

**Manchester City Council  
Report for Information**

**Report to:** Resources and Governance Overview and Scrutiny Committee –  
13 January 2011

**Subject:** Dedicated Schools Grant – School Funding Settlement 2011/12

**Report of:** City Treasurer and Director Children’s Services

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**Summary**

This report sets out details of the school funding settlement for 2011/12, including details of the local authority Dedicated Schools Grant allocations and the level of the Pupil Premium.

**Recommendations**

It is recommended that the Committee notes the information in the report/

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**Background documents (available for public inspection):**

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above.

None

## **1. INTRODUCTION**

- 1.1 On 13<sup>th</sup> December 2010 the Department for Education announced the details of the school funding settlement for 2011/12. This included details of the local authority Dedicated Schools Grant allocations and the level of the Pupil Premium.
- 1.2 A number of specific grants have been amalgamated into Dedicated Schools Grant (DSG) in order to reduce the number of funding streams to schools.
- 1.3 The purpose of this note is to set out the 2011/12 School Funding settlement and to summarise the impact of the settlement from the perspective of schools in Manchester.
- 1.4 There is currently no information available for 2012/13 settlement. A consultation on the schools' funding formula is expected in the Spring 2011.

## **2. NATIONAL OVERVIEW OF THE SCHOOLS SETTLEMENT**

- 2.1 The Spending Review in October 2010 announced that overall the Department for Education's (DfE) non-schools budget will be reduced by 12% by 2014/15. This is to be achieved by cutting administration and back office costs, reducing 16 to 19 funding, focusing the support currently provided by Education Maintenance Allowances (EMAs) on the most disadvantaged children and rationalising and ending centrally directed programmes for children, young people and families.
- 2.2 It was announced that school funding would increase by £3.6 billion increase in cash terms over the four year period, which equated to a 0.1% increase in real terms after taking account of cost pressures and demographic growth. The settlement stated that underlying per pupil funding will be maintained in cash terms, however that was not committed at Local Authority level.
- 2.3 It was announced in the Spending Review that a 60% reduction in capital spending over the Spending Review period was planned but that funding should be available to meet demographic pressures and to address maintenance needs. Over the Spending Review period there will be a total of £15.8 billion of capital spending.
- 2.4 The settlement on 13<sup>th</sup> December announced an overall schools' budget protected at flat cash per pupil to meet demographic pressures. The pupil premium is additional to the schools' budget. Devolved formula capital grants will reduce by 77% next financial year.

## **3. MANCHESTER CONTEXT**

- 3.1 The school funding settlement for Manchester has been a continuation of 2010/11 per pupil funding levels for the Dedicated Schools Grant (DSG) of £4919 per pupil. There will be a further £8.2m that schools receive through the £430 pupil premium in addition to the allocation of DSG. The pupil

premium will only be received for pupils on Free School Meals (FSM), therefore schools with low FSM will not have a significant increase in funding.

- 3.2 Standards Fund grants have been mainstreamed into the formula and there has been an overall reduction in funding of £2.3m compared to 2010/11, some of this reduction relates to grants retained by Children's Services to provide services in support of schools and pupils.
- 3.3 Specific grants and Area Based Grants totalling £4.4m have ceased. Of this £1.651m is unconfirmed at this stage relating to Music and School Travel grants. Some confirmation of continued funding is expected to be announced early in the New Year. Most of the reductions relates to education funding held by Children's Services and savings in these areas had been expected and planned for.
- 3.4 Devolved Formula Capital Grant has reduced by £3.3m (77%) in 2011/12. For a school that has not been recently renovated or rebuilt the amount per school has fallen from £18,500 to £4,000 plus the amount per pupil has fallen from £63 to £11.25. For a school that has recently been rebuilt or renovated the amount per school has fallen from £9,250 to £4,000 plus the amount per pupil has fallen from £47.25 to £11.25. Therefore schools that have not had recent capital investment will be experience the most significant impact in 2011/12 compared to 2010/11 funding levels.

#### **4. CONCLUSION**

- 4.1 In terms of school budget allocations for 1<sup>st</sup> April 2011, overall the settlement will provide for Manchester an increase in funding for schools of around £3m. This includes the pupil premium, after offsetting the reductions in Standards Fund grant and Devolved Formula Capital grant devolved to schools. This £3m will reduce if the £1m music grant which schools receive in 2010/11 is not confirmed. Potentially a school that has not been rebuilt or renovated and with low FSM could see a reduction in funding compared to 2010/11. The DfE has stated that reductions at individual school level may occur.
- 4.2 Sixth form allocations from the Young People's Learning Agency have not yet been received. It is expected that per pupil allocations will be less than the current year and this will impact on secondary schools with sixth forms in Manchester.
- 4.3 The £3m increase in paragraph 4.1 does not take account of the impact on schools from the significant loss in specific grants and Area Based Grants referred to in paragraphs 3.2 and 3.3 and significant reductions in other funding for Children's Services, not referred to in this note.