

Early Voluntary Retirement and Redundancy Process Review

The school workforce in Carmarthenshire totals approximately **3,880** members of staff. This is made up as follows-

	Teachers	Support Staff
Voluntary Aided	75	131
Secondary Schools	694	573
Primary Schools	780	1500
Special Schools	24	103
Total	1,573	2,307

In accordance with the statutory local management of schools framework the recruitment and termination of employment of members of the schools based workforce falls under the authority of school governing bodies. Whilst the Council offers advice to school governing bodies on workforce matters the decisions rest with governing bodies and fall outside the direct control of the Council.

However, the County Council remains the employer in law of all school based staff and is subject to statutory obligations for these staff as for all other County Council employees. This means that whilst the County Council has no direct control over the management of the school workforce the financial implications of decisions made by school governing bodies on the release of school based staff rest with the County Council.

The budget allocated to address **Early Voluntary Retirement and Redundancy** costs is held by the Department for Education and Children's Services. For a number years this budget has been under considerable pressure. In respect to the last five years expenditure information is noted below-

Financial year	Budget	Overspend
2013-14	1,557,235	400k
2014-15	1,570,603	864k
2015-16	1,602,072	793k
2016-17	1,612,287	846k
2017-18	1,837,571	488k
2018-19	1,874,715	300k (forecast)

Procedures to support and challenge schools considering staffing reductions have been developed since 2017 which is reflected in the reduced overspend.

The staffing compliment at each school is influenced by a number of factors, such as curriculum demands, national policy requirements regarding pupil to staff ratios, etc, but the principal driving factor is the number of pupils on the school roll.

The number of pupils at each school varies from year to year as a consequence of factors such as the demography of the catchment area, the popularity of the school, etc. The statutory funding framework for schools requires that at least 70% of the funding allocated to schools by the local authority must be based on pupil number and so the governing body of every school must keep its staffing compliment under review so that it is appropriate to the pupil cohort and curriculum demands. This means that schools regularly need to reduce their workforce when pupil numbers decline, either through voluntary early retirement or redundancy.

Furthermore, the rationalisation of schools through the MEP can give rise to school staff redundancies and whilst this generates efficiency gains for the longer-term there are short term cost consequences.

When school staff have their employment terminated the additional short-term costs arising out of pension actuarial strain and redundancy payments fall to the Department for Education and Children's Services to meet rather than the individual school's budget.

The **School Funding (Wales) Regulations 2010** establishes that expenditure in respect of the dismissal or premature retirement of any person and expenditure in respect of teacher's emoluments are part of the local authority budget. These costs are outside the direct control of the Department but the Department will seek to work with schools and the trade unions to reduce the overall impact of staff termination costs. However the Local Authority could charge schools in certain circumstances, dependant on the content its Scheme for Financing Schools (see further proposals).

The majority of the budget is "locked in" as it relates to pension contributions and other costs for staff released in previous years. Elements of these costs will continue until pensioners die. There is less than £100k budget available to meet new expenditure arising within the year, which is giving rise to a significance projected over-spend in the current year.

This budget has persistently over-spent over recent years by significant amounts. Current predictions are that the budget will overspend by £300k in 2018/2019.

With further significant rationalisation of the schools network planned through the MEP, some rural primary schools experiencing a continuing decline in forecast pupil numbers despite a generally increasing birth rate, and with secondary school pupil numbers forecasted to decline for a couple of years yet, there is little prospect of the pressures on this budget easing in the foreseeable future. If County Council approves a reduction in school budgets or a cash neutral position it is inevitable that significant short term costs will arise as schools are forced to shed staff.

The Department is working with schools to explore ways to manage expenditure in this area but it is unlikely that this effort will remove this financial pressure in the mid-term. It may be possible to reduce the overall financial burden by reducing teachers' payments at retirement or redundancy in line with provision for non-school based staff and further negotiation with the teaching unions will be held to explore options.

Process

When schools need to reduce expenditure they need to look at all possible options before considering reducing their workforce. When this is inevitable, during the redundancy consultation process, volunteers for early retirement and/or redundancy are sought. The process also seeks volunteers to apply for reduction of hours. This is usually a risk free process in terms of post-employment claims e.g. for breach of contract or unfair dismissal.

If there are no suitable volunteers, there is likely to be a compulsory redundancy in line with the agreed scheme. The Council's Scheme complies with Teachers (Compensation for Redundancy and Premature Retirement) (Amendment) Regulations 2006 S1 2006 no. 2216-PRC Regulations amend the 1997 PRC Regulations and with the Teachers Pensions scheme as revised on 1st January 2007. This approach carries a higher risk and is more time consuming for governors, school staff and HR. The LA carries the cost in terms of defending the case and any compensation/financial settlements.

