

## **School Balances and Clawback Guidance 2023/24**

**This guidance applies to school balances at 31 March 2024**

### **Guideline Balances**

The Authority's current maximum guideline balance is:

- 12% of Consistent Financial reporting (CFR) income for all phases of maintained school *(It is suggested that the 12% guideline figure is not seen as a target);*
- A £75,000 minimum balance threshold will be applied.  
*(This was increased from £60,000 in 2022/23 to account for inflation since the last time that the minimum value was raised. 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 guideline in the first year a school exceeds the guideline (after adjusting for exemptions). ;
- A clawback rate of 100% is to be applied to any balance in excess of guideline where the guideline 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;

- 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.
  - Requests for exemptions should be considered by the Forum. Requests are to be submitted before 31<sup>st</sup> October to be considered in the Autumn Term, by 31<sup>st</sup> December, for balances at 31<sup>st</sup> March.
  - Evidence for an exemption must be in line with the policy and submitted in full to [schoolsforum@lancashire.gov.uk](mailto:schoolsforum@lancashire.gov.uk) two weeks before the scheduled Working Group for the Forum to consider the request. Forum dates can be found [here](#).
- 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 1 January each financial year. Allocations that are notified to schools before the 1<sup>st</sup> 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;
  - 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 I01 to I18D on the outturn statement: ○ 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.

- 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.
  - 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.