

Schools Forum 10 July 2007

Report of the Director of Children's Services

Primary Schools Reorganisation

Purpose of Report

1. To update Schools Forum on the current financial position relating to the residue costs associated with the closure of four primary schools during 2006/07.

Budget Working Group Discussed

2. No

Schools Forum Action

3. Note the content of the report and the on-going staffing costs

Attachments to Report

4. Appendix 1& 1a – Decision Sheet and Cabinet Report dated 13 June 2007
5. Appendix 2 - Summary Funding Statement for 2007/08 and 2008/09

Karen Cocker
Children's Services Finance Manager
25 June 2007

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Purpose of Report

1. To update Schools Forum on the current financial position relating to the residue costs associated with the closure of four primary schools during 2006/07.

Background

2. During the 2006/07 financial year, four Dudley primary schools closed: Beauty Bank, Holt Farm, Highfields and Sycamore Green. In order to facilitate the accounting process for the closure of the four schools and the relocation of the former pupils a financial framework was necessary. An outturn report was presented to Schools Forum in May outlining the 2006/07 financial year details relating to the allocation of available funds arising from the reorganisation process highlighting the anticipated on-going costs for 2007/08.
3. The report in May highlighted that at 31 March 2007 the net financial position gave an overall surplus of £129k. This has been carried forward into 2007/08 as a reserve and earmarked to fund the on-going staffing costs. In addition, there is a 2007/08 budget of £73,000 set aside for the voluntary redundancies at 31 March 2007, as agreed at Schools Forum in March 2007. This budget can now be released as the voluntary redundancy costs were charged to the 2006/07 financial year and included in the £129k net position.
4. This report details the current position regarding the staff remaining and the associated costs.
5. As at June 2007, 25 staff from the four closed primary schools remain in the employment of the local authority. Of the 25 staff, 14 are proposed for voluntary redundancy (VR) or premature retirement (PR), in accordance with the Decision Sheet and Cabinet report attached at Appendix 1 and 1a. This will leave 11 staff remaining. The background to the 11 remaining staff can be found in Appendix 2 together with the summary funding statement for 2007/08 and 2008/09.
6. The anticipated salary costs for 2007/08 are detailed in Table 1.

Table 1 – 2007/08 and 2008/09 Funding

	2007/08 Financial Year Costs- Salary and VR/PR	2008/09 Financial Year – Full year Costs of 11 Staff Remaining
4 closed primary schools	£309,955	£238,968
<u>Funding Available:</u>		
Reserve from 2006/07	£129,000	£73,000
Budget 2007/08 for VR	£ 73,000	
Anticipated Funding Shortfall	£107,955	£165,968

7. The anticipated funding shortfall of £107,955 in 2007/08 will be offset against the unallocated DSG of £86,000 held within the schools specific contingency. The balance of £21,955 will be highlighted as a charge against any underspending identified within the Schools Budget and carried forward to 2008/09 if necessary.
8. In respect of the anticipated funding shortfall of £165,968 for 2008/09, this is the maximum cost assuming all 11 staff remain with the local authority. Many of the 11 staff have temporary contracts which are due to end during 2008/09, so it is envisaged that a permanent solution can be found in due course which will minimise these anticipated costs.

Finance

9. The funding of schools is prescribed by the DfES through the School Finance (England) Regulations 2007.
10. From 1st April 2006, the Schools Budget is funded by a direct DfES grant: Dedicated School Grant (DSG).

Legal

11. 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

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

Recommendation

13. Schools Forum note the 2007/08 and 2008/09 financial details relating to the 2006 Dudley primary schools re-organisation and in particular the on-going staffing issues relating to the four closed schools.

A handwritten signature in black ink that reads "John Freeman". The signature is written in a cursive style with a large initial 'J'.

John Freeman

Director of Children's Services

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