

## Annex E

### **Financial support for redundancy, premature retirement costs and severance payments in schools**

Schools are responsible for managing their budget and with this comes the responsibility to manage their budget in the short term as well as the long term. This responsibility should include forecasting future levels of funding and developing plans to adjust expenditure in line. This will include avoiding redundancies by vacancy management wherever possible. **When a redundancy situation arises it will be reviewed on an individual basis as to whether the school or the local authority should fund it. The decision will be taken by the Executive Director of Children and Young People and the Executive Director of Resources and Regeneration jointly. Having regard to representations from the Governors of the school in question. On this basis schools are responsible for dismissal costs the relevant resources have been delegated to schools and the LA retains no central budget to meet such costs**

In certain circumstances events may transpire that make it very difficult for schools to manage the budget and a fund exists to support schools with this. This provision is called Schools in difficulty.

In deciding whether funding support should be approved the following will be considered

- The circumstances are the result of an outcome in that the school could not have reasonably foreseen, e.g. a perverse decision at employment tribunal which is contrary to that expected from the HR advice provided.
- Where a fall in income is so great and requires additional redundancies that is disproportional to the annual budget and would create instability to the delivery of the curriculum and is in accordance with section 21 of the Education Act 2011

Any submission will be considered by the Head of School Improvement and the Head of Resources with the advice of the group finance manager and head of schools HR. This panel will decide the level of support.

There will be a right of appeal on any decisions to the Schools Forum in the case of dispute.

Any school receiving such support must agree to achieve a balanced budget and [meet the conditions expected of any school operating with a licensed deficit] submit budget monitoring plans in accordance with the standard timetable.

The Education Act 2002 states the position in relation to the funding of premature retirement costs or the costs associated with dismissal. For the purposes of this Act dismissal includes redundancy.

The position is as follows:

Section 37(4) – costs incurred by the Local Authority (LA) in respect of any premature retirement (PRC) of a staff member at a maintained school shall be met from the school's budget share for one or more financial years except in so far as the authority agree with the governing body in writing that they shall not be so met.

Section 37(5) – costs incurred by the LA in respect of the dismissal, or for the purpose of securing the resignation, of any member of the staff of a maintained school shall not be met from a school's budget share for any financial year except in so far as the authority have good reason for deducting those costs, or any part of those costs from that share.

The default position is therefore that PRC costs are met from the school's delegated budget. In the case of redundancy there has to be a good case for it not to be centrally funded **unless there is provision contained in the Scheme for Financing Schools** and this will be decided on an individual case basis

The above provisions are subject to the following:

Where the local authority incur costs -

- (a) in respect of any premature retirement of any member of staff of a maintained school who is employed for community purposes, or
- (b) in respect of the dismissal, or for the purpose of securing the resignation of any member of staff who is employed for community purposes,

the local authority shall recover those costs from the governing body except in so far as the authority agree with the governing body in writing that they shall not be so recoverable.

Any amount payable by the governing body to the local authority may be met out of the school's budget share for any funding period if the governing body is satisfied that meeting the amount out of the school's budget share will not to a significant extent interfere with the performance of any duty imposed on them by provisions specifically of section 21(2) Education Act 2002 (conduct the school with a view to promoting high standards of educational achievement) or any other provisions of the Education Acts.