

REPORT TO: Schools' Forum

DATE: 16th October 2024

REPORTING OFFICER: Operational Director – Finance

PORTFOLIO: Children & Young People

SUBJECT: Excess School Balances

WARD(S) Borough wide

1.0 PURPOSE OF THE REPORT

- 1.1 To discuss possible actions required for Maintained Schools excess balances reported in June 2024.

2.0 RECOMMENDATION:

- 2.1 To discuss and seek approval of the Schools' Forum to adopt the proposed Halton Borough Council School Balances and Clawback Guidance 2024/25 - **Appendix C**.

3.0 SUPPORTING INFORMATION

- 3.1 While school balances are still required to be reported to the Schools' Forum, no excess surplus balance limits are currently in place. However, the Schools' Forum retains the right to require schools to provide further information as to how their balance will be spent should they so decide.
- 3.2 In accordance with statutory requirements, including the Schools Financial Value Standard (SFVS), schools are expected to sustain 'reasonable' levels of surplus balances and demonstrate 'Value for Money' through effective plans for spending their budgets.
- 3.3 Despite the excess surplus thresholds no longer being a mandatory consideration to the Controls on Surplus Balances provision, the original maximum recommended thresholds are still commonly referred to, including by Ofsted, at 5% for Secondary and 8% for Nursery, Primary, and Special schools.
- 3.4 **Appendix A** shows the Revenue balances for each Maintained school, along with their 2022-23 balance for comparison.
- 3.5 The overall net surplus School Budget balances position for Halton maintained schools at the end of 2023-24 is **£6,519,071**.

- 3.6 Out of 46 Maintained schools, there are 40 (87%) with Surplus balances and 6 (13%) with a Deficit position at the end of 2023-24.
- 3.7 Of the 40 with surplus balances, 19 (representing 48% of all Maintained schools) have accumulated surplus balances above the original maximum thresholds of 5% and 8%.
- 3.8 When compared to 2022-23 there are 21 (46%) Maintained schools that have increased their Surplus balance, and 25 (54%) that have decreased their balance from the previous financial year.
- 3.10 **Appendix B:** The proposed clawback options is to allow School Forum to make a decision on the three available options:
- 3.11 Option 1
Do nothing, and use the details as information and allow Schools to retain their balances.
- 3.12 Option 2
To have a formal clawback policy in place where HBC target schools with a 12.5% balance & apply a £100,000 minimum balance threshold.
- 3.12 Option 3
Instead of implementing option 2, HBC can request schools to justify the excess balances with information on planned use of their school balances.

4.0 FINANCIAL IMPLICATIONS

- 4.1 It is pleasing to note that, despite the many costs pressures being faced by schools, the overall school balances have been sustained at over £6.5m.
- 4.2 The increased Devolved Formula Capital balance, from the additional funding referred to above, will greatly assist schools in developing and installing energy efficiency measures which should help them sustain longer-term cost efficiencies and financial benefits to their Revenue budget positions.

5.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

- 5.1 **Improving Health, Promoting Wellbeing and Supporting Greater Independence**
None.
- 5.2 **Building a Strong, Sustainable Local Economy**
None.

5.3 Supporting Children, Young People and Families
It is essential that schools and education support services receive sufficient funding to allow them to support all children and young people.

5.4 Tackling Inequality and Helping Those Who Are Most In Need
None.

5.5 Working Towards a Greener Future
None.

5.6 Valuing and Appreciating Halton and Our Community
None.

6.0 RISK ANALYSIS

6.1 Schools continue to face increasing cost pressures and there is a risk that potentially schools will face financial difficulties going forwards due to an upward trend of rising costs evident within key budget areas. Controlled fiscal management of budgets will have to be prioritised by schools.

7.0 EQUALITY AND DIVERSITY ISSUES

7.1 None.

Maintained Schools Final Outturn Balances 2023-24

Costc	School	Balance	% Balance
		2023-24	
5001	Ditton Nursery School	-48,491	-17.94%
5002	Birchfield Nursery School	53,792	9.84%
5003	Warrington Road Nursery School	-8,190	-1.64%
Total Nursery Schools		-2,888	

APPENDIX A

2022/23 Balance	Variance to 2023/24	% Variance to 2023/24
-44,219	-4,272	9.66%
3,842	49,950	1300.10%
26,074	-34,264	-131.41%
-14,303	11,415	-79.81%

