

Clawback of Excess Surplus School Balances: Hugh Gaitskell Primary

Date: 14 November 2022

Report of: Deputy Director of Learning, Childrens and Families

Report to: Chief Officer Resources & Strategy

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

Brief summary

The Leeds Scheme for Financing Schools currently states that if a school has held a balance of above 15% of school budget share for 3 or more consecutive years, the excess balance can be subject to clawback by the council.

As at the end of 2021/22 Hugh Gaitskell Primary School had a total surplus balance of £802,680, this equated to 28.8% of the total schools budget share. The excess balance over and above the 15% threshold and subject to clawback was £385,252 and the school has had an excess balance for 3 consecutive years.

Following consideration and recommendations by both a panel of Schools Forum members and the DSG Board and in accordance with the Leeds Scheme for Financing Schools, this report seeks approval to clawback £385,252 from the 2021/22 surplus balance at Hugh Gaitskell Primary school.

Recommendations

- a) Approval to clawback the excess 2021/22 surplus balance of £385,252 from Hugh Gaitskell Primary school.

What is this report about?

- 1 This report seeks approval to clawback the 2021/22 excess surplus balance of £385,252 from Hugh Gaitskell Primary school.

- 2 The Leeds Scheme for Financing Schools currently states that if a school has held a balance of above 15% of school budget share for 3 or more consecutive years, the excess balance can be subject to clawback by the council. This threshold will be reduced to include all balances in excess of 8% at the end of the current financial year 2022/23.
- 3 There continues to be a mechanism in place which enable schools to make an application to a Schools Forum panel (Schools in Financial Difficulty) and the Local Authority in order to clawback the excess balance. Individual circumstances are taken into consideration and therefore the clawback is not automatic, schools can continue to apply to keep their excess balances.
- 4 As at the end of 2021/22 there were 52 schools with surplus balances above the 15% threshold, 11 of these schools had balances greater than 15% over three or more successive years. The value of the potential clawback over and above the 15% equated to £1.314m.
- 5 In accordance with the Leeds Scheme for Financing schools each of these schools were requested to submit an application to retain their surplus balances. These applications were then individually considered by the Schools in Financial Difficulty panel which is made up of Schools Forum members, on the basis of evidence provided the panel then made recommendations on the which balances to clawback. Schools Forum have been very strong to express their support for the clawback of surplus balances.
- 6 These recommendations were then further considered by Childrens and Families via the DSG Board.
- 7 If a schools could evidence a robust action plan to demonstrate that the excess surplus balance would be spent during 2022/23 on defined plans / works then it has been recommended that they retain all or some of their surplus balance accordingly.
- 8 The subsequent recommendations of both the Schools Forum Panel and the DSG Board were that the Local Authority should clawback the excess surplus balances totalling £536k across 5 primary schools. The clawback balances across these schools vary from £20k to £385k
- 9 Hugh Gaitskell Primary School had a total surplus balance of £802,680 as at the end of 2021/22, this equated to 28.8% of the total schools budget share. The excess balance over and above the 15% threshold and subject to clawback was £385,252 and the school has had an excess balance for 3 consecutive years.
- 10 As requested Hugh Gaitskell did submit an action plan to demonstrate how they would spend the surplus balance during 2022/23 however both the Schools Forum panel and DSg didn't consider this a robust and achievable plan.
- 11 Subject to the approval of the proposed clawback suggested options for the surplus balances include to:
 - Retain within the general DSG reserve to offset future DSG deficit positions
 - Re-distribute across all mainstream maintained schools
 - Offset the projected gap in the PFI reserve

What impact will this proposal have?

- 12 The proposal to retain the surplus balance at Hugh Gaitskell will demonstrate that the Local Authority is adhering to the Scheme for Financing Schools. This is an important message to get out to maintained schools especially in light of the fact that the surplus balance threshold will decrease to 8% with effect from the end of 2022/23.
- 13 This proposal will encourage maintained schools to avoid sitting on large excess balances and ensure that school budgets are managed effectively to benefit the current pupils on roll.

How does this proposal impact the three pillars of the Best City Ambition?

- Health and Wellbeing Inclusive Growth Zero Carbon

What consultation and engagement has taken place?

Wards affected:
Have ward members been consulted? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

- 14 Members of Childrens and Families DSG Board have considered and supported this proposal.
- 15 The proposal is supported by recommendations put forward by representatives from the Schools Forum panel who have strongly advocated the clawback of excess surplus balances.
- 16 The Executive Member for Economy, Culture and Education has been briefed.

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What are the resource implications?

- 18 The clawback and retention of the £385k excess surplus balance from Hugh Gaitskell will reduce the total school carry forward surplus from £803k down to £418k

What are the key risks and how are they being managed?

- 19 The key risk of the clawback is detrimental impact on the Hugh Gaitskell school budget. However as per para 17 the school will still retain a 15% surplus balance of £418k.
- 20 The Schools finance team will continue to liaise with and monitor the schools budget position throughout 2022/23.

What are the legal implications?

- 21 None

Options, timescales and measuring success

What other options were considered?

- 22 The other option is to not clawback the excess surplus balance at Hugh Gaitskell Primary school which will not be in accordance with the Scheme for Financing Schools.

How will success be measured?

- 23 Success will be measured with the continued monitoring of the Schools budget and year end surplus position 2022/23.

What is the timetable and who will be responsible for implementation?

34 The intention is to adjust the 2021/22 carry forward balance at Hugh Gaitskell as soon as the decision is made and following official notification to the school.

Appendices

- None

Background papers

- None