

NATIONAL SCHOOL FUNDING FORMULA 2015/16

School Balances – claw back proposals for Herefordshire schools **SUPPLEMENTARY CONSULTATION**

The response form must be returned by 12 noon 6th March 2015 to

School.funding@herefordshire.gov.uk

1.0 INTRODUCTION

- 1.1 Prior to May 2010, it was a national requirement for all local authorities to include a balance claw back scheme within their scheme of delegation to schools. In May 2010 the government relaxed this requirement and made such a scheme optional. No such scheme was introduced for academies by the Education Funding Agency. Herefordshire Schools Forum decided to remove the balance claw back scheme for local authority maintained schools for comparability with the Education Funding Agency scheme for academies.
- 1.2 Since May 2010, school balances for locally maintained schools have doubled from £3,124,000 in March 2010 (excluding schools that have subsequently converted to academy status) to £6,345,000 in March 2014. No information is easily available for academy schools in Herefordshire. However, a recent parliamentary answer set out the national average academy trust cash balance as £96,000. Extrapolating for 27 academies in Herefordshire this would suggest balances for academies of £2.6m and total balances in Herefordshire for both sectors of £9m. The Guardian newspaper reported national academy balances at an average £550,000 which is five times higher than the DfE's interpretation of the parliamentary answer, further highlighting the lack of reliable published information of academy cash balances.
- 1.3 Herefordshire Schools Forum previously introduced a balance claw back scheme in April 2007 (as part of the schools three year budgeting plans) when school balances for all Herefordshire schools were £7.2m, equivalent to 11.2% of school budgets.
- 1.4 Actual balances vary for each school. At March 2014, the average balance for locally maintained schools in Herefordshire was £86,000, equivalent to 10% of the school budget share. The 10% is an average and the range of balances is set out as follows;
- 2 schools in excess of 40%
 - 3 schools between 30% and 40%
 - 7 schools between 20% and 30%
 - 12 schools between 15% and 20%
 - 14 schools between 10% and 15%
 - 16 schools between 5% and 10%
 - 8 schools below 5%
 - 5 schools in deficit

- 1.5 Schools Forum has the responsibility to consider funding for the whole education system in relation to dedicated schools grant, and this includes paying due consideration to balances and deficits. The re-introduction of a balance claw back scheme for locally maintained schools is an option available to schools forum. The Education Funding Agency has responsibility for academies. Advice has been sought from the DfE – and is attached as an appendix to the consultation paper. It is important to note that any monies returned via a claw-back would be considered as part of the overall considerations of how dedicated schools grant should be used. One potential use is to redistribute to all schools and that would include academies.
- 1.6 Herefordshire Council is consulting on the re-introduction of a balance claw back scheme for local authority maintained schools for the financial year 2015/16 and alongside this a voluntary scheme for all academies to provide local parity given that both academies and maintained schools are funded from Herefordshire’s dedicated schools grant by the same school funding formula. Schools Forum will consider the proposals and the response to the consultation on 13th March 2015.
- 1.7 Ofsted and the Department for Education’s advice is that school budgets should not be saved for a rainy day but spent on the current pupils in school now. Herefordshire Council and Schools Forum strongly endorse this advice and wish to consult all Herefordshire schools on the re-introduction of a balance claw back scheme (proposal A). Some schools have adopted savings schemes to protect against future budget reductions and views are sought on whether the claw back scheme should be phased over a three year period (proposal B).
- 1.8 Proposal C provides an opportunity for academies to participate in the claw back scheme on a voluntary basis since all schools, both academies and locally maintained schools will benefit equally from any distribution of clawed back funding to schools.

Proposal A – Re-introduction of balance claw back scheme

- 2.1 It is proposed to re-introduce the previous balance claw back scheme for financial year 2015/16 as follows;
- a secondary schools – to claw back balances in excess of 5% of the current year’s budget share or £50,000 whichever is the greater
 - b 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
 - c primary schools – to claw back balances in excess of 8% of the current year’s budget share or £30,000 whichever is the greater
- 2.2 In all cases, a governing body can apply to the Director of Children’s Wellbeing for special exemption from the claw back scheme; such approval will only be considered in exceptional cases.

Proposal B – phasing in to avoid a “spending rush”

- 2.3 Schools Forum will be asked to consider phasing in the balance claw back scheme over a three year period to avoid schools spending unnecessarily their high balances so that the

proposal A could be introduced more gradually so that schools can make an informed decision to reduce balances over a three step process as follows

- 2015/16 that the balance claw back percentages be set at 25% for all schools
- 2016/17 percentages be set at 15% for all schools
- 2017/18 Proposal A be fully implemented

Proposal C – voluntary inclusion of academies

- 3.1 The DfE have made it clear that the claw back scheme applies only to locally maintained schools; however, any funding clawed back from schools will be applied to dedicated schools grant and distributed to all schools including academies. On this basis since all academies will benefit from the results of any claw back it has been considered fair by members of the budget working group that all academies are encouraged to sign up to this scheme. It is a matter for individual academies to determine this.
- 3.2 It is proposed to make the scheme available to academy schools to join in on a voluntary basis

Enquiries

- 4.1 please direct all enquiries regarding these proposals to

Malcolm Green, Schools Finance Manager either by telephone 01432 260818 or by e-mail:

malcolm.green@hoopleltd.co.uk

- 2017/18 Proposal A be fully implemented

Proposal C

That academies should be included in the balance claw back scheme on a voluntary basis.

Yes/No

Q3 CLAW BACK SCHEME FOR HEREFORDSHIRE SCHOOLS

If academy schools chose not to join the balance claw back scheme, do you wish the claw back scheme to

A. go ahead but only for local authority schools?

Yes/No

B. Not go ahead unless all academies are included?

Yes/No

Q4: ACADEMY CERTIFICATION

In order that Schools Forum can have complete information on the willingness of Herefordshire academies to participate in the balance claw back scheme, academies are asked to sign the endorsement below if willing to be included in the balance scheme.

I confirm, on behalf of the governing body of Academy, that if the Balance claw back scheme is approved by Schools Forum on 13th March 2015 the school wishes to participate in the claw back scheme on a voluntary basis

Signed

NameSchool.....

GENERAL COMMENTS

Name

School

Please return the questionnaire by 12 noon 6th March 2015 to: school.funding@herefordshire.gov.uk