

Schools Funding - 2008/09 to 2010/11

Monday 12th November 2007

Introduction

Jim Knight MP, Minister of State for Schools and Learning has set out details, in a written statement, on school funding for the period from 2008/09 to 2010/11 . The DCSF statement and associated documents, including provisional DSG allocations for all authorities for 08/09 to 10/11 can be found at www.teachernet.gov.uk/schoolfundingsettlement200811/

Key points

- Overall increases of 4.3% in 2008/09, 4.7% in 2009/10 and 5.3% in 2010/11. This equates to a 2% real terms increase over the whole Spending Review period.
- Dedicated Schools Grant (DSG) of 4.6% per pupil for 2008/09 (3.9% in cash terms), 3.7% per pupil for 2009/10 (3.3% in cash terms) and 4.3% per pupil for 2010/11 (4.1% in cash terms). This equates to a predicted increase of 1% in real terms over the whole of the CSR period.
- Dedicated Schools Grant to be distributed on the basis of a per pupil uplift on the previous year's base figures with top-ups including deprivation in small areas, personalised learning, and continuing additions for authorities which were underspending their Schools FSS in 2005/06.
- Minimum funding guarantee of 2.1% per pupil for 2008/09 to 2010/11. This compares with 3.7% in 2007/08.

LGA key messages

- **The overall school funding increase of 2% in real terms, although substantially smaller than the increases over the last spending review period compares with that of 1% in real terms for councils for their non-schools' services.**
- **Many of the smaller Standards Funds grants have not yet been announced; we call on them to be announced as soon as possible.**

Dedicated Schools Grant

Total Dedicated Schools Grant for 2008/09 will increase by 4.6% per pupil for 2008/09 (predicted to be 3.9% in cash terms), 3.7% per pupil for 2009/10 (predicted to be 3.3% in cash terms) and 4.3% per pupil for 2010/11 (predicted to be 4.1% in cash terms). This equates to an increase of 1% in real terms over the whole of the CSR period.

Indicative allocations for DSG for 08/09, 09/10 and 10/11 for all authorities have been announced. The final allocations will use January 2008, 2009 and 2010 pupil numbers respectively so will not be announced until May 2008, 2009 and 2010 respectively.

However, the Guaranteed Unit of Funding for each authority for each of the three years is not predicted to vary from the figures announced today.

As, announced in July 2007, DfES will continue with the 'spend plus' method; based on a common per pupil increase over baseline plus top ups for ministerial priorities;. DSG will be

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allocated on the following basis

- A basic per pupil increase of 3.1% in 2008/09, 2.9% in 2009/10 and 2.9% in 2010/11 for all authorities (this compares with 5% in 2007/08). This represents headroom of 1% in 2008/09, 0.8% in 2009/10 and 0.8% in 2010/11 over the Minimum Funding Guarantee of 2.1%.
- Top ups for personalisation and SEN; pockets of deprivation and bringing 'underspenders' against the old Formula Spending Share up to the formula level; together these top-ups represent 1.5% in 2008/09, 0.8% in 2009/10 and 1.4% in 2010/11.

LGA view

- **The LGA is against ear-marked top-ups. Authorities in consultation with schools forums take account of local and national priorities in setting budgets for schools. In the two year funding settlement for schools announced in December 2005, DfES did not insist that authorities allocate schools budgets slavishly in line with the top up criteria; this would have severely circumscribed local discretion. We would not like to see any more prescription.**

Distribution of funding from local authorities to schools

Key points in the statement are:

- The Minimum Funding Grant (MFG) level has been announced for 2008/09, 2009/10 and 2010/11; it is set at 2.1% for the three years.
- The Minimum Funding Guarantee reflects a 1% assumption on schools' efficiencies – this means it is lower than the 3.7% per pupil figure in 2007/08.
- The MFG will no longer apply to post-16 funding. Further details will be in the LSC statement on post-16 funding. The LGA understands from DCSF that this is planned for Friday 16th November.

LGA view

- **Setting the minimum funding guarantee at a relatively low level will give authorities in consultation with schools' forums more discretion in setting Schools Budget. However there will be very real pressure on schools in areas with large numbers of schools on the minimum funding guarantee.**

Other specific grants

- There will be an Exceptional Circumstances Grant for authorities experiencing rapid growth in pupil numbers, or a significant influx of children with English as an Additional Language. This will be announced in Autumn each year.
- As announced in June 2007, The two Schools Standards grants will remain separate. They will increase by 2.1% in the line with the MFG.
- School Development Grant will also increase by 2.1%. As announced in June 2007, local authorities will have leeway to move School Development Grant away from its historic distribution to reflect the most up to date data on deprivation. There will be 0% per pupil floor for School Development Grant changes at school level, and changes will be monitored to ensure that the deprivation basis for SDG remains.
- There will be additional Standards Fund Grants for pupil progression, extended schools and early years – full details have not yet been announced.

LGA view

- **The LGA considers that schools should have as few sources of funding as possible, with narrow specific grant funding restricted to demonstration projects, or areas where expenditure is 'lumpy' between authorities. Any grants which come to an end should be**

fully taken account of in the base used to calculate DSG increases. We hope that the remaining grants are allocated as soon as possible.

- **The LGA welcomes the payment of an Exceptional Circumstances Grant. We have recently called on CLG to pay such a grant, of £250m per annum, to local authorities for pressures generally.**

14-16 specialised diplomas

- **The non ring-fenced specific formula grant to fund 14-16 diplomas will be supported through a non ring-fenced specific formula grant; this will be announced in December. However the statement says that the £110m in DSG in 2007/08, which is now part of the DSG baseline, should be available to support practical learning options.**

LGA view

- **The LGA awaits news of the specific formula grant. The £110m will have been delegated to schools; therefore it is not automatically available to use for the specialised diplomas without being reallocated.**

Funding of deprivation

The statement confirms the continuing DCSF and Treasury priority for authorities to direct more money to deprivation in order to narrow the attainment gap for pupils from disadvantaged backgrounds. The statement says that DCSF will continue to press all authorities to reflect in their funding formula the existing deprivation delivered through DSG. In addition £40m in each of the three years will be allocated to support children from deprived backgrounds who attend schools in less deprived local authorities. Tax Credit data will be used to distribute this.

LGA view

- **The LGA and authorities consider that tackling deprivation and disadvantage are key priorities. The LGA would be opposed to any intervention by DCSF which would override local decisions on schools formulae taken by authorities in consultation with Schools Forums.**

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