

SCHOOL BALANCES & CLAWBACK ARRANGEMENTS

Report of the Director of Children, Schools and Families

Author:- Simon Pickard
Tel:- 01992 555736
Executive Member:- David Lloyd

1. Purpose

- 1.1 To inform members of the Schools Forum about high school balances at 31 March 2007 and actions in hand to obtain information about schools' plans for use of these balances.
- 1.2 To inform members of the Schools Forum about the early stages of implementation of the balance clawback scheme
- 1.3 To confirm arrangements for the appeals process, if necessary, and to seek volunteers from the Schools Forum to sit on appeals panels.

2. 31 March 2007 Balances

- 2.1 The total of School revenue balances (the sum of B01 and B02 on the school CFR returns) held by schools on 31 March 2007 was £38,491,501. Capital balances and balances held for Community focussed extended schools activities are excluded from these balances.

Sector	31 March 2006 Revenue balance	% of School Budget Share	31 March 2007 Revenue Balance	% of School Budget Share
Nursery	774,010	22.0%	923,592	25.4%
Primary	22,182,772	9.5%	20,674,529	8.5%
Middle	565,496	8.8%	636,497	9.2%
Secondary	14,550,874	5.1%	13,652,696	4.5%
Special	2,745,695	8.7%	2,604,187	8.2%
Total	40,818,946	7.3%	38,491,501	6.5%

Included within the Secondary sector are SAPG balances of £1,711,944

2.2 School revenue balances in total have fallen by £2,327,455 since March 2006.

3. The Balance Clawback Scheme

3.1 The balance clawback scheme allows a school to carry forward a normal maximum level of revenue balance above which, they are deemed to have a high balance. The schools who recorded a high balance at 31 March 2007 were split into groups. The first group comprised some 42 schools which have been asked to provide high balance plans in previous years and the remaining 140 high balance schools in the second group.

Timetable	Group 1	Group 2
Authority requests financial plans	31 May	15 June
School provides plans to authority	13 July	30 September
Clawbacks notified to schools	3 September **	19 October
Clawbacks deducted	30 September	31 December

** revised see section 5.4

3.2 The scheme, timetable and copies of the relevant letters and forms are published on the School Funding Unit's website at www.thegrid.org.uk/info

3.3 The number of schools in each group by sector is :

Sector	No of High balances Phase 1	No of High balances Phase 2
Nursery	8	2
Primary	26	113
Middle	0	3
Secondary	6	10
Special	2	12
Total	42	140

3.4 The School Funding Unit wrote to 40 schools on 24 May requesting that the schools prepare and submit a 3 year financial plan, showing how the school intended to use the balance. Attached to the letter was a Balance Analysis Form. Schools were required to detail any projects or exemptions that they wanted taken into account. Two Schools were excluded from the application of a balance clawback. 1 primary school was closing after the Summer Term. 1 Secondary school has agreed to use surplus funds to assist the Authority in their move to a new site with staffing and decanting pupil costs.

3.5 Plans were received from all 40 Group 1 schools before the end of term and are due from Group 2 by 30 September.

4. Balance Statistics for the High balance schools

4.1

Both groups	Nursery	Primary	Middle	Secondary	Special
% of all Hertfordshire schools recording a high balance at March 2007	66.7%	27.8%	50%	21.1% 14.5% (excl SAPG schools)	56.0%

Group 1	Nursery	Primary	Secondary	Special	Total
Total High Balances	630,042	2,602,125	2,713,095	381,022	6,326,284
Total NML	277,231	1,318,814	1,713,895	193,305	3,503,245
Total above NML	352,811	1,283,311	999,200	187,717	2,823,039
Total Prior Year Exceptions for Consideration	18,176	17,322	101,766	0	137,264
Total Consortia Balances	6,419	24,507	904,433	0	935,359
Total Reorganisation		27,215	65,212	8,349	100,776

Group 2	Nursery	Primary	Middle	Secondary	Special
Total High Balances	186,610	8,867,503	419,167	3,613,405	1,621,113
Total NML	84,009	6,588,757	292,509	2,494,287	997,988
Total Above NML	102,601	2,278,746	126,658	1,119,118	623,124

NML = Normal Maximum Level

- 4.2 If all exception items from Group 1 were accepted there would be a clawback from 10 schools totalling £193,433
- 4.3 Responses are due from the 140 Group 2 schools by 30 September. To date less than 40 responses have been received. An email was sent to all of the 140 schools to request a copy of their SEF (Self Evaluation Form) and to act as a gentle reminder for those outstanding.

5. Evaluation of Plans

5.1 All of the plans received are tested against the following questions

- ? Do all of the projects meet the definition set out in the scheme
- ? Will the balance go down
- ? Is it appropriate use of the School Budget Share
- ? Will it happen
- ? Why has it not been done before
- ? Will the school's Devolved Formula Capital grant be spent

5.2 Evidence used to evaluate the plans are:

- Asset Management plans and Sustainability Surveys
- Previous High Balance plans
- School Improvement and Development Plans
- OFSTED reports
- School Self Evaluation Forms
- CSF Plans – e.g.. Childrens Centres, Extended Schools

In addition to the above we have sought advices from the School Standards and Effectiveness Service.

5.3 Detailed consideration of the 6 plans from secondary schools has been completed. In summary the results are:

	1	2	3	4	5	6
Balance	298,809	646,371	546,345	326,275	594,393	300,902
NML	286,535	235,169	231,850	306,788	367,971	285,583
Agreed Items						
Corrections	0	0	101,766	0	0	0
Consortia	0	439,968	121,513	0	342,593	3,289
Projects	0	0	10,000	50,000	0	20,000
Reorganisations	0	0	0	0	0	0
Rejected Items						
Corrections	0	0	0	0	0	0
Consortia	0	0	3,797	0	0	0
Projects	0	0	80,000	35,000	0	0
Reorganisations	65,212	0	0	0	0	0
Clawback	12,274	0	81,217	0	0	0

5.4 Experience of operating the clawback mechanism for the first time has shown that insufficient information was obtained from schools to evidence their planning for projects. Therefore all high balance schools have been asked to provide an electronic copy of their SIDP (School Improvement and Development Plan), and the timetable for announcements to the first group delayed by 1 month.

6. Appeals Process

6.1 We have anticipated that schools may appeal against decisions to reject projects and have therefore made arrangements to enable an Appeals Panel to sit on 17 October 2007 at Wheathampstead Development Centre

6.2 Appeals would only be considered on the grounds that either :

- the authority had made an error in application of the clawback mechanism
- the authority had unreasonably refused to accept a planned project as a valid exceptional item.

6.3 The Authority would expect to have resolved any errors without involvement of an appeals panel, therefore all appeals should relate to the project plans.

The Appeals Panel will consist of 3 of the following:

- A member of the Schools Forum
- Head of School Effectiveness (for the relevant sector) or a senior manager from their team
- Group Internal Auditor for Education
- School Funding Manager

Panels will be minuted by a clerk with schools finance experience.

There will be an allocation of 20 minutes per school comprising of

Schools prospective reason for appeal	5 mins
Panel questions	10 mins
Panel decision making	5 mins

Two representatives from each school will be invited to attend for the first 15 minutes. Schools will be able to offer written representation as an alternative to attending the panel.

6.4 The panel's decisions will be advised to schools via letter within 5 working days of their appeal.

7. Conclusion

The forum is asked to endorse the Appeals process and to nominate a representative to attend the appeals panel. It is recommended that the representative should be from a school which does not have a balance above the Normal Maximum Level; alternatively more than one representative could be nominated.