

School Balances and Clawback Policy 2026/27 (Applicable to school balances at 31 March 2027)

Lancashire's Scheme for Financing schools includes a balance control mechanism, which is designed to control and clawback, where appropriate, schools' excessive surplus balances. The clawback mechanism (section 4.2) states:

" For schools that hold balances greater than the Authority's recommended guideline the Authority shall be empowered to deduct from the current year's budget share a percentage of the excess surplus balances (clawback) as agreed following consultation with the Lancashire Schools Forum. The rate and any exceptions shall be reviewed annually by the Authority in consultation with the Lancashire Schools Forum, and guidance issued to schools".

Threshold Balances

The Authority's current maximum threshold balance is:

- **8%** of Consistent Financial reporting (CFR) income for all phases of maintained school (*The 8% guideline figure is not seen as a target*);
- A £75,000 minimum balance threshold will be applied.

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 local authority shall make the following deductions from the school's actual balance before applying clawback:

- Any funding received in advance that is funded on an academic year basis to schools by the DfE or other Government department will have 7/12 exempt from clawback. Schools will be required to submit relevant supporting documentation relating to the government allocation, including appropriate evidence of distribution timescales.
- Any newly announced grants notified after 1st January each financial year.

- 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, thus ensuring that DFC 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 because of a new development taking place.
- 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), however an official request for exemption **must** be submitted by school to the schools forum, and the below conditions **must** be met:
 - The amount excluded cannot exceed the total cost of replacing the facility committed in the contract/agreement;
 - The exemption will only be allowed for a period equivalent to the fixed replacement timetable;
 - Schools will be required to submit relevant supporting documentation relating to the terms of the contract or grant, including evidence of replacement conditions and estimated costs.
 - 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. Any requests that are received after the 31st October deadline will not be considered.
 - Evidence for an exemption must be in line with the policy and submitted in full to schoolsforum@lancashire.gov.uk no later than two weeks before the scheduled Working Group for the Forum to consider the request. Forum dates can be found [here](#).
- No further exemption requests will be considered.

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 financial 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.