

Annex 8

Calculation of GAE for Argyll and Bute Council - Briefing

1. Grant Aided Expenditure (GAE) is not a cash grant to the Council nor is it a direct grant to schools. It is not a target or budget for Councils to spend against or use in allocating resources. GAE is a method for calculating each Council's proportion of the local government finance settlement. GAE allocations are based on each Council's proportion of the GAE indicators compared to all other councils. These proportions are used to allocate a previously agreed fixed amount of GAE. The changes in any one council indicators affect all of the other councils as it changes the proportion of the total. As an example a Council's GAE indicators may increase but if they increase at a lower rate than other Councils then it will still suffer a reduction in GAE. GAE is not a tariff or price list where there is a fixed amount of GAE per indicator.
2. There is an adjustment to the GAE for primary school teaching staff. This adjustment reallocates GAE based on the proportion of pupils in schools with a pupil population of less than 70 in rural areas.
3. For 2010-11 the net additional GAE that was allocated to the Council through the secondary indicator for primary school teaching staff was £2.644m.
4. The secondary indicator element of GAE effectively comprises two parts. The first is a contribution into a pot for redistribution which amounts to a reduction in GAE calculated by the primary indicator of 5.25%. In the case of Argyll and Bute Council this amounts to £0.755m.
5. The second element is a share of that redistribution pot based on the percentage of pupils in small rural schools. In the case of Argyll and Bute Council for 2010-11 the percentage of pupils in small rural schools was 21.8% and this led to an allocation from the redistribution pot of £3.399m. The net effect of both elements is the secondary indicator GAE effect of £2.644m (that being a contribution to the redistribution pot of £0.755m and an allocation from the redistribution pot of £3.399m).
6. The financial impact paper simply states the net effect on GAE for the Council. The Council is aware of both elements and has modelled the GAE reductions in the financial impact paper at Annex 4, Appendix 2 to take account of both elements.