

Appendix D: Lump Sum

- D.1 For 2013-14, Local Authorities had the discretion to have a Lump Sum factor of up to **£200,000** but it had to be the same for both primary and secondary phases. Waltham Forest fixed the value at **£125,000** which is below the London average of **£143,831**. The DfE have amended the discretion to a maximum of **£175,000**, but more importantly have agreed that Local Authorities can set different rates for primary and secondary phases (which also mean different rates for middle and all-through schools).
- D.2 The Task and Finish Group agreed to consider a lower rate for the primary phase given that a lump sum of £125,000 for the smallest primary schools had led to significant increase in funding for 2013-14 which had subsequently been capped.
- D.3 The Local Authority proposes that the Lump Sum for primary schools is reduced from **£125,000** to **£75,000**, as agreed by the Task and Finish Group. This means that the lump sum for the two all-through schools will fall to **£95,833** (based on 7/12ths primary and 5/12th secondary lump sum). Overall, this would mean that total expenditure on Lump Sum will fall from **£8.125m** to **£5.625m**. The **£2.500m** released can be reinvested in raising the primary AWPUs for primary schools by **£100**. There is a distribution effect as shown in the Table below:

Table: Distribution effect of reducing Primary Lump Sum to £75,000.

Size	Current lump sum	Revised Lump Sum	NOR	Loss of Lump Sum	AWPU Gain of £100	Loss / Gain
1FE	£125,000	£75,000	210	-£50,000	£21,000	-£29,000
2FE	£125,000	£75,000	420	-£50,000	£42,000	-£8,000
3FE	£125,000	£75,000	630	-£50,000	£63,000	+£13,000
4FE	£125,000	£75,000	840	-£50,000	£84,000	+£34,000
5FE	£125,000	£75,000	1050	-£50,000	£105,00	+£55,000
6FE	£125,000	£75,000	1260	-£50,000	£126,000	+£76,000

- D.4 The breakeven point is 500 pupils on roll. The net effect on budgets after adjustment for MFG and application of a ceiling cap is likely to be minimal. For example 9 of the 11 primary schools which are either 1FE primary or 2FE infant / junior had ceiling caps applied and in practice did not receive the gains arising from the introduction of a Lump Sum of £125,000. Similarly 7 of the 8 3FE /4FE primary schools were protected under MFG in part due to the increase in Lump Sum from £33,335 in 2012/13 to £125,000 in 2013-14 which was effectively paid for by lowering AWPUs which affected them more than smaller schools.