

MEETING:	Herefordshire Schools Forum
MEETING DATE:	13 March 2015
TITLE OF REPORT:	SCHOOL BALANCES – CLAWBACK PROPOSALS
REPORT BY:	SCHOOLS FINANCE MANAGER

Classification

Open

Wards Affected

County-wide

Purpose

To update Schools Forum on the consultation with schools regarding the reintroduction of a balance clawback mechanism for local authority schools.

Recommendation(s)

THAT:

- 1. the results of the consultation with schools be noted;**
- 2. the Forum considers whether Herefordshire's scheme for financing maintained schools should be amended with effect from 1st April 2015 to include any or all of the following proposals A-C; and**
- 3. local authority school members vote on the proposals A-C.**

Alternative Options

- 1 The options are to implement a balance clawback scheme from 1st April 2015, to choose not to implement a balance clawback scheme from 1st April 2015 or to defer implementation to a future year.

Reasons for Recommendations

- 2 To update Schools Forum on the responses to the consultation with schools on the proposals to reintroduce a balance clawback scheme with effect from 1st April 2015 and for Schools Forum to approve the necessary changes to the scheme for financing maintained schools.

Key Considerations

- 3 The school balances consultation paper is attached as an Appendix.
- 4 As consultation closes at 12 noon on Monday 9 March , the consultation results will be circulated to Schools Forum members separately before the meeting.
- 5 Three proposals are put forward for consideration having regard to the outcome of the consultation:

a) Proposal A

It is proposed to re-introduce the previous balance claw back scheme for financial year 2015/16 as follows;

- i secondary schools – to claw back balances in excess of 5% of the current year's budget share or £50,000 whichever is the greater
- ii special schools – to claw back balances in excess of 5% of the current year's budget share (i.e. place plus top-up funding) or £30,000 whichever is the greater
- iii primary schools – to claw back balances in excess of 8% of the current year's budget share or £30,000 whichever is the greater

b) Proposal B

6. That the proposal A should be introduced more gradually so that schools can make an informed decision to reduce balances over a three step process as follows
 - i 2015/16 that the balance claw back percentages be set at 25% for all schools
 - ii 2016/17 percentages be set at 15% for all schools
 - iii 2017/18 Proposal A be fully implemented

c) Proposal C

7. That academies should be included in the balance claw back scheme on a voluntary basis, and if academy schools chose not to join the balance claw back scheme, then

either (i) to proceed with the clawback proposals but only for local authority schools

or (ii) not proceed with the clawback proposals unless all academies participate

8. The formal process for changes to the scheme for financing schools is that the local authority proposes and consults the governing body and headteacher of every school, Schools Forum approves any proposed changes and the DfE adjudicates where Schools Forum does not approve the local authority proposal. In the event that Schools Forum declines to approve the proposals set out in this report then the local authority will defer consideration of the balance clawback for twelve months in the expectation that school balances will reduce. If total school balances continue to increase in that time, the clawback proposals will be brought back to Schools Forum for another vote and in the event of non-approval the local authority will ask the DfE to adjudicate on the proposals.

Community Impact

- 8 The clawback proposals will not have a direct community impact.

Equality and Human Rights

- 9 There are no implications for the public sector equality duty.

Financial Implications

- 10 There are no financial implications apart from possible future considerations by Schools Forum on the use of any funding clawed back from schools

Legal Implications

- 11 As set out in the DFE Guidance Schools Forums: operational and good practice guide October 2013, Herefordshire Schools Forum has the power to approve local authority proposals to change the scheme of financial management in relation to Herefordshire Schools. Should the Schools Forum not agree to the proposals the local authority can ask the DFE to adjudicate on the matter.

The inclusion of the claw back clause in the scheme of financial management is not a mandatory or statutory requirement, it is an optional clause.

Section 8(11) of the Schools Forums (England) Regulations 2012 states that subject to specific provisions (not relevant to this report) the members of the Schools Forum may determine their own voting procedure.

Advice received from the DFE Funding Reform Team states that only maintained schools should vote on the Scheme for Financing Schools.

Risk Management

- 12 There is no risk attached to the proposed clawback, rather a risk (financial, reputational) in permitting excess school balances to continue to increase and the potential detriment on the education of pupils currently in school.

Consultees

13 All Herefordshire schools

Appendices

14 School Balances survey February 2015

Background Papers

- None identified.