

Executive Member Decision



REPORT OF: Executive Member for Children, Young People and Education

LEAD OFFICERS: Director of Children's Services & Education

DATE: Friday, 31 July 2020

PORTFOLIO(S) AFFECTED: Children, Young People and Education

WARD/S AFFECTED: (All Wards);

SUBJECT:

Policy for the responsibility for redundancy and early retirement costs in schools.

1. EXECUTIVE SUMMARY

There is currently no formal policy in place in Blackburn with Darwen covering the responsibility for redundancy and early retirement costs in maintained schools.

Legislation exists in this area, but is open to interpretation. The implementation of this policy seeks to provide some clarity for both maintained schools and the local authority (LA).

The proposed policy is attached.

2. RECOMMENDATIONS

That the Executive Member approves the implementation of the attached policy for the responsibility for redundancy and early retirement costs in schools.

3. BACKGROUND

In respect of redundancy and early retirement costs, the current Blackburn with Darwen Scheme for Financing Schools, in accordance with guidance from the Department for Education, states that:

"The default position...is that premature retirement costs must be charged to the school's delegated budget, while redundancy costs must be charged to the local authority's budget.....in the latter case, there has to be a good reason for [them] not to be centrally funded, and that cannot include having a no redundancy policy."

The purpose of this policy is to provide clarity for maintained schools, and for the LA, around what constitutes a "good reason" for redundancy costs not to be charged to the LA.

In order to achieve this, the policy sets out the criteria that must be met by schools in order for central support for redundancy costs to be made available.

4. KEY ISSUES & RISKS

The position in terms of whether redundancy and early retirement costs are the responsibility of maintained schools or the local authority is currently unclear. This creates a risk for both in terms of financial planning.

5. POLICY IMPLICATIONS

There is no existing policy in place. This policy, if approved, would therefore become effective immediately, and would cover all redundancy and early retirement funding decisions arising in the current financial year and going forward.

6. FINANCIAL IMPLICATIONS

There is no annual budget available within the LA to cover redundancy and early retirement costs in schools, and any such costs have historically been covered by earmarked Dedicated Schools Grant (DSG) reserves. The introduction of this policy will help the LA with its reserves management planning, and will help to establish whether alternative funding arrangements are required in the future (such as possible de-delegation of school budgets which could be considered in consultation with Schools Forum).

The introduction of the policy should encourage schools to develop robust financial planning practices, as the ability to demonstrate these is one requirement of financial support being made available.

7. LEGAL IMPLICATIONS

The relevant legislation is Section 37 of the 2002 Education Act, which states:

(4) Costs incurred by the local authority in respect of any premature retirement of a member of the staff of a maintained school shall be met from the school's budget share for one or more funding periods except in so far as the authority agree with the governing body in writing (whether before or after the retirement occurs) that they shall not be so met.

(5) Costs incurred by the local authority 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 the school's budget share for any funding period except in so far as the authority have good reason for deducting those costs, or any part of those costs, from that share.

(6) The fact that the authority have a policy precluding dismissal of their employees by reason of redundancy is not to be regarded as a good reason for the purposes of subsection (5).

The purpose of this policy is to provide clarity around the "good reason" referred to in subsection 5.

8. RESOURCE IMPLICATIONS

See Financial Implications above.

9. EQUALITY AND HEALTH IMPLICATIONS

Please select one of the options below.

Option 1 ☒ Equality Impact Assessment (EIA) not required – the EIA checklist has been completed.

Option 2 ☐ In determining this matter the Executive Member needs to consider the EIA associated with this item in advance of making the decision.

10. CONSULTATIONS

The proposed policy was presented to Schools Forum on the 4th June 2020, and recommendations made by Forum members have been incorporated into the policy.

11. STATEMENT OF COMPLIANCE

The recommendations are made further to advice from the Monitoring Officer and the Section 151 Officer has confirmed that they do not incur unlawful expenditure. They are also compliant with equality legislation and an equality analysis and impact assessment has been considered. The recommendations reflect the core principles of good governance set out in the Council's Code of Corporate Governance.

12. DECLARATION OF INTEREST

All Declarations of Interest of any Executive Member consulted and note of any dispensation granted by the Chief Executive will be recorded in the Summary of Decisions published.

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DATE:	28/07/2020
BACKGROUND PAPER:	Proposed policy for the responsibility for redundancy and early retirement costs in schools.