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Management Accounting Minute: 0001/2024

To: Deputy Directors-General, Chief Directors, Directors, Circuit Managers, Heads: Management and Governance, Deputy Directors and Principals and governing body chairpersons of public schools

**Subject: National quintile classification and fee status appeals**

## 1. Background on school quintiles

- 1.1 The Department of Basic Education (DBE) establishes the National Poverty Distribution Table (NPDT), which is published in the *Government Gazette* with the National Norms and Standards for School Funding (NSSF). The NPDT provides for a system in terms of how learners in ordinary public schools are divided into quintiles. These quintiles provide for the equal distribution of learners per quintile across the country, i.e. 20% of all learners across the country constitute Quintile 1 etc. This implies therefore that 60% of the country's learners will be classified as poor learners to be placed in no-fee schools (Quintiles 1–3).
- 1.2 The DBE bases the poverty scores, used to compile the tables on the relative poverty of communities, on Statistics South Africa's national census data. This prescript limits the extent to which the Western Cape Education Department (WCED) may allocate schools to other quintiles, unless schools in the desired quintile close or merge.
- 1.3 The NPDT is also set out per quintile per province, aligned to the province's poverty rankings. According to the NPDT, only 40% of the learners in the Western Cape are placed in Quintiles 1–3.
- 1.4 Each provincial education department allocates schools to quintiles according to the NPDT. Provincial education departments have to allocate schools to quintiles according to the percentages contained in the tables for each province. These percentages determine the number of schools that departments may allocate to each quintile.

- 1.4.1 Due to the current distribution of learners across school quintiles as per NPDT guidelines, the percentages are exhausted, impeding movement between quintiles.
- 1.4.2 Provincial education departments may offer voluntary no-fee statuses to Quintiles 4 and 5 fee-charging schools if sufficient funds are available.

## 2. **How school quintiles are allocated**

- 2.1 The Directorate: Management Accounting receives an email notification from the Directorate: Physical Resource Planning about the intended opening of a new school.
- 2.2 The Directorate: Knowledge and Information Management plots the new school and makes it available on the WCED Schools Map on EduInfoSearch. The WCED Schools Map contains the locations of all the schools in the Western Cape with their quintiles and fee statuses, as well as ward boundaries.
- 2.3 The Directorate: Management Accounting accesses this map to produce a printout of the new school's location in relation to the surrounding schools and wards. It subsequently determines the appropriate poverty score and quintile status for the school, in line with the school's surroundings as well as input received from the Directorate: Physical Resource Planning and the district office.
- 2.4 The Directorate: Management Accounting forwards the proposed national quintile and poverty score allocated to the school, via the relevant branch management, to the Head of Department for approval. Once approved, the Directorate: Management Accounting communicates the national quintile and poverty score of the school to all relevant stakeholders.

## 3. **Appeals against quintile classification and/or fee status**

- 3.1 Section 39(7) of the South African Schools Act (SASA), 1996 (Act 84 of 1996), states that:  
*Despite subsection (1), the Minister must by notice in the Government Gazette annually determine the national quintiles for public schools or part of such quintiles which must be used by the Member of the Executive Council to identify schools that may not charge school fees.*
- 3.2 In terms of the amended NNSF, published in *Government Gazette* No. 29179 of 31 August 2006, schools are ranked based on the poverty of the community surrounding the school and not on the poverty of the individual learners.
- 3.3 This placement of schools is done in accordance with the NPDT published in the NNSF. **Only schools in their second year of operation may apply for a deviation** where the school believes that it warrants special consideration. The WCED is obligated to apply a fair and transparent process in dealing with these applications.

### 3.4 Compliance with section 39(7) of SASA

In order to comply with the SASA and the NNSSF, the following procedures as well as roles and responsibilities will apply:

#### 3.4.1 Schools must submit the following information:

##### (a) Community profile

- (i) A brief description of the geographical area and the demographic profile of the community. This can include an overview of the area, be it rural/farming versus metropole/informal settlement/mixed settlement for example.
- (ii) A brief description of the known social hardships (if any) suffered by the community such as crime, poverty, gangsterism, substance abuse, domestic violence etc.

##### (b) Learner profile

- (i) A brief description of the profile of the parents of the learners. This can include the employment status of parents e.g. unemployed or temporarily employed/high-, middle- or low-income earners/skilled or unskilled labour etc.
- (ii) A brief description of the profile of the learners e.g. reliance on social grants, as well as the parental support available to the learners i.e single parents/grandparents/guardians/foster parents etc.
- (iii) A brief description of the school support offered e.g. learner transport, feeding scheme, psychosocial support etc.

##### (c) Debt management/finance policy

- (i) Evidence of debt collection efforts applied in previous years and reasons indicating why it was not successful.
- (ii) A three-year trend of fee exemptions granted to parents.
- (iii) Evidence of how the school utilised the compensation for fee exemptions as a means of recuperating lost revenue as a result of the non-payment of school fees.
- (iv) Documentation demonstrating whether the school performed a review of the school fees charged, to ensure that it is in line with the community it is serving's financial capabilities.
- (v) Evidence of support and guidance received from the relevant district office.

##### (d) Copy of governing body meeting minutes

Copy of the minutes where the decision to appeal for a fee status change was taken, dated and signed by the governing body chairperson and secretary. The minutes must not be older than six months.

#### 3.4.1.1 Application for voluntary no-fee status (current fee-charging schools)

In addition to the information required under sections (a), (b), (c) and (d) above, the following additional information is required:

- (i) A motivation why the school wishes to become a voluntary no-fee school and the advantages that are expected to be gained from the conversion.
- (ii) Evidence of financial hardship experienced as a result of the school's current fee status.

