

<b>LONDON BOROUGH OF CAMDEN</b>	<b>WARDS:</b> All
<b>REPORT TITLE:</b> Funding Update and Schools Funding Consultation 2023/24	
<b>REPORT OF:</b> Head of Education Commissioning and School Organisation - Supporting People	
<b>FOR SUBMISSION TO:</b> Schools Forum	<b>DATE:</b> 13 September 2022
<p><b>SUMMARY OF REPORT</b></p> <p>This report updates Schools Forum on the national funding position following the July 2022 technical update of the latest ESFA guidance on schools funding for 2023/24. It provides forum with estimates of the possible impacts on resources up to and beyond 2022/23. It then sets out a draft consultation document for comment by the forum, seeking the views of schools and other interested parties about any changes to the school funding arrangements for 2023/24.</p> <p>The report recaps that the schools national funding formula (NFF) was introduced in April 2018 with transitional arrangements whereby local authorities maintain a local funding formula for the distribution of schools and high needs block grants, until 2019/20. It then explains how the updated 2023-24 NFF Guidance issued in July 2022 has now extended this arrangement to 2023/24 with a new requirement to reduce the difference between any individual local formula and NFF factors by 10%. This now makes 2024/25 the earliest year for the completed national funding formula proposals.</p> <p>The report also indicates the current budget pressures and the position regarding any possible draw down from DSG reserves following the uplifted DSG allocations for 2023/24 announced in July 2022.</p> <p>The consultation section of the report outlines the current and any proposed changes to the local Camden funding formula (primary and secondary schools) used for the distribution of the schools DSG block. The recommendation is that there be no changes to the current formula beyond uplifting the local formula factors in line with the general DSG inflation increase for 2023/24 (currently 0.5%) subject to the new ESFA determined maximum and minimum factor value requirements introduced to reduce any difference between individual local formula and NFF factors by 10%. This follows forums earlier intention to continue with its current agreed local formula with minimal changes to enable schools to concentrate on dealing with the real terms funding reductions to school budgets (caused by ongoing high levels of inflation on top of a significant period of below inflation increases to per pupil funding in past years) without introducing new redistributive effects from changes to the local formula at this stage.</p> <p>The report also explains the timetable leading up to a decision on the funding formula by the authority, which is required prior to the end of October in order to comply with a requirement to inform the government of any changes by 30<sup>th</sup> November.</p>	

## Local Government Act 1972 – Access to Information

The following documents which require listing were used in the preparation of this report:

- The national funding formulae for schools and high needs 2023-24 dated July 2022 Policy
- Schools block national funding formula: technical note
- High needs national funding formula: technical note
- Central school services block national funding formula: technical note

### Contact Officer:

Victor Saunders - Schools Budget Financial Advisor  
[victor.saunders@camden.gov.uk](mailto:victor.saunders@camden.gov.uk); 020 7974 5254  
5 Pancras Square, London, N1C 4AG

## RECOMMENDATIONS

The Schools Forum is asked:

- a) To note the developments regarding the planned implementation of the national funding formula, as set out in sections 1 to 4.
- b) To also note the current pressures on schools budgets and the support being provided by the Council in sections 5 to 8. The timetable for consultation on the local funding formula is outlined in section 9.
- c) To comment on the draft 2023/24 budget consultation document prior to circulation to schools and other relevant parties, as described in sections 9 and set out in Appendix 1.



**Signed:**

Nicholas Smith, Head of Education Commissioning and School Organisation

**Date:** 02/09/22

## **1. Changes in level of Total national Funding 2023/24 – July 2022**

### **Overall Funding**

- 1.1. As announced at the spending review last year, the total core school budget is increasing to £56.8 billion by 2024-25; a £7 billion cash increase compared with 2021-22. Funding allocations for 2023 - 24 are now delivering the second year of that three-year funding settlement.
- 1.2. Overall, core schools funding (including funding for mainstream schools and high needs) is increasing by £1.5 billion in 2023 to 2024 compared with the previous year, on top of the £4 billion increase in 2022 to 2023 – on the way towards the above £7 billion cash increase committed by 2024/25.

