

Schools Forum 22 January 2013

Report of the Director of Children's Services

Financial Support from the Directorate of Children's Services in respect of School's Equal Pay Liabilities

Purpose of Report

1. The purpose of this report is to outline a proposal to use the Directorate's Dedicated Schools Grant unallocated reserve to provide financial support in respect of school's equal pay liabilities.

Budget Working Group Discussed

2. Yes – 16 January 2013.

Schools Forum Role and Responsibilities

3. From 1st April 2006, the Schools Budget has been funded by a direct DfE grant: Dedicated School Grant (DSG).
4. Expenditure on the pay arrears due to staff employed at maintained schools and other staff whose salaries are met from the Schools Budget, and expenditure on the costs of financing payment of such arrears is a permissible charge to the DSG under Part 2, Central Expenditure of the 2012 School and Early Years Finance (England) Regulations.

Action for Schools Forum

5. To give a view on the criteria proposed for the allocation of the £2m DSG reserve in respect of schools' equal pay liabilities.

Attachments to Report

6. Appendix A – Modelled example of the eligibility criteria.

Karen Cocker
Children's Services Finance Manager
7 January 2013

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Purpose of Report

1. The purpose of this report is to outline a proposal to use the Directorate's Dedicated Schools Grant (DSG) unallocated reserve to provide financial support in respect of school's equal pay liabilities.

Background

2. At the November 2012 Schools Forum meeting, in presenting the 2011/12 DSG outturn report, the Director of Children's Services advised that consideration was being given to using the unallocated DSG reserve of £2m to assist in supporting schools' equal pay liabilities, which were shortly to be settled and that further information would be presented to Forum in January.
3. Equal pay liabilities for Dudley schools have been under discussion for a number of years commencing in 2007/08 when the Director of Finance advised all schools to set aside annual funding from their delegated budget to meet these future liabilities. Despite this advice, some schools have made minimal provision to meet their liabilities whilst other schools have made more than adequate provision either by setting aside reserves and/or an annual budget to repay the loan charges. Whilst the payment of equal pay liabilities is a legitimate expense to be charged to a schools budget share, it is recognised that the value of the equal pay liabilities for Dudley is a significant cost to schools.
4. To-date some staff groups of equal pay liabilities in schools have been settled and it is anticipated that the remaining groups will be settled shortly. Therefore given the confidential nature of the data, until final equal pay liability values have been announced it is not possible to publicise actual financial data to identify which schools could benefit from the lump sum allocation. However, the Director has identified a criteria for allocating the £2m funds and a worked example is attached at Appendix A, Schools Forum is asked to consider that criteria, as detailed below:
 - A one off financial injection totalling £2m from the DSG reserve, to be allocated on the basis of a school's % total equal pay liability annualised as a proportion to its 2012/13 budget share. From this data a cap can be determined below which a school must meet their equal pay liability commitments and above this cap the excess liability will be funded from the DSG by way of a one off allocation using the £2m reserve.

5. It is unlikely that the Director will wish to provide financial support to a school where they have failed to make reasonable provision to meet their equal pay liabilities since 2007. Therefore where a school meets the criteria for financial support but has made minimal effort to set aside funds from their delegated budget for their equal pay liability, then the Director will be writing to these schools to establish if there are any extenuating circumstances the schools wishes to be considered before a final decision is taken in allocating the £2m.
6. The advantage of this model, as outlined in Appendix A, is that the allocation of funding reflects the schools equal pay liability in proportion to the budget share resources available to the school. The allocation of the £2m is made to those schools with the greatest liability proportionate to their ability to repay based on their annual delegated budget.

Finance

7. The funding of schools is prescribed by the Department for Education (DfE) through the School and Early Years Finance (England) Regulations 2012 which are effective from 1 January 2013 and relate to the 2013/14 financial year.
8. Schools Forums are regulated by the regulated by the Schools Forums (England) Regulations 2012.
9. From 1st April 2006, the Schools Budget has been funded by a direct grant; Dedicated School Grant (DSG).

Law

10. Councils' LMS Schemes are made under Section 48 of the School Standards and Framework Act 1998. The Education Acts 1996 and 2002 also have provisions relating to school funding.

Equality Impact

11. The Council's Equal Opportunities Policy is taken into account when considering the allocation of resources.

Recommendation

12. Schools Forum is invited to comment on the criteria proposed for the allocation of the £2m DSG reserve in respect of school's equal pay liabilities. A further update of financial support to schools will be provided at a subsequent Forum meeting.



Jane Porter
Director of Children's Services