



Leicester  
City Council

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All

School Forum agenda item 6

## FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:

Schools Forum

15 June 2017

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### Premature Retirement and Redundancy Costs in Maintained Schools

#### 1 Background

- 1.1 Forum members have commented that there appeared to be confusion as to who was responsible for paying redundancy costs in schools and in what circumstances the Exceptional Cost Panel (ECP) would approve such requests. Accordingly, the Interim Director of Learning Services agreed to clarify the matter.
- 1.2 The attached note sets out the current policy. It will be incorporated into the next edition of the Scheme for Financing Schools.

#### Report Author

Ian Bailey, Interim Director of Learning Services

# Premature Retirement and Redundancy Costs in Maintained Schools – June 2017

## 1 Background

1.1 This note sets out the City Council policy on premature and redundancy costs in schools. The following paragraphs will be incorporated into the next edition of the Scheme for Financing Schools.

## 2 Relevant Legislation

2.1 Section 37 of the Education Act 2002 states (italics):

*In sub-section 4:*

2.2 *Costs incurred by the local education 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 financial years 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.*

2.3 In other words pension related costs should be paid by schools unless otherwise agreed.

*In sub section 5*

2.4 *Costs incurred by the local education 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 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.*

2.5 In other words the local authority pays for redundancy unless it has good reason not to. 'Good reasons' are not defined in the legislation but sub-section 6 says that having a policy of precluding redundancy is not a good reason.

## 3 Policy

3.1 The LA deems the following to be good reasons not to cover redundancy costs where:

1. A school has decided to offer more generous terms than as advised by the local authority. In such cases the excess will be charged to the school.
2. A school acts outside the advice issued by the local authority.
3. Staffing reductions arise from a deficit caused by factors within a school's control.
4. A school has sufficient funding for necessary redundancy costs to be paid, as evidenced by the individual school's three year budget plan, including appropriate use of surplus balances
5. Where there is funding available in the de-delegated exceptional cost pressure / Schools in Financial Difficulty fund.
6. Where uncommitted DSG carried forward from previous financial years is available.

Note: Fixed term contracts. Costs will covered by a school where it has direct control over the circumstances leading to the redundancy requirement. Costs for staff who have had a permanent contract for two years following a fixed-term contract will be considered against the criteria above.

- 3.2 The LA will use the same mechanisms to consider redundancy costs as those used for considering Exceptional Cost Pressures