

REPORT FOR SCHOOLS' FORUM School Balances Working Group

Introduction

1. The Schools' Forum has discussed school balances a number of times in the period 2012-2014. Concerns have been expressed regarding the ongoing high level of school balances and the potential for a DfE 'clawback' to come into operation:

	Total Balances as at 31.3.2013	Total Balances as at 31.3.2014	Maximum Balance Allowed as per DfE	Potential DfE Clawback
Primary	£3,486,066	£3,537,030	£2,498,574	£1,258,873
Secondary	£1,324,232	£1,230,733	£784,972	£549,549
Special	£106,070	£181,643	£106,640	£75,003
Nursery	£12,892	(£9,317)	£2,147	£0
TOTAL	£4,929,260	£4,940,089	£3,392,333	£1,883,525

2. As at 31.3.2014, three schools (all primary) had balances of more than 20% of their 2014-15 ISB (ranging from 20.5%-28.9%), two had balances of between 15 - 19.9% of their 2014-15 ISB and a further nine had balances of between 10-14.9%.

3. Total balances have increased by just over £10,000 from 31.3.2013 to 31.3.2014 and, under DfE guidelines, the total 'clawback' across the town is potentially £1,883,525.

4. At the Schools' Forum meeting of 18th June, where total balances as at 31.3.2014 were presented, the Assistant Director Education reported that the Children's Services Committee had requested a full report on school balances be presented at a future meeting in the Autumn term 2014. Both the Chair of the Children's Services Committee and the Leader of the Council have strongly expressed the view that the Schools' Forum should devise a mechanism for regulating and reducing balances in order that the Council not be forced to follow the DfE 'clawback' guidance.

5. Forum was informed that any mechanism needed to be 'rigorous and robust' in order to ensure that funding was spent on the projects that it had been allocated for. It should also be sustainable and not a short-term solution to the issue. It was therefore agreed that a Task and Finish Group be set up to produce a monitoring mechanism.

6. Forum agreed that the Task and Finish Group be made up of Anne Malcolm, Mark Tilling, Mark Atkinson, Peter Cornforth, Sandra Shears and Dean Jackson and that it should meet on 25th June 2014.

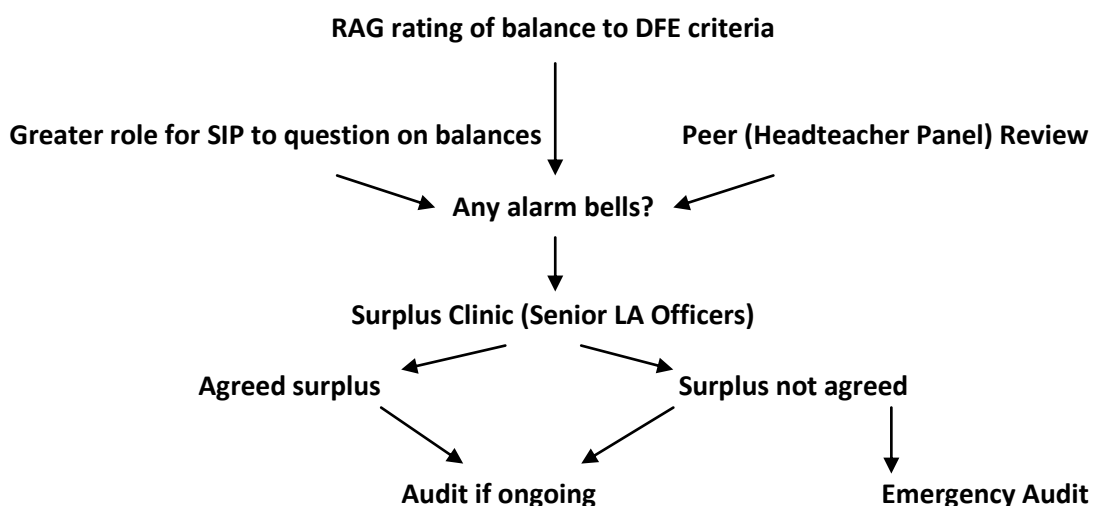
Issues raised by the Balances Task and Finish Group

1. Reasons put forward as to why schools were carrying large balances include:

- Some schools are still carrying BSF surpluses for something that didn't happen.
- Building issues/projects are proposed / ongoing in a number of schools.
- High Needs Funding was very unclear with late payments made to schools.
- Some more recently appointed headteachers, especially in secondary schools, were appointed at substantially lower salaries than for the previous headteacher.
- High levels of concern about the school pensions/NI contribution 'sledgehammer' that will come in the next couple of years.
- There needed to be, however, a move away from a 'rainy day' mentality.

2. Ways forward:

- It was suggested that high quality financial training is needed urgently for headteachers and should be from educational finance experts who can put a context to the training. Attendees would include heads, governors and school business managers, with Academies invited to any training.
- The forthcoming reconstitution of Governing Bodies should be stressed as a way of getting finance/business expertise on Governing Body.
- The North Tyneside 'deficit clinic' model was explored whereby headteachers and governors attended the 'clinic' to explain to senior Local Authority officers how they would manage and reduce any deficit with LA support. It was felt that this could be adapted to become a 'Surplus Clinic' in Hartlepool and the initial thoughts are set out below:



- Headteachers suggested that the 'Balance Plan' currently prepared by Finance Officers at visits to schools is of little real value in managing the situation. Examples examined had little school-to-school consistency, limited detail and very little evidence of the need for the balance. Although they were all signed off by the Headteacher, some felt that they had played little/no part in the actual meeting. It was suggested that:
 - A copy is sent of the Balance Plan to DJ after each meeting.
 - A cover sheet is attached with a high level of detail / evidence.
- It was thought that in-year, 6-monthly projections of all school balances be taken to Forum or to the Headteacher Review Panel to provide an early-warning of any potential high year-end balances.
- It was suggested that schools should 'prove' their balance at the Surplus Clinic through hard evidence – e.g. estimates, quotes, projections, Governing Body minutes, agenda items, attendance of finance officers at Governing Body meetings.
- Whilst it was agreed that there was a need to establish the precise circumstances in which the Local Authority would authorise a 'clawback' from a school, it was agreed LA should retain this power and exercise it when necessary. It was felt, however, that the Local Authority needed to state what the 'clawback' would be used for should any money be withdrawn from a school.
- It was suggested that schools have a separate budget code for balances so that it is easier to see expenditure against surplus.
- It was also agreed to explore what are other Local Authorities were doing if they were in similar circumstances.
- The constitution of the Headteacher Peer Review Panel would need to be established and agreed with the Schools' Forum.
- The role of SIPS in the process would also need to be carefully managed with the Local Authority providing appropriate training and advice.
- The Task and Finish Group will meet on one further occasion following the presentation of this paper to finalise the arrangements for managing school balances.

Recommendation

- It is recommended that the Schools' Forum agree to the 'Surplus Clinic' model suggested.
- It is recommended that the Task and Finish Group meet again to finalise the details of this model to present to the next Schools' Forum meeting and to the Council.