

Report of the Director of Children and Families

Report to the Leeds Schools Forum

Date: 20th June 2024

Subject: Clawback of Excess School Surplus Balances 2022/23

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Summary of main issues

- 1 This report is to provide members of schools forum with an update on the clawback of excess surplus school balances 2022/23 and 2023/24.
- 2 The Leeds Scheme for Financing Schools currently states that if a school has held a balance of above 8% of school budget share for 3 or more consecutive years, the excess balance can be subject to clawback by the council.
- 3 A total of 24 schools exceeded the clawback threshold at the end of 2022/23 with the excess surplus balance totalling £1.98m.
- 4 An initial decision was made to clawback a total of £977k from across 12 schools. There were a series of challenges raised by these schools and as a result a further review of the original applications was considered and individual meetings were held with the schools. A final decision was made by the Deputy Director of Learning to clawback a total of £41k.
- 5 There are 6 schools that have exceeded the clawback threshold at the end of 2023/24 with the excess surplus balance totalling £557k.
- 6 The clawback process has been revised for 2023/24 to ensure more transparent, consistent and timely for decision making.

Recommendations

- 7 Schools Forum is asked to note the contents of this report.

1 Background information

- 1.1 The Leeds Scheme for Financing Schools currently states that if a school has held a balance of above 8% of school budget share for 3 or more consecutive years, the excess balance can be subject to clawback by the council. Prior to 2022/23 the threshold had previously been 15%, the threshold was reduced to 8% as agreed by Schools Forum in January 2022 but not applied retrospectively.
- 1.2 At the end of 2022/23 there were 24 schools with a balance in excess of the threshold and subject to potential clawback. The total value of these excess balances was £1.98m.
- 1.3 As per the previous year all 24 schools were asked to complete a statement which detailed the reasons why the schools had an excess surplus balance and their intended use of this balance over the forthcoming year. Schools were asked to provide detailed evidence such as plans and quotes for major projects in support of their application.
- 1.4 These applications and supporting evidence were initially reviewed by a panel of school forum members who put forward recommendations to clawback a total of £1.02m from across 13 of the 24 schools.
- 1.5 These recommendations and the original applications were then considered by officers from within the Childrens and Families directorate and an initial decision was made by a Chief Officer within Childrens and Families. The initial decision was to clawback a total of £978k from across 12 schools ranging from £4k to £268k per school.

2 Main issues

- 2.1 The 12 schools subject to clawback raised a series of challenges to both the process and the justification for the clawback decisions. The main areas of challenge were:
 - The transparency of the recommendation and decision-making process
 - The timeliness and delays in the making and communicating of decision
 - The consistency of decisions made
 - Poor communication and updates throughout the process
 - Lack of opportunity to appeal to the initial decision or to address challenges to the original applications
- 2.2 At a meeting with the head teachers of the schools in a clawback position, the Deputy Director of Learning agreed to meet each school individually to allow them the opportunity to represent and address any challenges to their original applications submitted to retain their excess clawback balances.
- 2.3 The Deputy Director of Learning and a representative from the Schools Finance Team have subsequently met with all of the 12 schools subject to clawback to review their original application to retain their excess surplus balance.

- 2.4 Following this process a final decision was taken by the Deputy Director of Learning and written confirmation has been sent to all affected schools.
- 2.5 The final decision is that 5 schools will now be subject to partial clawback of their excess surplus balance with a total clawback value of £41k.

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- 2.6 As at the end of 2023/24 there are 6 schools who have now held a balance of above 8% of school budget share for 3 or more consecutive years. The total value of these excess balances is £552k ranging from £13k to £253k per school.
- 2.7 Following the challenges and issues raised with the clawback process for 2022/23 the process has been revised for 2023/24 to ensure more transparent and timely decision making.
- 2.8 The schools liable for clawback have been notified and provided with a copy of the updated guidance (attached as appendix A) and asked to complete a statement to detail why the school has an excess balance and if there is an intended use of that balance during 2024/25.
- 2.9 Following the submission of completed statements the schools will be invited to meet with a panel including the Deputy Director of Learning, a representative from Finance and a representative member from Schools Forum. During this meeting the schools will be able to discuss their individual application to retain their excess balance and respond directly to any questions or concerns raised by the review panel.
- 2.10 Subject to these review meetings a final decision will be made and schools will be notified prior to the end of the summer term.

3 Recommendations

- 3.1 Schools Forum is asked to note the contents of this report.