

Funding Requirements for Employment Termination Costs (*source DCSF 2009*)

Where can the funding be paid from?	LEA Budget	Schools Budget – Individual Schools Budget	Schools Budget – Centrally Retained
Premature Retirement Costs (PRC or VER)	Where the LA agree in writing with the governing body that these costs shall not be met from the school's budget share.	Default position: The law says: PRC costs "shall be met from the school's budget share except in so far as the authority agree with the governing body in writing (whether before or after the retirement occurs) that they shall not be so met."	<p>A local authority may deduct from the schools budget to determine the individual schools budget expenditure on— (Schedule 2, 36 (b)) termination of employment costs; provided that any deductions under this paragraph are limited to the amount deducted by the authority in respect of such expenditure under paragraph 35 of Schedule 2 to the 2006 Regulations for the previous financial year or under this paragraph for the previous funding period.</p> <p>Where a reference to "termination of employment costs", for the purposes of paragraph 36(b) of Schedule 2, is a reference to expenditure relating to the dismissal or premature retirement of, or for the purpose of securing the resignation of, any person employed in a maintained school where—</p> <p>(a) the dismissal, premature retirement or resignation occurs after 1st April 2008; and</p> <p>(b) the revenue savings achieved by any termination of employment are equal to or greater than the costs incurred.</p> <p>Increased expenditure under this category must be agreed with the Schools Forum.</p>
Dismissal or securing a resignation (redundancy)	Default position: costs incurred by the local education authority in respect of the dismissal, or for the purpose of securing the resignation, of any member of the staff of a maintained school shall not be met from the school's budget share except in so far as the authority have good reason for deducting those costs, or any part of those costs, from that share.	Where the LA has good reason for deducting these costs. 'Good reason' was envisaged to be (for example) the school choosing to greater than the local scheme would allow for redundancy payments.	<p>(Schedule 2 (32)) Expenditure on allocations to the governing body of a school in financial difficulty provided that the authority consult the schools forum on their arrangements for the implementation of such support.</p>
			(Schedule 2 (32)) Expenditure for purposes not falling within any other paragraph of this Schedule, provided that the expenditure does not amount in total to more than 0.1% of the authority's schools budget. The amount of funding available under this category is likely to be insufficient to be practically used for VER or redundancy costs