



Department
for Education

Department for Education
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To all Directors of Children's Services in England

13 March 2014

Dear Colleague,

Reforms to the school funding system

I am writing to you because we have made an important announcement today about the next phase of school funding reform for 5 to 16 year olds. This will begin to address the unfairness of the current funding system and provide some help to authorities that are the least fairly funded.

For 2015-16, the Government's first priority for schools funding is stability. The Department will fund all local authorities at least at the same cash level per pupil as in 2014-15 – continuing the protection that we have given since 2011. Once this commitment is met we plan to allocate an additional £350m to schools in 2015-16.

The document we have published today sets out proposals to distribute this funding to local areas most in need. To do so, we will ensure that every local authority attracts a minimum funding level for every pupil and every school. Where there is a gap between a local authority's budget and what it needs to meet our new minimum funding levels, the Department for Education will give the local authority additional funding to close that gap. Where a local authority's budget already exceeds those minimum funding levels, no change will be made to the amount of per pupil funding that it receives from DfE. **This means that no local authority's and no school's level of funding per pupil will fall as a result of this proposal.**

We are also proposing to continue the minimum funding guarantee, which means that for most schools, their funding per pupil cannot drop by more than 1.5% per year.

We do not plan to make any further changes to the way in which local authorities can distribute funding in 2015-16 – although we will carry out a review of the sparsity factor that we introduced in 2013, to understand if any small changes to its operation would be helpful.

You can participate online in the public consultation by filling in the form that is available at www.education.gov.uk. The consultation will close on 30 April 2014. I look forward to hearing your views on our proposals during the public consultation period.

A handwritten signature in black ink, appearing to read 'AMC' followed by a stylized flourish.

Andrew McCully
Director General –Infrastructure and Funding Directorate