



ESPO MANAGEMENT COMMITTEE – 27 JUNE 2013

**PROPOSAL TO CALCULATE DIVIDEND DISTRIBUTION BASED ON
MEMBER TURNOVER INCLUDING ACADEMIES**

JOINT REPORT OF THE CONSORTIUM TREASURER AND DIRECTOR

Purpose of Report

1. To consider the impact of moving to a method of calculating the dividend distribution based on member turnover including academy spend, rather than excluding academy spend.
2. The possibility of moving to a basis inclusive of academy spend was raised by members at the ESPO Management Committee on 27 September 2012. This report sets out the impact of such an approach.

Background of Academy Programme

3. The Coalition Government has been encouraging the creation of academies throughout England and Wales since it came to power in 2010. The pace of conversion away from local authority control has varied county by county.
4. Central Government is seeking to maximise the programme of school to academy conversion, whether by choice; being put into special measures; or the desire to seek and control incremental funding.
5. Historically the allocation of the dividend from ESPO has been calculated on the basis of local authority spend exclusive of spend by academies, as academy budgets are not under local authority control. The proportion of spend attributable to education is shown in the Appendix to this report.
6. The pace of converting to academy status is not under local authority control and clearly varies by local authority and school type. On-going relationships and engagement between individual members and academies in their areas is also likely to differ in the future. As at April 2013 there were 2879 academies in England out of 21,832 educational institutions. In April 160 schools converted to academies although it is likely that the pace of change could accelerate as we come closer to 2015 and the General Election.

Impact of Moving to Dividend Distribution Based on Member Turnover including Academies

7. The basis of calculating the impact of moving to the new dividend distribution model is the forecast out-turn as presented to members for 2012-13 at the March Management Committee meeting.
8. Each member authority's spend, exclusive and inclusive of academies, is presented in the Appendix. This is for both Stores sales and Directs.
9. The summary impact is shown in the table below based on the forecast dividend available for distribution for 2012-13, noting that the overall dividend distribution would remain unchanged:

	<u>2012-13</u>	<u>2012-13</u>	
	<u>Proposed</u>	<u>Proposed</u>	
	<u>Distribution</u>	<u>Distribution</u>	<u>Excluding</u>
	<u>incl Academies</u>	<u>excl Academies</u>	<u>academies at 80%</u>
			<u>Conversion</u>
Cambridgeshire	230,816	226,421	227,480
Leicester City	179,724	212,827	194,431
Leicestershire	223,669	209,067	218,206
Lincolnshire	268,848	232,793	257,817
Norfolk	312,738	332,367	319,672
Peterborough City	83,410	85,062	83,189
Warwickshire	206,861	207,529	205,271
Total	1,506,066	1,506,066	1,506,066

Consideration by the Chief Officer Group

10. The Chief Officer Group considered this issue at its meeting on 22 May 2013 and resolved to recommend to the Management Committee to change the dividend distribution model to one based on total educational spend including academies, the proposal being effective for 2012-13 and to last for three years up to 2015-16 prior to review as necessary.

Resources Implications

11. None. The overall dividend distribution to Consortium Authorities will remain unchanged as a result of the proposal.

Recommendation

12. The Management Committee is recommended to change the dividend distribution model to one based on total educational spend including academies, the proposal being effective for 2012-13 and to last for three years up to 2015-16 prior to review as necessary.

Equal Opportunities Implications

13. None

Risk Assessment

14. None

Officers to Contact

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Appendices

Appendix - Analysis of Member Spend – Including Academies

Analysis of Member Spend – Including Academies

STORES and OT (12 Months) MARCH 2013 INCLUDING ACADEMIES

	Non - Education			Education			Totals		
	LYTD	TYTD	% Var	LYTD	TYTD	% Var	LYTD	TYTD	% Var
Cambridgeshire	458,181	460,100	0.41	2,140,225	2,331,099	8.92	2,598,406	2,791,199	7.42
Leicester City	1,027,339	816,901	-20.48	1,351,124	1,448,521	7.21	2,378,463	2,265,422	-4.75
Leicestershire	498,588	432,973	-13.16	2,411,730	2,340,511	-2.95	2,910,318	2,773,484	-4.70
Lincolnshire	274,498	182,124	-33.65	2,977,939	3,168,054	6.38	3,252,437	3,350,178	3.01
Norfolk	739,285	355,949	-51.85	3,303,644	3,420,116	3.53	4,042,929	3,776,065	-6.60
Peterborough	50,128	55,426	10.56	843,293	905,303	7.35	893,421	960,729	7.53
Warwickshire	407,760	353,227	-13.37	2,131,279	2,166,113	1.63	2,539,039	2,519,340	-0.78
Member Total	3,455,779	2,656,700 [⬆]	-23.12	15,159,234	15,779,717 [⬆]	4.09	18,615,013 [⬆]	18,436,417 [⬆]	-0.96
Others	6,105,254	6,029,007	-1.24	12,839,301	15,379,986	19.79	18,944,555	21,408,993	21.18
Totals	9,561,033	8,685,707 [⬆]	-9.16	27,998,535	31,159,703 [⬆]	11.29	37,559,568	39,845,410	6.09
Phonics DfE MF					260,342				
Total inc MF					31,420,045	12.22		40,105,752	6.78

DIRECT (12 Months) MARCH 2013 INCLUDING ACADEMIES

	Non - Education			Education			Totals		
	LYTD	TYTD	% Var	LYTD	TYTD	% Var	LYTD	TYTD	% Var
Cambridgeshire	194,962	139,824	-28.28	1,182,686	1,281,346	8.34	1,377,648	1,421,170	3.16
Leicester City	543,705	376,866	-30.68	613,336	582,120	-5.09	1,157,041	958,986	-17.12
Leicestershire	292,536	237,844	-18.69	1,115,540	1,030,754	-7.60	1,408,076	1,268,598	-9.91
Lincolnshire	165,825	93,778	-43.44	1,237,961	1,403,990	13.41	1,403,786	1,497,768	6.69
Norfolk	253,698	267,859	5.58	1,374,425	1,667,560	21.33	1,628,123	1,935,419	18.87
Peterborough	23,487	25,764	9.69	438,101	564,703	28.90	461,588	590,467	27.92
Warwickshire	165,104	161,534	-2.16	1,050,135	1,082,179	3.05	1,215,239	1,243,713	2.34
Member Total	1,639,317	1,303,469 [⬆]	-20.49	7,012,184	7,612,652 [⬆]	8.56	8,651,501 [⬆]	8,916,121 [⬆]	3.06
Others	4,405,069	3,739,901	-15.10	5,830,019	7,899,110	35.49	10,235,088	11,639,011	13.72
Totals	6,044,386	5,043,370 [⬆]	-16.56	12,842,203	15,511,762 [⬆]	20.79	18,886,589	20,555,132	8.83
Phonics DfE MF					2,486,013				
Total inc MF					17,997,775	40.15		23,041,145	22.00
Grand Totals	15,605,419	13,729,077 [⬆]	-12.02	40,840,738	46,671,465 [⬆]	14.28	56,446,157	60,400,542	7.01
Total inc Phonics MF					49,417,820	21.00		63,146,897	11.87
Phonics vouchers					-290,663				
Grand Total					49,127,157	20.29		62,856,234	11.36