

24th February 2010

Dear Headteacher,

DEFERRAL OF EQUAL PAY SETTLEMENT COSTS
COMMUNITY AND VOLUNTARY CONTROLLED SCHOOLS

As you are aware, the Council has offered to settle in respect of actual or potential equal pay claims with staff in your school in "Risk Group 1". Those staff who accept the settlement will have already received or will shortly be receiving this payment. If you attended the recent single status/ equal pay workshops held at Himley/Saltwells, you will also be aware that The Council is able to capitalise these costs and fund them initially from borrowing.

This option will not be available for the impact of single status in schools. Therefore until the full implications of single status are known it is advisable to retain funds you may have in reserve to help with these costs when they arise. It is recommended therefore that you request that the Council capitalise the equal pay settlement costs for your school in the first instance. There will be no penalty for early full or part payment of the outstanding amount. Once the full implications of single status are known, you can take a view on whether to repay the outstanding amount in part or in full.

An agreement to capitalise equal pay settlement costs is enclosed with this letter. This will need to be signed by yourself and the Chair of Governors if you wish the Council to capitalise these costs. The figures in the agreement are indicative and are based on the value of the offers made to "Risk Group 1" staff in your school. I would be grateful if you would return the agreement by the 1st May 2010.. Should you decide not to take out the capitalisation option then the settlement payment will be charged directly to your school's delegated budget in 2010/11.

The school will be recharged for repayments of principal on the basis of a 4% reducing balance from the year following the payment. The schools will be recharged for interest at the Authority's General Fund Borrowing rate (currently 4%) from the month when the settlement payment is made. As a significant number of payments will have been made to staff by the end of March 2010, the first repayment would normally have been charged to your delegated budget in 2009/10. The Council has decided to waive this charge so that the first recharge to your delegated budget will be in 2010/11.

You are advised to continue to set aside funds in your school budget to meet the costs of single status and/or to continue to make contributions to the reserve until the final figures are known.

If you have any queries regarding this letter please contact your Account Manager.

Yours sincerely,

Interim Director of Finance

DRAFT

AGREEMENT BETWEEN XXXX SCHOOL AND DUDLEY METROPOLITAN BOROUGH COUNCIL.

COMMUNITY AND VOLUNTARY CONTROLLED SCHOOLS

DEFERRAL OF EQUAL PAY SETTLEMENT COSTS

The Council has offered Equal Pay settlements to “Risk Group 1” staff, including £----- to the staff of ----- School. Payments will be made to employees who accept these settlements. The Council is able to capitalise these costs and fund them initially from borrowing.

The Governors of ----- School agree that the actual equal settlement costs be capitalised(*), and recharged at a minimum of 4% reducing balance, from the year following the settlement payment, plus interest at the Authority’s actual General Fund Borrowing Rate (currently approx. 4%) from the date of the cash payment to each employee.

The recharges will be made against the school’s delegated budget on the 31st March each year. There will be no penalty for early full or part payment of the outstanding liability. Should the school wish to make an early payment, it must do so on the 31st March of the relevant year.

(* Any amount not capitalised to be charged directly against the School’s budget in the year that a settlement payment is made.

Signed: _____ Headteacher

Signed: _____ Chair of Governors

Date: