

ISLE OF ANGLESEY COUNTY COUNCIL

REPORT TO:	EXECUTIVE COMMITTEE
DATE:	20 MARCH 2017
SUBJECT:	FUNDING THE RESTRUCTURING WITHIN SECONDARY SCHOOLS
PORTFOLIO HOLDER(S):	COUNCILLOR H E JONES COUNCILLOR K HUGHES
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LOCAL MEMBERS:	n/a

A - Recommendation/s and reason/s

1. The Executive agrees in principle to fund any pay protection costs that arise from the restructuring of the management of the Council's Secondary Schools from central budgets.
2. The pay protection are funded in 2017/18 from the Redundancy Contingency budget but, if this is insufficient, from the Council's general balances.
3. That each school that requires support in meeting any pay protection costs must submit a formal plan detailing the proposed changes, pay protection costs and revenue savings to be achieved. The plan must be in line with the principles set out in the restructure proposal already drafted and must be agreed with the Head of Learning and the Head of Function (Resources) / Section 151 Officer.
4. That the release of funding for individual schools is delegated to the Portfolio Holder (Finance) and the Portfolio Holder (Education) subject to the submission of a satisfactory business case by the School concerned.
5. The Council reserves the right to recover a proportion of funding allocated towards the cost of pay protection, should a school that has received funding through this decision decide to restructure again in the future e.g. as a result of increasing pupil numbers.

The reasons for the recommendations are set out in Appendix 1.

B - What other options did you consider and why did you reject them and/or opt for this option?

That the schools are required to fund the pay protection costs from their own budgets. As this requires funding for a three year period, it is unlikely that the schools would be in a position to fund the costs and would not implement the restructure. In order to balance their budgets, schools would be more likely to reduce staff numbers and the costs of redundancy would fall on the corporate budget.

The recommended option allows schools to make the necessary reduction in costs to enable them to operate with the funding available but also allows the schools to be in a better position to maintain existing staffing numbers.

C - Why is this a decision for the Executive?		
The use of general balances and the development of a budget strategy is delegated to the Executive.		
CH - Is this decision consistent with policy approved by the full Council?		
Yes		
D - Is this decision within the budget approved by the Council?		
Yes for 2017/18 – funding for 2018/19 to 2020/21 will be approved by the Full Council as part of the overall budget package.		
DD - Who did you consult?		What did they say?
1	Chief Executive / Strategic Leadership Team (SLT) (mandatory)	In agreement with the proposal
2	Finance / Section 151 (mandatory)	Author of the report
3	Legal / Monitoring Officer (mandatory)	Noted the need for clarity regarding declaration of interests by the two Portfolio Holders.
4	Human Resources (HR)	
5	Property	
6	Information Communication Technology (ICT)	
7	Scrutiny	
8	Local Members	
9	Any external bodies / other/s	
E - Risks and any mitigation (if relevant)		
1	Economic	
2	Anti-poverty	
3	Crime and Disorder	
4	Environmental	
5	Equalities	
6	Outcome Agreements	
7	Other	
F - Appendices:		
<ul style="list-style-type: none"> Detailed report on the proposal 		
FF - Background papers (please contact the author of the Report for any further information):		

FUNDING THE REORGANISATION OF THE MANAGEMENT OF SECONDARY SCHOOLS

1. INTRODUCTION AND BACKGROUND INFORMATION

- 1.1. The pupil population in the Council's Secondary Schools has fallen over recent years (in particular in four out of five of the Schools), however, the management structure of the schools has remained unchanged in terms of the number of staff on the School's senior management teams (Headteachers, Deputy and Assistant Head Teachers, Heads of Year and Heads of Subjects).
- 1.2. The general financial settlement for the Council and the need to make savings generally and the reduction in sixth form funding has resulted in the following changes to the secondary schools budget.