Primary Schools

5100	St Mary's CE Primary	419,883	25.36%
5101	St Edwards Catholic Primary	35,557	3.81%
5105	Victoria Road Primary School	41,968	2.86%
5106	Weston Primary School	-7,416	-0.60%
5107	St Clements Catholic Primary School	153,829	12.22%
5108	Westfield Primary School	39,936	4.47%
5110	Castle View Primary School	56,203	4.21%
5111	Astmoor Primary School	8,608	0.81%
5112	The Brow Community Primary	288,109	16.06%
5113	Woodside Primary School	-29,213	-2.48%
5114	The Holy Spirit Catholic Primary	7,454	0.79%
5116	Pewithall Primary School	46,640	3.65%
5118	Hallwood Park Primary School	16,002	1.78%
5120	Runcorn All Saints Ce Primary	155,356	14.38%
5121	Our Lady Mother of the Saviour Catholic Primary	214,125	13.92%
5122	Hillview Primary School	104,992	8.93%
5123	Beechwood Primary School	65,173	5.41%
5125	Brookvale Primary School	246,247	11.53%
5126	St Martins Cath Primary School	-42,087	-3.10%
5127	Murdishaw West Comm Primary School	69,672	5.87%
5128	Gorsewood Primary School	436,386	23.88%
5129	St Berteline's CE Primary	73,830	4.53%

420,005	-122.07	-0.03%
74,305	-38,748	-52.15%
140,232	-98,264	-70.07%
35,352	-42,768	-120.98%
65,741	88,088	133.99%
-4,737	44,673	-943.07%
104,322	-48,119	-46.13%
44,639	-36,031	-80.72%
248,588	39,521	15.90%
64,144	-93,357	-145.54%
3,750	3,704	98.76%
20,238	26,402	130.46%
60,810	-44,808	-73.69%
107,113	48,243	45.04%
221,114	-6,989	-3.16%
108,059	-3,067	-2.84%
55,637	9,536	17.14%
417,762	-171,515	-41.06%
-42,536	449	-1.06%
107,207	-37,535	-35.01%
403,440	32,946	8.17%
46,739	27,091	57.96%

Costc	School	Balance	% Balance	2022/23 Balance	Variance to 2023/24	% Variance to 2023/24
		2023-24				
5130	Windmill Hill Primary School	76,053	5.18%	223,033	-146,980	-65.90%
5132	Moore Primary School	174,452	13.71%	168,327	6,125	3.64%
5133	Hale CE Vol Contr Primary	15,965	1.38%	32,766	-16,801	-51.27%
5134	St Bedes Catholic Junior School	202,760	10.36%	215,492	-12,732	-5.91%
5135	St Bedes Catholic Infant School	81,333	5.65%	80,069	1,264	1.58%
5137	St Michael's Catholic Primary School	65,626	3.71%	89,712	-24,086	-26.85%
5138	Farnworth CE Controlled Primary	162,093	6.81%	207,455	-45,362	-21.87%
5139	Halebank CE Voluntary Controlled Primary	75,102	7.94%	120,529	-45,427	-37.69%
5140	St Gerard's Catholic Primary & Nursery	310,199	16.60%	342,028	-31,829	-9.31%
5144	Oakfield Primary School	412,929	14.73%	299,700	113,229	37.78%
5146	Moorfield Primary School	45,227	2.90%	37,194	8,033	21.60%
5148	Our Lady Of Perpetual Succour Primary	171,998	12.34%	110,992	61,006	54.96%
5149	St Basils Catholic Primary	217,047	10.01%	378,029	-160,982	-42.58%
5150	All Saints Upton CE Voluntary Controlled Primary	73,693	4.90%	83,239	-9,546	-11.47%
5151	Fairfield Primary	236,717	6.08%	231,645	5,072	2.19%
5153	Lunts Heath Primary School	173,091	7.30%	274,856	-101,765	-37.02%
5154	St John Fisher Catholic Primary	121,158	8.63%	77,948	43,210	55.43%
Total Primary Schools		5,016,698		5,674,938	-658,240	-10.10%

Secondary Schools

5312	St Peter & Paul Catholic High	585,841	5.68%	532,342	53,499	10.05%
5313	The Bridge School PRU	-63,115	0.00%	-41,441	-21,674	52.30%
5315	The Bridge - Astmoor Skill Centre					
Total Secondary Schools		522,725		490,901	31,824	65.40%

Special Schools

5401	Ashley School	566,894	18.40%	526,438	40,456	7.68%
5402	Chesnut Lodge Special School	415,642	14.75%	366,802	48,840	13.32%
Total Special Schools		982,536		893,240	89,296	63.00%

TOTAL ALL SCHOOLS	6,519,071	8.14%
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7,044,776	-525,705	-7.46%
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Surplus Balance	40	87%
<i>of which Surplus is above Ofsted recommended thresholds of 5% or 8%</i>	19	48%
Deficit Balance	6	13%

