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Dear Head Teacher/Finance Officer

Key points of the Education settlement 2011/12 (announced 13/12/2010)

This letter sets out the main points highlighted in the settlement announced on the 13th December 2010 for Education funding. It is not exhaustive but covers the main elements of the announcement and shows links to further information on the [DfE website](#). The settlement is for one year only and includes summary information on:

- Schools Budget revenue funding
- Pupil premium
- The consolidating of some grants in to delegated schools budgets, ending some grants in 2011/12 and establishing the new Early Intervention Grant
- Minimum funding guarantee
- Schools budget capital funding

1. Schools Budget Revenue Funding

School revenue funding will be maintained at “flat cash per pupil” until 2014-15, with the new pupil premium being paid over and above this. Schools will therefore have to absorb the costs of inflation, such as the full year effect of the September 2010 teacher pay award – estimated at 1% for financial year 2011-12. Mainstreamed (consolidated) grants will also be funded at the same flat cash level per pupil.

Although the overall level of revenue funding for schools (including grants consolidated in to delegated budgets) will remain the same, Michael Gove, as Secretary of State for Education, has stressed that *“the actual level of budget for each individual school will vary. It will depend on local decisions about how best to meet needs. This does mean that some individual schools may see cash cuts in their budgets – either because they have fewer pupils or because changes are made within local authorities to the distribution of funding.”* The maximum potential level of cash cuts will be controlled by the Minimum Funding Guarantee (MFG) which is explained in 3. below.

2. Pupil Premium

The pupil premium is to be introduced from 1st April 2011. Total funding for the premium will be £625m nationally in 2011-12 and will be built up over time amounting to £2.5bn a year by 2014-15

For the next financial year 2011-12 for every pupil currently eligible to receive a free school meal (as recorded on the January 2011 pupil Census) a pupil premium lump sum of £430. This will be payable in respect of Pupils in mainstream primary and

secondary schools with schools remaining free to decide how best to spend the money. Pupils in special schools and pupil referral units, or not in school, will also qualify, but in these cases expenditure will be controlled by the Local Authority.

It also applies to:

- looked after children (although restricted to those looked after for more than six months and as defined by the local authority return SSSDA903).
- those pupils not in maintained schools (i.e. Special Schools, Non-Maintained Special Schools, Independent Schools, Not in School, Hospital Schools, Pupil Referral Units and 14-15 year olds in Further Education (FE) colleges). In these cases expenditure will be controlled by the Local Authority.

The value of the pupil premium in Rotherham has been estimated at just over £3m, including £1.8 for primary schools, and £1.06m for secondary schools. Final allocations will depend upon reported free meal entitlement numbers, but using 2010-11 numbers as a guide, allocations for individual Rotherham primary schools are likely to vary between £1.7k and £59k, and for secondary schools between £44k and £182k.

All pupil premiums will be paid to the LA and 100% of the funding must be delegated to schools. The YPLA will pass the pupil premium to academies. This funding is not ring fenced but schools will be asked to demonstrate its effectiveness.

For further information please see:

<http://www.education.gov.uk/schools/adminandfinance/financialmanagement/schoolsrevenuefunding/settlement2012pupilpremium/a0070252/school-funding-announcement-2011-12>

Pupil premium allocations are over and above the main Dedicated Schools Grant-funded delegated Budget Shares for schools, and are therefore calculated without reference to the Minimum Funding Guarantee.

3. Grants Consolidated into the Dedicated Schools Grant (DSG)

The Government has stated that local authorities will be required to *“take account of... the previous level of grants... in constructing [their] settlement for schools.*

The following grants have been mainstreamed into the DSG from April 2011:

- School Standards Grant
- Schools Standards Grant (Personalisation)
- School Development Grant (includes SDG Main, Post-LIG Deprivation and Transition, City Learning Centres, Specialist Schools and High Performing Specialist Schools). It does not include the amount previously paid through Area Based Grant (ABG), the allocation for Lead Behaviour Schools, which was for 2010-11 only; or the allocations for New Opportunities Advanced Skills Teachers, where no decisions have been made on funding for 2011-12.
- School Lunch Grant
- Ethnic Minority Achievement (EMAG)
- 1-2-1 Tuition
- Extended Schools – Sustainability
- Extended Schools - Subsidy

- Targeted Support for the Primary National Strategy allocated to schools (consisting of Universal and Targeted elements, Leading Teachers, Every Child elements, Early Years Foundation Stage, and Modern Foreign Languages)
- Targeted Support for the Secondary National Strategy allocated to schools (consisting of Universal and Targeted elements and Leading Teachers)
- Diploma Formula Grant
- London Pay Addition Grant

The authority has not yet decided the precise mechanism for allocating this consolidated funding. Potential methods will be worked up and discussed with colleagues before implementation. The amount of DSG delegated to schools via the funding formula will be agreed with the Rotherham Schools Forum.

To enable the specific grants to be included in DSG a grant Guaranteed Unit of Funding (GUF) for each local authority based on the allocations for these grants in 2010-2011 has been calculated (see appendix 1).

4. Minimum Funding Guarantee

Due to falling rolls and / or local funding formula changes some schools will see a cut to their budgets, however a negative minimum funding guarantee has been set. This will ensure that no school sees a reduction compared with its 2010-11 budget (excluding sixth form funding) of more than 1.5% per pupil before the pupil premium is applied. The guarantee applies to a school's overall 2010-11 budget including grants that have been mainstreamed into DSG, but before the pupil premium is applied.

