

## Southerly Point Co-operative MAT Central Budget Notes

Key to the success of the MAT model is its financial sustainability. We have taken every step to test upfront its viability and to show the impact of a new funding model on individual schools.

To do this, we have worked through the figures in several different ways and in order to demonstrate as a base line that once set up, the MAT will have no negative impact on individual schools budgets.

Currently schools individual budgets come from Local Authority. A slice of funds is kept by Cornwall Council for centralised services and support. This income never appears in individual school budgets.

In the MAT model, government funds are allocated for each school directly to the MAT. It is therefore necessary to take a top-slice from these funds to finance centralised services and support.

The attached calculations directly compare the current funding arrangements for schools with that under the new proposed MAT structure. They are based on the latest version of the MAT central overheads and the most recent estimates for the various cost headings.

In order to make the budget as simple as possible there is a top section which looks at income & expenditure from the MAT perspective and a bottom section which looks at the same from the overall schools perspective. These then add together to give a consolidated total.

There are three versions to allow for comparison:

1. The first version is a reflection of current funding arrangements. To achieve a direct comparison, it has top sliced the amounts currently De-delegated back to Cornwall Council (DD) and the Education Support Grant (ESG) currently paid straight to Cornwall Council. As this is all "new money" there is no net cost to the schools and it can be seen that it will pay for all the additional salaries and external costs incurred in administering the MAT plus the cost of services previously provided free by Cornwall Council. This is important as it clearly demonstrates that the schools are not having to finance any additional overheads. The effective rate is about 2.9% of General Annual Grant (GAG).

2. The second version is based on a top slice of 5% of GAG as per our original intentions. The additional £299k now paying for the £267k of costs highlighted in orange and replacing the £27k LFS cost. From a school perspective the inclusion of the DD & ESG mean that the real cost of the £706k top slice is the afore mentioned £299k as £294k of school costs are now paid for centrally the net cost to schools is therefore only £5k.

3. The third version is a hybrid of the first two, taking a top slice of 3.5% of GAG as is done by a number of other MATs. This would give an additional £87k of income and enables us to pay £80k for both Payroll Services & HR out of the central pot meaning that the net cost is less than £7k.

It should be noted that other models we have looked at do not include the elements highlighted in blue nor do they include premises management or the hub leader role which provides ongoing support via six school improvement review visits per year. The only cost we don't include, that some do, is insurance.

All three versions show a net consolidated gain of £726 as this is the difference between the new income (DD & ESG) and new expenses (MAT administration). All amounts after that are really reallocation of income and expenditure and therefore have no effect on the system as a whole. Version TWO is the preferred model as it does away with the need to artificially split these central or centrally procured overheads. The important thing to remember is that they all have exactly the same financial effect.

If we looked at the impact version two has on the individual schools then we will see that most theoretically gain by small amounts (the biggest of which is about £5,500) whilst three theoretically lose (the biggest of which is £30,600). In order that the "winners" in this system do not do so at the cost of the "losers" it is intended that the gains & losses are netted off as part of the top slicing exercise.

Additional points discussed at meetings:

Each school will bring its reserves at the date of conversion in to the MAT and these reserves will be ring fenced for that school. The schools reserves will then rise and fall according to whether they under or over spend each year in exactly the same way they do now. The MAT has no reserves of "its own" - the MAT reserves are the total of the individual schools reserves.

The reserves will be available to the schools to use in whatever way they wish, the only caveat is that the schools won't all be able to spend their reserves at the same time as they will be providing cashflow for the MAT. At present the timing of spending is irrelevant as the money comes out of Cornwall Councils' combined bank accounts. As a MAT we will have to ensure we always have sufficient funds in the bank to cover our payments. This will be helped by the fact that we will receive funding from the EFA monthly, 12% in the first month and 8% in each subsequent month.

Other income such as pupil premium, sports premium, nurseries, swimming, catering & hall hire stay with the school and are not part of the top slicing process.

## Southerly Point Co-operative MAT Central Budget

<b>MAT perspective</b>	DD / ESG	5.0%	3.5%
<b>Anticipated central services contribution</b>	<u>406,941</u>	<u>706,199</u>	<u>494,339</u>
<b>Central Services Costs:</b>			
CEO, Hub Leaders (inc backfill), Finance Director & Premises Manager	305,023	305,023	305,023
Business Manager & Administrator	-	39,417	-
Central finance system costs including Accounts Software, Actuary Report, Asset Management Software, Audit Fees & Budgeting Software	44,907	44,907	44,907
Capita licences	38,618	38,618	38,618
Admissions Applications	16,950	16,950	16,950
Data & Statistics	13,975	13,975	13,975
FSM & PP Administration	5,000	5,000	5,000
Behaviour support	8,892	8,892	8,892
Payroll services	-	50,362	50,362
HR	-	30,225	30,225
Legal	-	18,270	-
SIMS support	-	22,045	-
Insurances (General)	-	106,673	-
Less: LFS SLA	- 27,150	-	- 27,150
	<u>406,215</u>	<u>700,357</u>	<u>486,802</u>
<b>Projected central services surplus / (deficit)</b>	<u>726</u>	<u>5,842</u>	<u>7,537</u>
<b>School perspective</b>			
<b>Reduction in school income:-</b>			
Top slice	406,941	706,199	494,339
De-delegation & ESG	- 406,941	- 406,941	- 406,941
Net cost to schools	<u>-</u>	<u>299,258</u>	<u>87,398</u>
<b>Reduction in school expenditure:-</b>			
Payroll services		50,362	50,362
HR		30,225	30,225
Legal		18,270	
LFS		27,150	
SIMS support		22,045	
Insurances (General)		106,673	
Trust Charges		39,417	
Net saving to schools	<u>-</u>	<u>294,142</u>	<u>80,587</u>
<b>Overall gain / (loss) by schools</b>	<u>-</u>	<u>- 5,116</u>	<u>- 6,811</u>

**Consolidated gain / (loss)**

726

726

726