Teachers</b>	<b>Number of Support Staff</b>	<b>Costs in 2011-12 £000</b>
Primary	5.0	3.4	98
Secondary	34.9	32.9	745
Music Service	10.5		242
<b>Total</b>	<b>50.4</b>	<b>32.9</b>	<b>1015</b>
Less Capitalisation			<b>(559)</b>
			<b>526</b>

The agreed budgets to fund these costs are :-  
£000

LEA	380
School Budget (closures)	326
	<b>706</b>

#### Capitalisation Costs

The Department of Communities and Local Government (DCLG) approved Wirral's request to capitalise redundancy costs. The statutory redundancy costs of employees (up to £400 per week) may be capitalised. These costs are estimated to be £500,000 and a provision for this is being made within the Children and Young People's Department Capital Programme.

The Music Service statutory redundancy costs may also be capitalised.

## **5.0 RELEVANT RISKS**

- 5.1 Whilst detailed consultation has taken place with schools and relevant parties, it is possible that a school may challenge the decision to pay 25% of the cost of redundancy, in relation to the interpretation of the Education Act 2002.

This change will increase the pressures on School Budgets and may result in the need to identify further reductions. This risk can be partially offset if schools are given a licensed deficit for a longer period.

## **6.0 OTHER OPTION CONSIDERED**

6.1 As the costs of school redundancies are likely to continue to rise for at least another 5 years, the following options were considered.

- Significantly increase the LA budget for redundancy/premature retirement.
- Increase the central Schools Budget (by top slicing from all schools) - where the costs of redundancy are offset by greater efficiency.
- Individual schools pay all the costs of redundancy - this model seems to be increasingly adopted by other authorities.
- Seek approval for capitalisation of school redundancy costs.

## **7.0 CONSULTATION**

7.1 Consultation on the recommendations outlined above has been undertaken with the following groups.

- All Headteachers
- Professional Associations and trade unions
- Schools Forum – who have formally recorded their support for the recommendations outlined above

## **8.0 IMPLICATION FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS**

8.1 There are none arising directly from this report.

## **9.0 RESOURCE IMPLICATIONS: FINANCIAL, IT, STAFFING AND ASSETS**

9.1 The additional cost of school redundancies can be contained in the current year as described above. If the current budget resources were fully committed in future years, the change would result in schools absorbing £235,000 in redundancy costs.

The redundancy costs of schools who convert to Academies are met by the Academy itself, not the Authority.

## **10.0 LEGAL IMPLICATIONS**

- 10.1 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 (England) Regulations 2011 enable the costs of school redundancies to be charged to the school budget where savings to the school budget are greater than expenditure proposed (resulting in efficiencies). It is these Regulations that have been used to create the school closure budget.

## **11.0 EQUALITY IMPLICATIONS**

- 11.1 The voluntary deployment policy referred to in this report will need to be consistent with the provisions of the Equality Act 2010. An Equality Impact Assessment will be undertaken in relation the proposed policy in due course and any equality issues and matters identified will be addressed.

## **12.0 CARBON REDUCTION IMPLICATIONS**

- 12.1 There are none arising directly from this report.

## **13.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS**

- 13.1 There are none arising directly from this report.

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## **APPENDICES**

### **REFERENCE MATERIAL**

### **SUBJECT HISTORY (last 3 years)**

<b>Council Meeting</b>	<b>Date</b>