### **Schools Block National funding 2023/24**

- 1.3. The 2022 to 2023 schools supplementary grant (introduced to meet the costs of the Health and Social Care Levy and wider costs) has now been rolled into the schools NFF. Adding this grant funding to the NFF ensures that this additional new funding now forms part of schools' core budgets and will continue to be provided. The year-on-year increases in the value of the NFF, and the value of NFF factors, that ESFA are quoting have now been adjusted to take this into account.
- 1.4. The ESFA states that funding for mainstream schools through the schools NFF is increasing by 1.9% per pupil compared with 2022 to 2023. Taken together with the funding increases seen in 2022 to 2023 (i.e. including the schools supplementary grant), means that funding through the schools NFF will be 7.9% higher per pupil in cash in 2023 to 2024, compared with 2021 to 2022.
- 1.5. The ESFA 's July 2022 notional NFF calculations for 2023-24 are based on the most up-to-date school and pupil characteristics data. These are taken from the (Jan) 2022/23 authority pro forma tool (APT) data and the 2022/23 general annual grant (GAG) data. This used pupil numbers from the October 2021 census (or agreed pupil numbers from last year) as the most recent data available for its calculations. Schools' final allocations for 2023 to 2024 as determined by their local authority will of course be based on pupil numbers from the October 2022 school census.

### **1.6. Schools per pupil funding levels 2023/23**

The ESFA have summarised the following key features for the NFF funding levels for 2023/24:

- i. The core factors in the schools NFF (such as basic per-pupil funding, and the lump sum that all schools attract) will increase by 2.4%.

- ii. Funding for disadvantaged pupils will see greater increases – with funding for two deprivation factors in the NFF increasing by a greater amount than other factors. These two factors (the FSM6 factor and the IDACI factor) will increase by 4.3% compared with their 2022 to 2023 values.
- iii. The funding floor will ensure that every school attracts at least 0.5% more pupil-led funding per pupil compared with its 2022 to 2023 NFF allocation.
- iv. The minimum per pupil funding levels (MPPLs) will increase by 0.5% compared with 2022 to 2023. This will mean that, next year, every primary school will be allocated at least £4,405 per pupil, and every secondary school at least £5,715.
- v. The 2022 to 2023 schools supplementary grant has been rolled into the schools NFF. Adding the grant funding to the NFF ensures that this additional funding forms part of schools' core budgets and will continue to be provided. The year-on-year increases in the value of the NFF, and the value of NFF factors, that we are quoting have been adjusted to take this into account.

### 1.7. **High Needs National Funding**

- i. High needs funding is increasing by a further £570 million, or 6.3%, in 2023 to 2024 – following the £2.6 billion increase over the last three years. This brings the total high needs budget to over £9.7 billion nationally.
- ii. All local authorities will receive at least a 5% increase per head of their 2 to 18 population, compared to their 2022 to 2023 allocations, with some authorities seeing gains of up to 7%. As an historically well funded Council Camden will receive the 5% funding floor for 2023/24

## 2. **Recap on the national funding formula proposals**

- 2.1. Whilst the schools national funding formula was introduced in April 2018/19 the distribution of funding to individual primary and secondary schools is still currently determined by a local funding formula. Local authorities still have a statutory duty to maintain a local formula and consult with their schools forum and schools on any changes to the formula. Separate funding rules apply to high needs and for early years, where from April 2017 the authority now sets funding in line with the government's national funding formula and new directive on working parents.
- 2.2. The original December 2016 NFF proposals planned to make the shift to the new formula through a transition year in 2018/19 in which a "soft" DSG schools block would apply with funding distributed to schools by the Council's local funding formula. This was then planned to be followed by the introduction of a "hard" DSG from 2019/20 with each school receiving funding directly from the EFA according the calculated NFF formula.
- 2.3. However, since then and most recently in the July 2022 NFF policy document the ESFA have stated that "In 2023-24, local authorities will remain responsible

for determining final allocations to schools, in consultation with the Schools Forum. It is our expectation that, as far as possible, local authorities will ensure that individual schools' budget allocations for 2023-24 are set taking full account of additional funding from the schools supplementary grant that schools are receiving in 2022-23."

