

Balancing the 2014-15 schools budget

The table below shows the current increase and decrease in schools funding for 14-15 (post MFG and cap).

	Decrease		Increase	
	Primary Number of schools	Secondary Number of schools	Primary Number of schools	Secondary Number of schools
0% to 2.5%	11	2	9	1
2.5% to 5%	3	1	9	2
5% to 10%	1	1	12	1
10% to 14%	1	2	4	-
15+%	-	-	-	-
	16	6	34	4

The total allocation for the schools budget was £103,893,854.

Late on Monday 13 January the Education Funding Agency notified local authorities there was a problem with the Authority Proforma Tool¹. The corrections to the spreadsheet impacted on any schools that amalgamated in 2013-14 and resulted in a total allocation to schools of £104,098,148, an increase of £204,294, in the primary phase. This change has made the proposals set out in the Schools Forum 15th January report unaffordable.

To maintain affordability a number of options have been modelled:

- **Option 1** - Reduce the proposed CAP from 2.0% back to 1.5%
- **Option 2** - Reduce the proposed CAP to 1.5% and the lump sum to £136,000 for all schools
- **Option 3** - Reduce the cap to 1.1%

Option 1

Reducing the CAP back to the current rate of 1.5%.

The reduction in the percentage CAP impacts on 22 schools and reduces the funding passed to schools via the CAP by £109,231.

	Decrease		Increase	
	Primary Number of schools	Secondary Number of schools	Primary Number of schools	Secondary Number of schools
0% to 2.5%	12	2	8	1
2.5% to 5%	3	1	9	2
5% to 10%	1	1	12	1
10% to 14%	1	2	4	-
15+%	-	-	-	-
	17	6	33	4

However by reducing the CAP to 1.5% the saving achieved will not be enough to balance the budget, leaving a £95,063 shortfall, therefore this option would not be feasible on its own.

Option 2

Reducing the cap back to 1.5% and reducing the lump sum from £139,150 to £136,000 for all schools.

Analysis of the post MFG budget is set out in the table below, with any changes from Table 1 highlighted.

	Decrease		Increase	
	Primary Number of schools	Secondary Number of schools	Primary Number of schools	Secondary Number of schools
0% to 2.5%	13	2	7	1
2.5% to 5%	3	1	9	2
5% to 10%	1	1	12	1
10% to 14%	1	2	4	-
15+%	-	-	-	-
	18	6	32	4

Reducing the lump sum impacts on all schools in addition to the 21 impacted by the CAP, and increases the cost of MFG protection which goes against the principles agreed at the start of the funding reform process. As this option does not recover the full amount required to balance the budget, it is not feasible on its own.

¹ The Authority Proforma Tool is the spreadsheet issued to local authorities by the EFA to enable the calculation of school budget shares. This tool forms the return sent to the Department for Education for approval of the authorities school budgets.

As the lump sum is deducted from the overall budget when calculating MFG and the CAP, the change in the lump sum does not release an equal amount in the overall budget after MFG/CAP. It also has the impact of increasing the MFG by £272,079, which counteracts the savings achieved, leaving a balance of £39,351 to find

Option 3

This option seeks to reduce the cap to 1.1% and reduces the funding allocated to 22 schools by £201,166.

Table 4: Post MFG budget with a 1.1% CAP				
	Decrease		Increase	
	Primary	Secondary	Primary	Secondary
	Number of schools	Number of schools	Number of schools	Number of schools
0% to 2.5%	12	2	9	1
2.5% to 5%	3	1	8	2
5% to 10%	1	1	13	1
10% to 14%	1	2	3	-
15+%	-	-	-	-
	17	6	33	4

This option provides the saving required, bringing the allocation to schools back into budget as it leaves a shortfall of £3,128.