

Luton Schools Forum
Wednesday 30 September 5.00pm
Zoom Meeting
Maintained School Balances and discussion
on Clawback

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Reason for submission to Forum	Item for information
Voting	Yes, on Clawback
Executive Summary	To advise Schools Forum of the three year forecasts of maintained school balances March 2021 to March 2023 and then to discuss whether Clawback should be considered in future years.
Recommendations	Forum to note and comment on the level of school balances, and agree that Clawback should not be used for the next three years
Appendices	Appendix A
Background Papers	None

Background

1. The budgets of schools are directly managed by schools themselves and any surpluses and deficits are carried forward from one year to the next. Responsibility for budget management lies with school governing bodies, except where the Council has withdrawn delegation (not currently applicable in Luton).
2. This report relates to maintained school balances only; the accounting year for Academies runs from September to August and they are required to report directly to the Education Funding Agency and produce audited accounts in line with the Statement of Recommended Practice for Charities and The Companies Act.
3. This report follows up the report in July 2020. The July report gave details showing schools balances at the end of March 2020, whereas this report shows the forecast balances from schools for the next three years, March 2021, March 2022 and March 2023.

Report

4. Appendix A, in summary, shows the following;
 - Secondary Schools – three of our four maintained secondary schools are forecasting to maintain their surplus balance of over £1m to the end of March 2021, but within the next three years all 4 maintained secondary schools are forecasting balances of under £0.5m.
 - Nursery Schools – At the end of the year just finished, March 2020, four of the six nursery schools had balances of over £250k, and the other two had a balance of over £100k. Within the next three years two are forecasting a deficit position, two are forecasting balances of under £50k and two are forecasting a balance of between £100k and £250k.
 - Primary Schools – 25 of these schools were showing balances of over £100k at the end of March 2020, but only 7 are forecasting balances of over £100k in three years time. Also, the number of schools forecasting a deficit balance within the next three years is almost half of them, 17 out of 36.
 - Special/AP Schools – Whilst all four of these schools had balances between £100k and £500k at the end of March 2020, one is forecasting a deficit at the end of three years time, and another is forecasting a balance of under £50k in three years time.
5. In summary we can see that Schools retained balances are forecast to fall over the next three years.

Clawback

6. At Schools Forum in July 2020, one of the points in the School Balances report, point 7, stated that the Clawback mechanism would be reviewed at the next meeting when the three year forecasts are known.
7. Government guidance states councils are able to claw back any excess surpluses, which then goes back into the main school-funding pot.
8. Paragraph 6.2 of the Schemes For Financing Local Authority Maintained Schools says ' Any mechanism should have regard to the principle that schools should be moving towards greater autonomy, should not be constrained from making early efficiencies to support their medium-term

budgeting in a tighter financial climate, and should not be burdened by bureaucracy.

9. It could be argued by schools, and seen within the tables in Appendix A, that schools been making efficiencies and therefore have larger surplus balances in 2019/20 and 2020/21 because they are preparing to support their medium term financing in 2021/22 and 2022/23.
10. If after voting it is agreed that a Clawback mechanism will be brought in, a report will follow to the next Schools Forum meeting suggesting the format for that mechanism.

Proposal

11. For Schools Forum to;
 - Note and comment on the school balances
 - To agree that a Clawback mechanism for surplus balances should not be introduced before April 2023, when there will be further discussion.

