



Department
for Education

Department for Education
Sanctuary Buildings
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Email enquiry form:

www.education.gov.uk/help/contactus

4th June

Dear Colleague,

I am writing to update you on the reforms we are making to the school funding system. When Sarah Healey wrote to you on 10 October 2012, she said that we would be reviewing the 2013-14 school funding arrangements; and we have now completed that review, and have published our findings together with confirmation of the changes we are making for 2014-15.

I would like to reiterate Sarah's thanks to you for your part in implementing the 2013-14 changes, and particularly for the work done to devise new formulae and share them promptly with the EFA, which enabled them to issue 100% of Academy budgets on time this year. I am also very grateful to all those who contributed to the review of 2013-14 arrangements, offering many constructive suggestions for further improvement in 2014-15.

In the document that the Department is publishing today, we are providing a summary of the findings from the review and the details of a number of changes that are being made which we believe will address the main concerns we have heard over recent months.

The most significant change will be the introduction of a new optional sparsity factor for 2014. The review has demonstrated strong support for this, and we are convinced that there is a good rationale for allowing authorities to target resource to small, sparse schools. We will be providing local areas with a number of flexibilities in how they use the sparsity factor so that it can best meet local circumstances.

We will also be putting in place greater flexibility for local authorities to target the right level of lump sum funding to primary, secondary, middle and all-through schools, to recognise that fixed costs often differ between these schools.

Ministers remain committed to ensuring that schools receive additional funding to ensure they are able to provide additional support for those pupils who are less likely to attain well at the end of the primary or secondary phase. We are therefore making small changes which will ensure the right pupils are identified for additional support. This includes enabling the KS2 measure to

identify pupils not achieving the expected level in English or Maths, rather than the current requirement of pupils not achieving the expected level in English and Maths.

The document also sets out how we will enable local authorities to provide a small amount of funding to support good and outstanding schools and academies through short periods of falling rolls, in areas where there is clear evidence that it is likely that rolls will rise again (for example, as a result of demography or new development).

The document we are publishing today sets out all of these changes in detail along with a small number of additional changes which pave the way for a national funding formula.

Any funding change may mean that some schools see increases, and others reductions, in their budgets. We are continuing to protect schools from large shifts through the minimum funding guarantee which will mean that, in most cases, schools will not lose more than 1.5% per pupil of their previous year's budget.

I hope you agree that these changes represent a further improvement to the funding system; but if you have concerns, questions or comments then please contact us at ReformTeam.FUNDING@education.gsi.gov.uk and we will be happy to help.

A handwritten signature in black ink, appearing to read 'S. Acland-Hood', with a stylized flourish at the end.

Susan Acland-Hood
Director, Education Funding