5. Capital

Capital funding is much reduced. The capital settlement for Education for the period to 2014-15 is 60% lower than 2010-11. The Government's main priority for the remaining funding will be encouraging local authorities to respond to the "*significant pressures for additional school places, particularly at primary age, in many areas of the country because of rising birth rates and changed migration patterns*".ⁱⁱ In line with this "basic need funding" (capital grant) for the expansion of school places is to be doubled nationally to £800m for 2011-12.

The announcement included details of allocation of:

- £800 million of basic need funding to local authorities to provide school places where needed in their area, in all categories of taxpayer-funded schools
- £858 million of maintenance capital to local authorities to support the needs of the schools that they maintain and for the Sure Start children's centres in their area
- £196 million of locally-coordinated VA programme capital to support the maintenance capital needs of voluntary-aided schools
- £185 million of devolved formula capital for schools.

Devolved formula capital will be allocated to schools based on a national formula of £4,000 per school and a per pupil sum which is weighted for the type of pupil:

- £11.25 primary
- £16.875 secondary
- £33.75 special

The amount available to Rotherham maintained schools is £901k and £138 for VA schools.

For further information please see:

<http://www.education.gov.uk/schools/adminandfinance/schoolscapital/a0070303/schools-capital-allocations-for-2011-12>

6. Early Intervention Grant (EIG)

The Government has created a new Early Intervention Grant to replace 22 previously existing separate grants, expenditure for which is controlled by the Local Authority. In national terms the new allocation is 10.9% lower than the sum of the previous grants. For Rotherham this means an allocation of £12.3m in financial year 2011-12, rising slightly (in line with other authorities) to £12.5m in 2012-13.

This comprises of a number of previously centrally directed grants. EIG is not ring-fenced but must be used by the authority to support:

- Disadvantaged two year olds (childcare)
- Short breaks for disabled children
- Sure Start centre work

For Rotherham EIG is 12.9% lower than the aggregated 2010/11 funding through the predecessor grants. Please see **Appendix 2** for a full list of grants.

Support

We will be developing a ready reckoner for LA schools to assist you with estimating the level of your schools funding for 2011/12. We are working towards issuing individual schools with final budgets by 23rd March 2011.

If you wish to discuss your budget plan for next year please contact your schools dedicated Finance Officer or call the Schools Finance Help Desk on 01709 822 047.

Yours sincerely

Vera Njelic
Principal Accountant – Schools Finance

Appendix 1

Amounts Used by the DfE to calculate the Rotherham LA Grants Guaranteed Unit of Funding (GUF)

Rotherham Grants 2010-11 (as per DfE)	Mainstreaming School Grants: 2010-2011 Local Authority Allocations - includes those allocated by the LA to convertor academies	2010-11 Local Authority Allocations plus existing academies
School Standards Grant	6,995,486	7,168,539
Schools Standards Grant (Personalisation)	2,215,648	2,325,852
School Development Grant (Main, Post-LIG Deprivation and Transition, City Learning Centres minus amount moved to Area Based Grant)	11,686,352	11,988,917
Specialist Schools	2,479,336	2,612,711
High Performing Specialist Schools	488,480	488,480
School Lunch Grant	453,541	467,572
Ethnic Minority Achievement (EMAG)	419,530	419,530
1-2-1 Tuition	1,438,739	1,467,660
Extended School Sustainability	1,119,892	1,119,892
Extended School Subsidy	1,089,681	1,089,681
National Strategies (Primary)	1,531,827	1,531,827
National Strategies (Secondary)	567,567	624,788
Diploma Formula Grant	22,340	22,340
Total	30,508,418	31,327,788
2010-11 DSG funded pupil numbers (unrounded)	40,440	40,440
Dual Subsidiary Registrations in PRUs (pupils aged 5+) in 2010-11	181	181
Adjusted 2010-11 DSG pupil numbers (unrounded)	40,259	40,259
Per pupil amount of Grants [2010-11 Grants GUF]	758	778

ⁱ DfE letter to local authorities, 13 December 2010, "Allocations for Local Government and Maintained Schools", page 2.

ⁱⁱ Ibid.

Appendix 2

Grants replaced by Early Intervention Grant (EIG)

	2010- 11 £m
National Budgets	
1 Sure Start Children's Centres	1,135
2 Early Years Sustainability - including funding for sufficiency and access, quality and inclusion, buddying, holiday child care and disabled access to childcare	238
3 Early Years Workforce - quality and inclusion, graduate leader fund and every child a talker	196
4 Two Year Old Offer - Early Learning and Childcare	67
5 Disabled Children Short Breaks	185
6 Connexions	467
7 Think Family	94
8 Youth Opportunity Fund	41
9 Youth Crime Action Plan	12
10 Challenge and Support	4
11 Children's Fund	132
12 Positive Activities for Young People Programme	94
13 Youth Taskforce	4
14 Young People Substance Misuse	7
15 Teenage Pregnancy	27
16 Key Stage Foundation Learning	20
17 Targeted Mental Health in Schools Grant	28
18 Contact Point	15
19 Children's Social Care Workforce	18
20 Intensive Intervention Grant	3
21 January Guarantee	6
22 Child Trust Fund	1
DfE Emergency Budget Reduction 2010	-311
Total Grants	2,483