

**Manchester City Council  
Report for Resolution****Report to:** **Schools Forum****Subject:** **Excessive Schools Balance Clawback Update and Consultation on the arrangements of DSG Deficits and use of Local Authority General reserves.****Report of:** **Directorate Finance Lead – Children Services and Education**

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**Summary**

Manchester's approved Scheme for Financing Schools includes a schools balance control mechanism, which is designed to control and claw back, where appropriate, schools' excessive surplus balances. The automatic clawback is based on excessive balances above the allowable threshold that have been held for more than four years.

The outcome from the September 2019 appeals following the automatic clawback mechanism 2019/20 is provided in this report.

**Recommendations**

All Schools Forum members are asked to note and comment on:

- the outcome from the automatic excess balance control mechanism appeals panel.
- intention to review the implementation and impact of the new clawback mechanism before March 2020.

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**Background documents (available for public inspection):**

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above.

**Previous Reports:**

|                  |  |
|------------------|--|
| 14 May 2018      | Schools Forum - Dedicated Schools Grant and School Balances 2017/18 Outturn Report       |
| 16 July 2018     | Schools Forum - Analysis of Excessive School Balances 2017/18                            |
| 19 November 2018 | Schools Forum - Schools Excessive Balances update Report                                 |
| 18 March 2019    | Schools Forum – Excessive Schools Balances Mechanism                                     |
| 13 May 2019      | Schools Forum - Dedicated Schools Grant and School Balances 2018/19 Outturn Report       |
| 13 May 2019      | Schools Forum – Consultation Outcome for the changes to the Scheme for Financing Schools |
| 17 June 2019     | Schools Forum – Excessive School Balance Mechanism Revised Proposal                      |

## 1. INTRODUCTION

- 1.1 In total, 34 of 114 schools maintained by the local authority were subject to the automatic clawback this year, the clawback totalled £2.12m.
- 1.2 Manchester's balance control mechanism allows for schools to appeal the automatic clawback by submitting written evidence to a sub-group of the Schools Forum. The terms of reference for the sub-group is to review appeals against the automatic clawback of excessive balances held for more than four years. The panel's decision is final. Where the clawback is £100k or greater, individual schools can choose to send representatives to attend the panel while consideration is given to their appeal. The panels were held in September 2019 and were made up of four members of Schools Forum.

## 2. APPEALS PANEL

- 2.1 Of the 34 schools subject to the clawback, 29 appealed clawback decision. The panel's decision took into account:
- any extenuating circumstances
  - multi-year budgets, underlying budget assumptions applied to the individual school's budget planning.
- 2.2 At the time of writing this report, the outcomes are: no appeals were rescinded, 26 clawback decisions were upheld (£1.443m), one decision was partially up-held (£23k), and two are on-hold, to be re-considered at a later date (£0.554m). Please see table one for a breakdown.

**Table one: Appeals outcome**

| Sector    | Appeals Submitted |        | Decision to Uphold Clawback |        | Appeals On-Hold |        |
|-----------|-------------------|--------|-----------------------------|--------|-----------------|--------|
|           | No.               | £000's | No.                         | £000's | No.             | £000's |
| Nursery   | 2                 | 40     | 1                           | 6      | 1               | 34     |
| Primary   | 22                | 1,711  | 21                          | 1,114  | 1               | 520    |
| Secondary | 1                 | 58     | 1                           | 58     | 0               | 0      |
| Special   | 4                 | 289    | 4                           | 289    | 0               | 0      |

- 2.3 As previously reported and approved by Schools Forum, the LA intends to use these funds to offset high needs block pressures.

## 3. CONCLUSION

- 3.1 All Schools Forum members are asked to note and comment on:
- the outcome from the automatic excess balance control mechanism appeals panel.
  - intention to review the implementation and impact of the new clawback mechanism before March 2020.