

WIRRAL COUNCIL

WIRRAL SCHOOLS FORUM - 20TH OCTOBER 2015

REPORT OF THE DIRECTOR OF CHILDRENS SERVICES

SCHOOL REDUNDANCY COSTS

1.0 EXECUTIVE SUMMARY

1.1 This report describes proposed changes to the funding of redundancy costs in schools that may be put in place from April 2016.

2.0 CURRENT POSITION

2.1 Redundancy costs in respect of staff in schools that are affected are based on statutory weeks, multiplied by average salary. Generally the average salaries in schools are significantly higher than the statutory entitlement.

2.2 Schools may seek to reduce their workforce and in certain circumstances to make staff redundant for a number of reasons including:

- School closure, merger, federation.
 - Changes in school funding.
 - Restructure.
 - Falling school rolls.
 - Other such as changes in school curriculum.
- o The Local Authority (LA) works closely with schools and governors to support changes in schools, ensuring that employment legislation and guidance is followed and that the intended outcomes are achieved.

Schools contribute 25% to the cost of redundancies and the LA fund the remaining 75%. This position is in respect of maintained schools only; academies pay all redundancy costs from their budget allocation from the Education Funding Agency (EFA).

2.3 In 2015-16 the LA has a budget of £128,300 to meet its share of school redundancy costs. This has been benchmarked with statistical neighbours as follows:

| | |
|---------------------------|----|
| Spend per capita – Wirral | £4 |
| Statistical Neighbours | £1 |
| England average | £5 |

2.4 Redundancy costs in previous years are set out below:

School Redundancy Costs

| | 2013-14 | | 2014-15 | |
|---------------|------------|-----------------|------------|-----------------|
| | LA £000 | Schools £000 | LA £000 | Schools £000 |
| Falling Rolls | 180 | 60 | 100 | 33 |
| Restructure | 22 | 6 | | |
| Deficit | 1 | | 70 | 24 |
| Fund changes | 6 | 2 | 4 | 1 |
| Other | 18 | 6 | 27 | 9 |
| Total | 227 | 74 | 201 | 67 |
| Number | 30 | | 22 | |

3.0 SCHOOL FINANCE REGULATIONS

3.1 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 in school should not be met from school budget shares unless the authority has good reason for doing so.

3.2 The School Revenue Funding guide by the EFA provides further guidance and prevents any new redundancy costs being charged to central school budgets.

4.0 PROPOSED REDUNDANCY POLICY

4.1 It is proposed that Wirral's school redundancy policy is in future based on the LA funding 75% of redundancy costs where the following conditions are met:

- The school has or has had significant falling rolls.
- Falling rolls are evidenced.
- Evidence is provided that where there are falling rolls that there is a planned reduction / restructure.
- The decision to make redundancies in this situation is taken in consultation with LA finance, HR and School Improvement staff.

The LA will not consider funding redundancies and severance costs where:

- o The deficit has arisen for reasons other than falling rolls, such as formula changes or the impact of inflationary increases.
- o The school cannot demonstrate it has planned the reduction/restructure.
- o The school has not taken or followed LA advice.
- o The school has incurred unreasonable expenditure.

5.0 NEXT STEPS

- 5.1 A brief consultation paper is planned this term to obtain a broad view which will be reported to Cabinet in the New Year along with the views from the Forum.

6.0 RECOMMENDATION

- 6.1 The Forum are asked for a view on this proposal

Julia Hassall
Director of Children's Services