- (iii) A three-year trend of own revenue collected through school fees, donations and fundraisers, along with a report on what the income was used for.
- (iv) A three-year trend of the number of governing body posts at the school, including the type of posts and the impact on the school's performance if the posts are abolished or how these posts will be financed if the school foregoes its revenue stream from school fees collected if it converts to a voluntary no-fee school.
- (v) A three-year trend of the school's municipal/utility accounts, including a report on the school's payment record of its municipal/utility accounts for the same period.

#### 3.4.1.2 **Application to convert back to a fee-charging school (voluntary no-fee schools) (only Quintiles 4–5 )**

In addition to the information required under sections (a), (b), and (d) above, the following additional information is required:

- (i) A motivation why the school wishes to convert back to a fee-charging school and the advantages that are expected to be gained from the conversion.
- (ii) Evidence of disadvantages experienced as a result of the school's current fee status.
- (iii) A three-year trend of own revenue collected through donations and fundraisers, along with a report on what the income was used for.
- (iv) Evidence of consultations conducted with the community the school serves, that the conversion to a fee-charging school is likely to be accepted and supported by the community and that it will not result in the exclusion of any learners.
- (v) A three-year trend of the school's municipal/utility accounts, including a report on the school's payment record of its municipal/utility accounts for the same period.
- (vi) Anticipated annual school fees.

#### 3.4.2 **District offices must submit** the following to Head Office:

- (a) A detailed recommendation letter in support of the appeal, signed and dated by the relevant circuit manager and district director.
- (b) The latest audited Annual Financial Statements (AFS), e.g. for a 2024 appeal application, the school's 2023 audited AFS must be used.
- (c) Budget in relation to the latest audited AFS submitted, as per 3.4.2(b) above.
- (d) A financial analysis performed examining the relevant school AFS and budget.
- (e) A confirmation of any current or past financial mismanagement matters currently under investigation at the school.

#### 3.4.2.1 **Application for voluntary no-fee status (current fee-charging schools)**

In addition to the information required under sections (a) to (e) above, the following additional information is required:

- (i) A report on financial management interventions that the district has introduced to the school over the previous academic year, i.e. financial management training, credible budgeting practices and conducting reviews of expenditure items.
- (ii) A report on debt collection interventions that the district has introduced to the school over a period of time to improve debt collection rates, including successes achieved or alternatively why it was not successful.

- (iii) A report/document detailing all financial and other implications of becoming a no-fee school. This should encompass considerations regarding the current governing body posts, if applicable, as well as the impact on the day-to-day operations of the school.

#### 3.4.2.2 **Application to convert back to a fee-charging school (voluntary no-fee schools) (only Quintiles 4–5)**

In addition to the information required under sections (a) to (e) above, the following additional information is required:

- (i) A report on financial management interventions that the district has introduced to the school over a period of time, i.e. financial management training, credible budgeting practices and conducting reviews of expenditure items.
- (ii) A report/document detailing all financial and other implications of converting back to a fee-charging school. This should encompass considerations regarding the current governing body posts, if applicable, as well as the impact on day-to-day operations of the school.

3.4.3 The Deputy Director: Corporate Services at the relevant district office must review every appeal for completeness, economy and appropriateness considering the feasibility in relation to all schools located within the district in terms of financial challenges, changes in school financial position due to possible economic climate, financial mismanagement, environmental changes etc. by using the information provided by the school and as outlined in this minute to either recommend or decline the appeal with reasons.

### 3.5 **Submission of appeals**

3.5.1 Appeals can **ONLY** be submitted **from July to end September of each year**, following the availability of the latest audited AFS of the school as per 3.4.2(b) above.

3.5.2 **Schools** must submit appeals, signed by the principal and chairperson of the governing body and accompanied by the documentation referred to above, to the District Director at the district office.

3.5.3 **Schools** should follow up with the relevant district office to validate the completeness of their applications.

3.5.4 **District offices** must submit reviewed appeals with recommendations and the relevant supporting documentation as follows:

By email to:

[WCED.NormsandStandards@westerncape.gov.za](mailto:WCED.NormsandStandards@westerncape.gov.za)

(and cc [Elton.Bezuidenhout@westerncape.gov.za](mailto:Elton.Bezuidenhout@westerncape.gov.za))

Or hand deliver to:

Western Cape Education Department  
7<sup>th</sup> Floor, 1 North Wharf Square  
2 Lower Loop Street  
Foreshore  
Cape Town  
8001

Or via post to:

Head: Education  
For attention: Directorate: Management Accounting  
Western Cape Education Department  
Private Bag X9114  
Cape Town  
8000

- 3.5.5 Appeals must be complete. Incomplete appeals as at 30 September will be cancelled and referred back to the district office.
- 3.5.6 Appeals must be submitted to Head Office via the Directorate: Management Accounting **by latest 30 September** for consideration and approval by the Provincial Minister. This will ensure the availability of the latest audited AFS to be used and allow sufficient time to communicate the outcome on or before the beginning of the new financial year, 01 April.
- 3.5.7 **Late applications will not be considered** and a new application must be submitted during the new cycle, as evidence might have changed and the relevant audited AFS at that time will be applicable.
- 3.6 Once the appeal has been considered, written feedback will be communicated to the school within four months, via the relevant district office, regarding the decision taken by the Provincial Minister and whether the request has been deemed in the best interests of the school.
- 3.7 Successful appeals will only be for the following financial year, i.e. with effect from 01 April.
4. Kindly bring the contents of this minute to the attention of all concerned.

**SIGNED:** LJ ELY

**DEPUTY DIRECTOR GENERAL: CORPORATE SERVICES**

**DATE:** 2024-07-11