

Written Ministerial Statement on Education Funding

1. Today I am announcing details of education funding for 2012-13. My announcement includes the Dedicated Schools Grant (DSG), funding for 16-19 education and training and capital funding for maintained schools, Academies, the voluntary aided sector and 16-19 provision.

School funding

2. As set out in the "Consultation on School Funding Reform", issued in July, we will continue with the current methodology for funding schools in 2012-13 through the Dedicated Schools Grant (DSG). The underlying school budget will be kept at flat cash per pupil for 2012-13.

3. To protect local authorities with falling pupil numbers we will continue with arrangements to ensure that no authority loses more than 2% of its budget in cash terms.

4. Although the overall schools budget will stay at the same level on a per pupil basis before the addition of the Pupil Premium, the actual level of each school's individual budget will vary. It will depend on local decisions about how best to meet needs and priorities. This does mean that some schools will see budget reductions, either because they have fewer pupils or local changes to funding distribution. To protect schools from significant budget reductions, we will continue with a Minimum Funding Guarantee that ensures no school sees more than a 1.5% per pupil reduction in 2012-13 budgets (excluding sixth form funding) compared to 2011-12 and before the Pupil Premium is added.

5. Details of these arrangements, including per pupil funding for each local authority, are being sent to local authorities today and have been published on the Department for Education's website.

6. The "Consultation on School Funding Reform" set out proposals for the funding system from 2013-14. I am grateful to all those who have responded to these important issues. I am publishing today a report on the consultation responses: there was a good deal of consensus around some proposals, such as the factors to include in both any national and local formulae, and the need for careful transitional arrangements. However, the responses also reflect a variety of views over some of the key aspects of the system. We are now working on developing further proposals in light of the responses.

Funding for 16-19 provision

7. The Young People's Learning Agency (YPLA) is today publishing a statement setting out the funding to be made available for 16-19 education and training for 2012-13. The Funding Statement shows that the Government plans to fund an increased number of places as we approach the raising of the participation age. We plan to fund 1,577,000 places in the 2012/13 academic year compared with the 1,543,000 learners we expect providers to have recruited in 2011/12.

8. Transitional protection was introduced in 2011/12 in order to help schools and colleges to manage unit cost savings that need to be made. We will continue to provide transitional protection for these policy changes for 2012/13 and will continue to make this available until 2015/16.

Capital funding

9. Today's capital announcement covers funding for 2012-13 and includes allocations for basic need (funding for additional pupil places), maintenance and devolved formula capital. This is a further one-year allocation. This will enable me to reflect, for subsequent allocations, the rapidly changing situation in local areas on both demographic growth and numbers of schools converting to Academy status.

10. At a national level, overall capital funding remains the same as last year - £800 million to address the shortage in pupil places and £1.4 billion for maintenance, including £200 million for devolved formula capital. I have agreed however to change the methodology for allocating funding for pupil places to better reflect local need.

11. Funding for pupil places needs to take account of the capacity of schools. For this reason, I have agreed that basic need allocations for 2012-13 will be decided using both numbers on roll and capacity data. That is, it combines the two methodologies used in 2011-12 for allocating basic need funding. Moving to this method will result in changes in levels of funding for some local authorities. Because of this, I have introduced a protection so that no local authority will receive, in 2012-13, less than 80% of the funding they would have received had we taken the same approach as taken for 2011-12.

12. This allocation does not include the additional £600 million for basic need allocated to my Department in the autumn statement. I am considering how best to allocate this funding. I will also consider how we can improve the collection of local data on pupil numbers and available school places so that allocations for the remainder of the spending review period are better targeted towards need.

13. Maintenance funding for local authorities will remain at the same level as last year and will be allocated in the same way. Some local authorities will see a reduction because their maintained schools have converted, or are about to convert, to Academy status. Local authorities should take into account the maintenance needs of all maintained provision, including Sure Start Centres, when deciding how to prioritise this funding.

14. I can also confirm the same funding levels for the Locally-Coordinated Voluntary Aided Programme (LCVAP) as in 2011-12 and we are taking the same approach to its allocation.

15. Devolved Formula Capital will remain at similar levels to last year so that the limited capital available can be more strategically targeted.

16. We have retained £276 million centrally to meet the maintenance needs of Academies. This amount is based on numbers of Academies already

open and those due to open in the coming months. We expect local authorities to honour any commitments they have made to fund projects in their maintained schools, including where those schools may be intending to become Academies during the next year.

17. The Academies central fund next year will be administered in a similar way to this year, and we will provide further details early in 2012 when we are ready to receive applications for funding. We will also consult with sponsors and Academy chains to explore options for giving them more flexibility to address the maintenance needs of their whole Academy estate.

Capital funding for 16-19 provision

20. Over £107 million of capital funding will be available in 2012-13 to meet maintenance and building needs of sixth form colleges and demographic pressures for new 16-19 places in schools, Academies and sixth form colleges.

21. £59 million of this funding will be allocated to the sixth form college Building Condition Improvement Fund (BCIF) in 2012-13 to address priority building condition needs within the sixth form college sector. All sixth form colleges will remain eligible for Devolved Formula Capital (DFC) and it will remain at the same rate as 2011-12.

22. In addition I want to ensure that funding is available to meet the need for additional places where there are demographic pressures in schools, Academies and sixth form colleges. I have therefore made a further £44 million available in the coming financial year for basic need funding for additional places for 16-19 year old students in these areas. This funding will also support the provision of new places in mainstream settings, including in FE colleges, for students with learning difficulties and disabilities.

The Capital Review

24. The consultation on the capital review ended in October and I intend to publish a final Government response to its recommendations in January 2012.

The Priority School Building Programme

25. Finally I would like to update the House on the latest position on the Priority School Building Programme (PSBP). Partnerships for Schools (PFS) is currently reviewing applications to ensure there is a fair and rigorous selection of schools for admission to the programme. Until applications have been fully assessed, I will not be able to announce which schools will be in the programme. I understand the high level of interest in this programme and expect to be able to make an announcement in the New Year.

26. More details about today's capital allocations are being sent to local authorities and will be published on my Department's website at: www.education.gov.uk.

27. A list of resources associated with today's announcement can be found at Annex A and I shall also make copies available in parliamentary libraries.

Accompanying documents

Dedicated Schools Grant

- Dedicated Schools Grant: Technical note for 2012-13
- Dedicated Schools Grant calculator
- Dedicated Schools Grant Q & A
- Work book containing:
 - A summary of the Guaranteed Units of Funding (GUFs) for 2012-13 for each local authority;
 - Details about how the GUFs for 2012-13 are calculated;
 - A flow diagram showing how the 2012-13 GUF allocations are calculated.

These products can be found online at:

<http://www.education.gov.uk/schools/adminandfinance/financialmanagement/schoolsrevenuefunding/settlement2013pupilpremium>

Funding Reform

- Analysis of consultation responses

These products can be found online at:

<http://www.education.gov.uk/consultations/index.cfm?action=conResults&consultationId=1765&external=no&menu=3>

Capital investment

- A table of capital allocations
- A technical note explaining the methodology used to calculate these allocations

These products can be found online at:

<http://www.education.gov.uk/schools/adminandfinance/schoolscapital/a00200794/schools-capital-allocations-for-2012-13>