Dear colleagues

The Department has announced today the School Funding Settlement for 2013-14, including the Dedicated Schools Grant allocations and illustrative allocations for the Pupil Premium.

The Government’s commitment to protecting school funding remains. As I confirmed in my letter of 10 October 2012, the Minimum Funding Guarantee for schools will continue to reduce turbulence as new local formulas are introduced. The guarantee is set at minus 1.5% per pupil for 2013-14 and 2014-15. The level for subsequent years will be announced when spending plans for that period have been decided. The 2013-14 settlement marks the first step towards a national funding formula. We will continue to refine these arrangements so that we are better placed to move to a new national funding formula during the next spending review period.

Information on the settlement, including a technical note and tables explaining how the DSG allocations have been derived, and the illustrative Pupil Premium allocations for your schools and local authority can be found at: http://www.education.gov.uk/schools/adminandfinance/financialmanagement/schoolsrevenuefunding/a00218077/funding-settlement-2013-14

The DSG allocations for 2013-14 are presented in three blocks. The Schools Block and the Early Years Blocks have each been set at cash flat per pupil. We are also bringing together in the High Needs Block, funding for all high needs pupils/students to enable local authorities to commission places for their young people from 0-24 from a single funding stream. If authorities have already submitted growth figures for high needs places in 2013-14 in schools, we will fund the additional places subject to formal confirmation from the Chief Finance Officer. Peter Mucklow’s letter of 14 December set out the next step for confirming post-16 High Needs student numbers.

As set out in the document School Funding Reform: Arrangements for 2013-14, published in June 2012, we will be ending the 90% funding floor for 3 year olds in 2014-15. We are providing transitional funding in 2013-14 to enable local authorities to increase participation levels, before full participation funding commences in 2014-15. This transitional funding is 50% of each local authority’s 2012-13 allocation for the 90% floor.

The DSG allocations also include funding:

- for early education places for 2-year-olds from lower income households as announced on 27 November; and
- to enable schools to pay for the services of their preferred appropriate body for monitoring and quality assure NQT induction.

The Department for Energy and Climate Change (DECC) published on 10 December 2012 the Government’s response to the consultation undertaken between 27 March and 18 June 2012 about simplification of the CRC Energy Efficiency Scheme. There
are no changes to the arrangements for the operation of the scheme for 2013-14 which means the requirement to purchase CRC allowances for energy use will continue. For 2014-15, DECC has announced the decision to withdraw all state funded schools in England from CRC participation, which means that local authorities will, from April 2014, no longer be required to administer the CRC energy efficiency scheme for schools. We will be discussing the funding implications of this decision with local authorities at the School Funding Implementation Group and Service Working Group for Education and Children’s Services.

For 2013-14, the Pupil Premium will rise to £900 per pupil, and the Service Premium will rise to £300. The website contains illustrative figures at local authority and school level. As in previous years this funding is in addition to the school's budget and represents a major investment in pupils.

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We have also published today the Government response to the consultation Replacing LACSEG: Funding Academies and local authorities for the functions that devolve to Academies. More information can be found at: http://www.education.gov.uk/schools/adminandfinance/financialmanagement/schoolsrevenuefunding/financeofficernews

Finally, I would like to thank you and your colleagues in local authorities for helping us arrive at a funding settlement before Christmas. We recognise that timetables are very tight for delivering final school budget proformas in January, and have agreed with the Education Funding Agency that the deadline for submission of the proformas will be extended to 22 January 2013. I would welcome your cooperation in ensuring this deadline is met.

Yours sincerely

SARAH HEALEY
Director
Education Funding Group

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