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Dear Colleague,

Because of the need to deal with the deficit we announced last December that from the academic year 2014/15 we would reduce funding for 18 year olds in full time education by 17.5%. We did this because we needed to find savings from the budget for 16-19 participation in order to live within the funding settlement given to the Department in last year's spending round and Autumn Statement. We considered various options to make these savings, but the option with the least detrimental consequences was to reduce funding for students aged 18.

We maintained support for disadvantaged students by not applying the reduction to the element of disadvantage funding that is based on the number of students with poor prior attainment in GCSE English and/or mathematics. We also excluded from the funding reduction all students with statements of special educational needs, learning disability assessments or education, health and care plans.

We said that we would mitigate its impact in 2014/15 if that was affordable once the institution by institution impact could be considered in detail.

I am pleased to tell you that we are able to do so. We will cap any losses resulting from this change to the funding for 18 year olds at 2% of the institution's programme funding from the Education Funding Agency. This will protect over 450 schools and colleges who would otherwise have lost more than 2% of their funding. This protection for 2014/15 will give schools and colleges more time to adapt to the change, including for those students who are already on courses and give greater certainty over future funding.

Schools and colleges will be receiving their allocations for 2014/15 by the end of March and this mitigation will be reflected in the allocations they receive.

**MATTHEW HANCOCK MP**