Table 1
Secondary School Budgets 2014/15 – 2017/18

Year	Funding Years 7 - 11	Sixth Form Grant	Total Secondary Schools Budget	Change from Previous Year
	£'000	£'000	£'000	%
2014/15	13,521	2,962	16,483	-
2015/16	13,728	2,711	16,439	-0.3%
2016/17	14,321	2,554	16,875	+2.6%
2017/18	14,047	2,522	16,570	-1.8%

- 1.3. As can be seen, the overall level of funding has remained fairly constant in cash terms but schools have been required to fund increases in staff costs (pay awards and increments) and the general increase in costs due to inflation. Schools have used balances to help deal with the budget difficulties in previous years but the value of reserves has fallen in the past two to three years and this source of funding is no longer available.
- 1.4. The problem is most acute in one secondary school, which has seen the largest fall in pupil numbers and has a deficit balance of reserves as at the end of March 2016.
- 1.5. The Headteacher of this school has approached the school's Senior Management Team to determine whether it would be possible for the Council to support the school in its efforts to reduce costs whilst maintaining the level of teaching staff.

2. THE PROPOSAL

- 2.1. The majority of any school's expenditure is staffing costs and the majority of the staffing costs relate to teaching staff. Where significant reductions are required in expenditure, it will invariably lead to a reduction in teaching staff and this has a knock on effect on the pupil teacher ratio and the extent of the curriculum offered to pupils.
- 2.2. In addition to their normal salary, teachers also receive an additional allowance for undertaken additional responsibilities e.g Heads of Year, Heads of Subjects etc. Although it is possible to remove the additional responsibility and, therefore, the additional allowance, the teachers' conditions of service require that pay is protected for a three year period.
- 2.3. As stated above, the financial situation in one school is more acute than the others and, in order to balance the 2017/18 budget, the Headteacher has drawn up a proposal to restructure the management of the school and to reduce the allowances which are paid to teachers. The proposal would result in a permanent reduction in staffing costs of £102k but would require the payment of protection to staff affected for a period of three years, amounting to £118k per annum.

- 2.4. The proposal has been discussed with the Headteachers of the other 4 secondary schools and the Headteachers of the other three smaller Secondary schools have agreed in principle to share their restructuring ideas and agree that it is sensible to align as much as possible the additional responsibility allowances payable to teachers. In addition, three of the four schools are planning to restructure in line with the Donaldson teaching themes rather than on a subject basis.
- 2.5. As stated previously, one school is planning to implement the restructure in September 2017, with the other three planning for restructures in either April 2018 or September 2018.

3. FUNDING THE PAY PROTECTION

- 3.1. The pay protection would be for a three year period and would require funding as follows:-

Implementation Date	Financial Year				
	2017/18	2018/19	2019/20	2020/21	2021/22
September 2017	7/12ths of the annual cost	Full annual cost	Full annual cost	5/12ths of the annual cost	No cost
April 2018	No cost	Full annual cost	Full annual cost	Full annual cost	No cost
September 2018	No cost	7/12ths of the annual cost	Full annual cost	Full annual cost	5/12ths of the annual cost

- 3.2. As no provision has been made in the 2017/18 budget to fund the pay protection costs, it will be necessary to fund from the £200,000 set aside in the budget to meet the cost of redundancies during the year and, if this budget is exhausted, it will be necessary to fund from the Council's general reserve.
- 3.3. For the subsequent years, it will be possible to include the costs into the annual revenue budget and fund as part of the overall budget package and not rely on the use of the Council's own general balances.
- 3.4. To date, only one school has provided the likely costs of any pay protection and this will require the following sums to be funded. It should be noted that these are indicative figures at this stage and may change as the school finalises the plan :-
- 2017/18 - £69k
 2018/19 - £118k
 2019/20 - £118k
 2020/21 - £49k
- 3.5. It is difficult to estimate the likely costs in the three other schools as the protection will depend on the current level of allowances paid and the proposed restructure. It should be noted that the school shown above has a high level of teachers receiving additional responsibility allowances (23 in total) and is planning to reduce this to 15 teachers receiving additional responsibility allowances.
- 3.6. Other schools are larger in size and may be planning a smaller reduction in teachers receiving the allowance and this would reduce the value of the pay protection which would require to be funded. In this case, the pay protection afforded would be based on the benchmark set by this school.
- 3.7. It should also be noted that, should schools need or want to restructure again in the future e.g. because of a significant increase in pupil numbers, the Council reserves the right to recover a proportion of the funding allocated towards the pay protection.