Increased	21	46%
Decreased	25	54%
Total	46	

2023-24 Clawback Calculation				APPENDIX B		
Primary Schools				Threshold	£100,000	
Costc	School	Balance	% Balance	12.5%	Exces Balance	Clawback
5100	St Mary's CE Primary	£419,882.93	25.36%	12.86%	£319,882.93	£159,941.47
5112	The Brow Community Primary	£288,109.03	16.06%	3.56%	£188,109.03	£94,054.52
5120	Runcorn All Saints Ce Primary	£155,355.91	14.38%	1.88%	£55,355.91	£27,677.96
5121	Our Lady Mother of the Saviour Catholic Primary	£214,124.82	13.92%	1.42%	£114,124.82	£57,062.41
5128	Gorsewood Primary School	£436,386.46	23.88%	11.38%	£336,386.46	£168,193.23
5132	Moore Primary School	£174,451.86	13.71%	1.21%	£74,451.86	£37,225.93
5140	St Gerard's Catholic Primary & Nursery	£310,199.04	16.60%	4.10%	£210,199.04	£105,099.52
5144	Oakfield Primary School	£412,928.84	14.73%	2.23%	£312,928.84	£156,464.42
	Total Primary	£2,411,438.89			1,611,438.89	805,719.45
Secondary Schools						Clawback
5312	St Peter & Paul Catholic High	585,841	5.68%		£485,840.64	£242,920.32
	Total	£2,997,279.53			£2,097,279.53	£1,048,639.77

APPENDIX C

School Balances and Clawback Guidance 2024/25

This guidance applies to school balances at 31 March 2025

Threshold Balances

The Authority's current maximum threshold balance is:

- 12.5% of Consistent Financial reporting (CFR) income for all phases of maintained Primary and Secondary school respectively
- A £100,000 minimum balance threshold will be applied.
. This will provide smaller schools with a larger level of allowable balance as a protection against future costs pressures).

Clawback of "excess balances"

The Authority's clawback arrangements are:

- A clawback rate of 50% is to be applied to any balance above the threshold in the first year a school exceeds the threshold (after adjusting for exemptions).
- A clawback rate of 100% is to be applied to any balance in excess of threshold where the threshold has been breached for two or more consecutive years (after adjusting for exemptions).

Exemptions from clawback

The Authority shall make the following deductions from the school's actual balance before applying clawback:

- Funds accumulated by schools where there is a contractual agreement, as part of a grant allocation or dual use agreement, for facilities to be replaced on a fixed basis (i.e. an all-weather pitch) will continue to be exempt from clawback. Conditions of this exclusion are:
 - The amount excluded cannot exceed the total cost of replacing the facility committed in the contract/agreement.
 - The exclusion will only be allowed for a period equivalent to the stated replacement timetable for the facility and will be subject to retrospective clawback if no replacement is funded or if the replacement is at a lower value than estimated.

- o Schools will be required to submit relevant supporting documentation relating to the terms of the contract or grant, including evidence of replacement conditions, and also estimated costs.
 - o Requests for exemptions should be considered by the Forum. Requests are to be submitted before 31st October to be considered in the Autumn Term by 31st December, for balances at 31st March.
 - o Evidence for an exemption must be in line with the policy and submitted in full to schoolsforum@halton.gov.uk no later than two weeks before the scheduled Working Group for the Forum to consider the request.
- Any funding received in advance that is funded on an academic year basis to schools by the DfE or other Government department will have 5/12 this exempt from clawback. Schools will be required to submit relevant supporting documentation relating to the government allocation, including appropriate evidence of distribution timescales.
 - Funding allocations that are notified to schools late in the financial year, where schools could not reasonably have considered the allocation in their financial planning for the year. Late allocations are defined as allocations notified to schools after 1st January each financial year. Allocations that are notified to schools before the 1st January of the financial year, but where the funding is received at a later date, would not qualify under this exemption.
 - Devolved Formula Capital (DFC) allocations are specifically excluded from the clawback calculation. Schools are asked to ensure that the relevant capital accounting codes are used for DFC income and expenditure, to guarantee that this funding is identifiable and able to be excluded from year end revenue balances and the clawback calculation.
 - Funding allocations received under S106 of the Town and Country Planning Act 1990. This is developer contributions towards the costs of providing community and social infrastructure, the need for which has arisen as a result of a new development taking place.
 - No further clawback exemptions will be allowed.

What is Consistent Financial Reporting (CFR) Income?

CFR Income is defined by the Department for Education in the consistent financial reporting (CFR) framework.

<https://www.gov.uk/guidance/consistent-financial-reporting-framework-cfr>

You will have seen your CFR income on several documents, but you may not have known it by this description.

You will have seen it on:

- Your financial outturn statement - it is the total line labelled "Revenue Income". This will be the sum of lines 101 to 1180 on the outturn statement:
 - o This is the figure that will be used to calculate the guideline but as funding and income will change during the year this figure will not be known until the outturn statements have been produced following the end of the financial year.
 - o It does not include "Capital Income" codes CI01-CI04

- On your submitted income and expenditure form - it is the total line labelled "Total Income Revenue". It does not include any balances brought forward.
 - o This is not used to calculate the guideline, but it is your estimate of your CFR income and may be used as your estimate of the guideline. Please note if you revise your estimates of income in the year then you would need to revise your estimate of the guideline figure.