

## **WIRRAL COUNCIL**

**WIRRAL SCHOOLS FORUM 13<sup>th</sup> January 2016**

### **REPORT OF THE DIRECTOR OF CHILDREN'S SERVICES**

#### **SCHOOL REDUCUNDANCY COSTS**

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##### **1. EXECUTIVE SUMMARY**

This report sets out the responses received to a short consultation on proposed changes to the treatment of school redundancy costs in schools and outlines the next steps to be taken.

##### **2. BACKGROUND AND KEY ISSUES**

The Forum considered a paper at its last meeting describing proposed changes to the funding of school redundancy costs. The changes to be considered are that the LA will in future only fund 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:

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

A short consultation has been undertaken with schools to obtain their views. This has followed on from briefings with Headteacher groups and with governors. The consultation ran from 30<sup>th</sup> November to 8<sup>th</sup> January. At the time of writing 6 responses had been received, however this is the start of term and there are still a few days before the consultation closes. Any further comments received will be considered at the meeting.

##### **School responses**

There are a number of common themes in the responses received to the questions asked:

**Q1 Are the issues raised by flat cash settlements common to all schools?**

This question was asked to try to see if schools thought they were all equally affected by flat cash and the need to generate efficiencies and reduce costs to offset pay awards, pensions etc. All responses agreed with this question

**Q2 Do you agree that falling rolls impact certain areas and certain schools only?**

This question asked if schools recognised that the difficulties associated with falling rolls were in addition to flat cash and that this was not a problem for all schools.

Most responses supported this view, although there were comments that there were bigger problems facing smaller schools and that falling rolls could be seen as cyclical. Whilst this last

point is true, the cyclical nature of falling rolls is a medium to long term issue and is over many years.

Q3 Should redundancies required in respect of falling rolls be treated differently and funded by the LA?

There was general agreement to this question.

Q4 What are your comments on the proposal to change the current redundancy policy?

The comments from schools were wide ranging and consistently negative. Schools commented on the additional burden this would place and the impact this would have on their ability to pay and attract experienced staff. Schools also questioned the LA's statutory obligation to meet these costs. This point is dealt with below.

Q5 Comments on date of introduction

Most suggested that the date of April 2016 should be deferred, since any impending decisions that schools would take in the current academic year could not be made before then. This is also a view that was expressed by Forum members at the last meeting.

Q6 Are there other changes that should be considered to make costs more affordable?

With the exception of capitalisation, which would require approval from the Secretary of State schools have not suggested any alternatives.

Q7 Is redeployment seen as a reasonable measure?

Schools support the voluntary scheme and are aware of its existence

## **School Finance Regulations**

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.

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

In response to the above the reasons that redundancy costs could be charged to school budgets follow on from the implications of flat cash budgets and the need to make cost reductions. These have been known for some time, having been a feature of school finances since 2011 and widely understood / reported.

During this time schools have taken action to review staffing levels and contracts, reduce spend and where possible increase balances / reserves. Whilst increases in pay costs next year are significant, they have been known or anticipated and will have been a feature in school budget planning.

## **Next Steps**

The proposal to change the School Redundancy Policy will be referred to Cabinet together with the views from schools and the Forum.

As part of the proposal the request to defer the implementation date to 1<sup>st</sup> September 2016 will be included in the report.

## **RECOMMENDATION**

1. The Forum considers the report and gives a view on the proposal.

**Julia Hassall**  
**Director of Children's Services**