Recommendations for dismissal by reason of redundancy are the responsibility of the school governors. The local authority will make every effort to obtain redeployment for the employee concerned where appropriate.

In the case of deliberate disregard of the Director's advice, all costs, including redundancy payments and any costs arising at a later date, including costs relating to Employment Tribunal claims, may be recharged to the school's delegated budget.

Currently School Improvement, Finance and Human Resources officers are involved in this process in advisory capacities. Officers offer advice and guidance on their respective areas of expertise. Business Plans are then developed, costed and presented to the Director.

At this stage it has been presumed that the decisions made are *fait accompli*. The majority of cases are agreed yet on occasions due to issues with the proposals some are not. However, in many examples the affected staff have been advised of a governing body's decision prior to the business case being agreed. This has led to disgruntled staff and school governors.

More recently the Chief Education Officer and Group Accountant have met with individual schools to discuss their school development objectives and financial position and to challenge their proposals. This has led to a constructive professional dialogue and often a change in direction in respect to realising their efficiency. This process has been formulated and developed over the last two years.

Changes to Date

1. The **Premature Retirement and Redundancy Discretionary Compensation** and **School Safer Recruitment Policies** have been reviewed and updated.
2. The discretionary '*added years*' element has been removed.
3. There are regular meetings between Finance, HR and Education to consider this agenda.
4. All current school structures have been compiled and analysed in order to develop a 'Carmarthenshire Model School Staffing Structure' for different sized schools.
5. A '**Change Panel Process**' (Appendix 2) has been developed to challenge schools on their plans which aligns the school process with the corporate process.

The Change Panel Process

- A core team will review the practical and equality issues arising from strategic proposals as well as management suggestions and proposals.
- The **Change Review Panel** will provide support and advice at an early stage to Headteachers who are considering changes which have implications for structures and staffing. In general, schools who plan such changes thoroughly and well in advance can ensure that staffing implications can be planned for and discussed with employees and as a result the change is easier to manage.
- Schools will be required to provide the following information-

1	Reason for Review
2	<p>Have alternative options been considered e.g. federation, partnership and collaboration, procurement etc.? (Please outline)</p> <p>Please ensure that you are able to evidence that the following reviews have been undertaken and that you can draw upon those reviews in shaping and presenting your conclusion:</p>

	<ul style="list-style-type: none"> • Staffing • Curriculum • Savings sought after
3	Anticipated impact on staffing structure and job roles: (Include a summary of changes in job numbers, types of jobs, reduction in hierarchies)
4	Current staffing structure and proposed staffing structure (in diagrammatic form) to include employee names (where possible) and post grades.
5	Summary of changes to job roles (Include changes in status, pay grade, responsibilities, supervision, reporting lines etc.)
6	Job profiles and proposed grades for all posts in the new structure
7	Summary of potential adverse impact on employees including potential redundancies and down grading of posts e.g. where job profiles have been assessed at a lower grade, employees' status in hierarchy is affected
8	Summary of potential impact upon, and strategies to manage/mitigate any risks: <ul style="list-style-type: none"> a) Educational Standards b) Curriculum Coverage (Statutory core and non-core subjects) c) WESP d) Successful Futures e) Learning and Skills Measure (Secondary) f) Teaching and Learning
9	Cost of structure (current and proposed): If the proposed structure results in increased costs, please explain why and how this will be funded. Please also confirm that Finance have checked and confirmed costings.
10	Implementation Plan and Timetable

To be considered/implemented

1. Review of the Redeployment Protocol and promote with all schools.

- This was originally developed for the Dinefwr area for adoption by the schools affected.
- This would formalise what we do at the moment as part of the LA's redeployment process.
- The schools who did not adopt this were concerned that there were higher quality candidates available and wanted to recruit from a wide audience.

2. Incentive Scheme

- Incentive Scheme for schools receiving redeployed staff to encourage redeployment of teachers from schools having to reduce staffing.
- The LA could reimburse the school for a proportion of the salary for a fixed period of time e.g. the difference between the redundant post and the new one for up to 3 years.
- This would probably only appeal to teachers under 55 under threat of compulsory redundancy

3. Phased retirement

- Ensure all teachers over 55 are aware of the phased retirement option available to them.
- In respect to this option there is no cost to employer.

- From age 55, a teacher can take part of their pension and continue to work whilst in transition to full time retirement

4. Scheme for Financing Schools – Review of content re EVR & Redundancy to include:

- Within the charging of school budgets, charges may be made for :
 - Premature retirement costs incurred without prior written agreement of the Local Authority to bear such costs (the amount chargeable being only the excess over any amount agreed by the LA)
 - Expenditure incurred to secure resignations where the school had not followed LA advice
- For the above to be adhered to, the School Budget Forum would approve amendment to the scheme and procedural guidance be notified to schools for them to apply for LA approval of business cases prior to any decision by the Governing Body.