

**To Chief Executives and
Directors of Children's Services
in Local Authorities in England**

7 March 2007

Dear Colleague

Consultation On School, Early Years and 14-16 Funding 2008-11

I am writing, on behalf of my fellow Directors, Sheila Scales (Sure Start, Extended Schools and Childcare Group) and Jon Coles (14-19 Reform Group) and myself, to let you know that we have today published proposals for consultation on the school, early years and 14-16 funding arrangements for 2008-11.

You will know that the Government has made education a top priority and backed this with substantial increases in funding. Nationally, total revenue funding per pupil aged 3-19 has increased by £1,450 (48%) in real terms since 1997. By 2007-08, the end of the current Spending Review period, funding per pupil will be £1,680 higher (55%) in real terms than in 1997.

The Chancellor will announce the overall level of resource available for 2008-11 later this year in the Comprehensive Spending Review Settlement 2007. He has made clear the Government's continuing commitment to improving the educational opportunities of all our pupils, with school funding continuing to grow in real terms, although at lower rates than those seen in recent years.

This consultation focuses on how best to deliver resources for 2008-11 to schools, early years providers and other institutions contributing to the delivery of 14-19 reform at key stage 4.

So what is proposed? The consultation proposals refine the current school funding arrangements introduced for 2006-08, ready for the delivery of three-year budgets for all schools for the first time by March 2008. They provide for a sensible balance between stability and predictability in school funding, so that schools can plan ahead with confidence, but within a funding system flexible enough to support the delivery of the Government's key reforms: the extension to 15 hours and increasing flexibility of the free entitlement to early years education and care; the delivery of the entitlement to Specialised Diplomas at Key Stage 4; and the contribution of schools to the Every Child Matters agenda.



More specifically, the consultation document continues the focus on more effective targeting of funding to local authorities and schools for deprivation to further the government's priority of improving attainment and closing the social class gap.

It also looks at options for reforming the early years funding system in order to support the roll out of a more flexible free entitlement over the CSR period. The document sets out proposals with the potential to bring the funding systems for early years provision in maintained and private, voluntary and independent settings into closer alignment. These are designed to enable local authorities to distribute funding and shape the market in response to parental demand. There are also proposals exploring ways in which local decision making on funding the free entitlement can be improved, including through clearer benchmarking of funding for the early years in each local authority.

And it seeks to create a funding environment at Key Stage 4 which supports the close collaboration needed between schools, colleges and private providers to deliver the 14-19 entitlement. The 14-16 chapter should be read in conjunction with proposals for changes to funding arrangements for 16-18 year olds set out in the *Delivering World-class Skills in a Demand-led System* consultation, which closes on 30 March.

Building on the strong contribution of Schools Forums in shaping and agreeing local funding patterns, there are also proposals designed to deliver more flexibility over local funding decisions to local authorities and Schools Forums. We are also proposing better representation on Forums for early years representatives and members of 14-19 partnerships.

The Government is continuing to seek to rationalise the different school funding streams, and in this consultation we propose how we might move the School Development Grant gradually away from its historical distribution to enable further streamlining in the longer term, while ensuring the strong deprivation focus is maintained.

And finally, there are proposals to support better resource management by schools to ensure the best outcomes from the schools sector for the taxpayer's considerable investment.

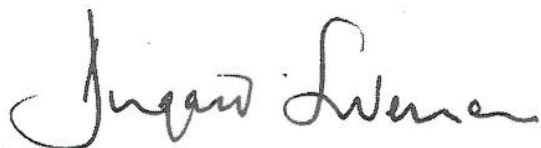
We look forward to hearing the views of local authorities and other interested parties on the proposals by the closing date of Friday 1 June 2007. We are also writing to the chairs of Schools Forums and a wide range of partners, stakeholders and providers, including Directors of Children and Learning and Children's Services Advisers in Government Offices, and members of 14-19 Partnerships.

Please find attached a summary of the main proposals. The full consultation document may be downloaded from www.dfes.gov.uk/consultations/. Alternatively, printed copies may be ordered by email from dfes@prolog.uk.com.

Finally, Ministers expect to announce decisions on the funding arrangements for 2008-11 in the summer in the light of the responses to the consultation and the outcome of the Comprehensive Spending Review 2007.

Copies of this letter are being sent to local authority Chief Finance Officers, Children's Services/ Education funding contacts, Standards Fund contacts, early years leads and 14-19 coordinators.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Dugald Sandeman'. The signature is written in a cursive style with a large initial 'D'.

Dugald Sandeman
Director, School Resources Group