

West Northants Schools Forum: 19 October 2021
Agenda Item 5b
2022-23 Redundancy Costs for Maintained Schools De-Delegation

Appendix A – Redundancy Costs for Maintained Schools

1 Background

- 1.1 The redundancy costs for maintained schools de-delegation enables maintained schools to collectively manage redundancy situations that are unaffordable for individual schools. It provides a means for maintained primary schools to access financial support when restructuring for the purpose of bringing their budget into balance.
- 1.2 This gives some protection to schools that need to adjust their staffing structures in order to manage their financial circumstances, potentially preventing them from incurring deficits and compounding their financial circumstances.

2 Accessing the Fund

- 2.1 Maintained Schools can submit a redundancy business case and a three-year budget plan for before and after planned redundancies (in an agreed format available on asking) to West Northamptonshire Council (WNC) HR and WNC Finance. If specific conditions are met, financial support is authorised by both the Director of Children's Services and the Section 151 Officer (or their deputies).
- 2.2 The standard level of support provided is 25% of the cost of redundancy or greater if the resulting cost leaves the school in a deficit budget in the year purely as a result of the redundancy costs.
- 2.3 Detailed Criteria for Accessing the fund:
 - Must be a maintained primary school
 - Restructure needed to bring school budget into balance within next year or across the three-year business plan
 - Reserves not held that could cover cost of redundancies
 - The revised structure must balance the budget (or significant work must be in progress towards that end e.g. amalgamation)
 - Three-year business plan before and after restructure must be provided in business case (in full excel format)

- Estimate of cost must be provided in business case, including pension strain.

3 Financial Position and Budget Requirement for 2022-23

3.1 In 2021-22 budget setting the rate was reduced significantly from £5 in 2020-21 to £1.50 due to there being a large carry forward. This is not expected to occur again at the end of the current financial year due to the number and value of business cases received in year and therefore there is a need to increase the per pupil rate in 2022-23.

Table 1: 2021-22 Forecast Outturn Position on Redundancy De-delegation Budget £k

	2019-20	2020-21	2021-22	2022-23
Carry Forward	282	220	**185	0
De-delegated from Individual Schools Budgets	27	124	21	111
Total Budget	309	344	206	111
Expenditure	89	66	***206	***111
Balance remaining	220	*338	0	0

* Carry forward from NCC

** Carry forward proportion for WNC

*** Estimate

3.2 Four redundancy business cases have been received so far in 2021-22 with a significant number of further restructures expected. Some of these restructures are for significant numbers of staff. In 2022-23 the council do not expect any restructures of a similar size to be taking place. Adding that to the sparsity allocation to small rural schools in the Schools Formula Budget paper, the forecast is that a smaller budget will be needed in 2022-23.

3.3 With the prior year carry forwards forecast to be utilised by the end of the current financial year, the LA proposes the redundancy de-delegation be increased for 2022-23 by maintained primary schools at a rate of £8 per pupil. An estimate of the budgets this will generate are shown in the table below.

Table 2: Calculation of rate required for 2022-23

	Total
Primary Pupil numbers (Oct 2020 census basis)	13,872
Total Requirement Budget Estimate	c£111k
Per Pupil Rate Required	£8 per primary pupil

3.4 The contributions and therefore the budgets can reduce during the year if maintained schools convert to academy in year.

3.5 As this funding is de-delegated from individual maintained school budgets any underspend at the end of 2022-23 would be ring-fenced and carried forward to use in future years as necessary.

4 Next Steps

4.1 Information on the redundancy de-delegation will be included in the schools consultation document for the 2022-23 budget setting process.

4.2 School Forum members will be asked to vote in December 2021 on whether the redundancy de-delegation should be continued with the suggested scheme and rate of £8 per pupil, as outline above.

5 Recommendations for Schools Forum

5.1 To support this report and the officer suggested de-delegation rate for redundancy funding for inclusion in the Schools Funding Consultation and to be aware that a vote will be required by Maintained School Members in December's forum meeting.

6 Legal implications

6.1 The legislation governing the Schools Forum Powers and Responsibilities is available through the link below. This outlines that de-delegations require a vote by maintained schools forum members.

[Stat guidance template \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)

6.2 For further information on the legislature for de-delegations please see [The School and Early Years Finance \(England\) Regulations 2020 \(legislation.gov.uk\)](https://legislation.gov.uk) under regulations 11(5) and 11(6).

7 Risks

7.1 The main risk is that the budget is not sufficient to support all schools that are restructuring due to financial difficulties. This could be mitigated by agreeing to carry forward any overspends to the following year to fund from the budget set for 2023-24.

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