- 2.4. ESFA also indicated that so as not to disrupt local authorities' planning processes and to ensure a smooth transition to NFF, that local authorities would continue to determine local formulae in consultation with local schools to distribute schools block funding in the 2023-24 financial year. "However, Local authorities will be required to start bringing their own formulae closer to the schools NFF from 2023-24 by using all and only NFF factors and by moving local factor values at least 10% closer to the NFF." This now makes 2024/25 the earliest possible year for the completed national funding formula proposals

### **3. National funding Formula changes in 2023/24 – July 2022**

- 3.1. The most recent changes to the NFF formula were announced in the ESFA's National funding formulae Guidance for schools and high needs 2023/24 published July 2022
- 3.2. The basic structure of the schools national funding formula (NFF) is not changing in 2023/24. The ESFA are continuing to set an aggregate NFF schools block funding total for Councils to distribute by local formula. However, to enable the ESFA to move forward with its plans to implement a direct NFF, as set out in its consultation response (where that funding will be allocated directly to schools based on a single, national formula) - Local authorities will now be required to start bringing their own formulae closer to the schools NFF from 2023-24 by "using all and only NFF factors and by moving local factor values at least 10% closer to the NFF". The main updates in the schools NFF for 2023 to 2024 are outlined below.
- 3.3. **Schools block NFF changes in 2023/23**
  - i. Local authorities will only be allowed to use NFF factors in their local formulae. This means that the looked after children (LAC) factor will no longer be an allowable factor. The government provides funding directly to support looked after children and previously looked after children through the pupil premium.
  - ii. Local authorities must use all NFF factors – except for the locally determined premises factors which remain optional, and the ACA fringe factor which is compulsory for the five local authorities on the fringe. This means that local authorities will have to use all three deprivation factors (FSM, FSM6 and IDACI), as well as low prior attainment (LPA), English as an additional language (EAL), mobility, sparsity and the lump sum.
  - iii. Local authorities must move their local formula factor values at least 10% closer to the NFF, except where local formulae are already "mirroring" the

NFF. For this purpose, local factor values within 2.5% of the respective NFF values are deemed to be “mirroring” the NFF.

- iv. Local authorities must use the NFF definition for the EAL factor, whereby pupils attract additional funding for three years after they enter the statutory school system. (Previously local authorities could choose to provide funding for one, two or three years.). In contrast to the EAL factor, flexibility over the sparsity factor methodology will remain in 2023-24.
- v. Rolling the schools supplementary grant funding into the NFF-  
The schools supplementary grant was introduced to support schools to meet the costs of the Health and Social Care Levy and wider costs in 2022-23. Funding at 2.9% per pupil was based on pupils from reception to year 11 (inclusive). It has been rolled into the schools NFF from 2023-24. This is to ensure that the additional funding schools attract through the NFF is as close as possible to the funding they would have received if the funding was continuing as a separate grant in 2023-24, without adding significant additional complexity to the formula. It has been done to reflect the 3 different ways in which schools attract funding through the NFF:
  1. NFF Factors- by adding £97, £137 and £155 to the primary, key stage 3 and key stage 4 per pupil funding factors respectively; £85 and £124 to the primary and secondary FSM6 factors; and £3,680 to the school lump sum
  2. Uplifting Minimum Funding levels – by adding £119, £155 and £173 to the minimum per pupil (MPP) funding levels for primary, KS3 and KS4 respectively
  3. Funding Floor protection- by adding an amount representing the funding schools receive through the schools supplementary grant in respect of their reception to Year 11 pupils onto their baselines, which is used to calculate funding protection for the schools through the funding floor. This increases the amount that schools whose allocations are determined by the funding floor will attract.

### 3.4. **Other key features of the schools block local funding formulae**

1. Local authorities will continue to set a minimum funding guarantee in local formulae, which in 2023-24 must be between +0.0% and +0.5%. This will allow all of them to match the protection in the NFF, which the ESFA expect local authorities to continue to do where possible.
2. Local authorities will again be able to transfer up to 0.5% of their total schools block allocations to other blocks of the Dedicated Schools Grant (DSG), with schools forum approval. A disapplication will continue to be required for transfers above 0.5%, or for any amount without schools forum approval. The criteria the department apply when considering such requests are available in the school funding operational guide.
3. Following the cancellation or incompleteness of assessments in summer 2020 and summer 2021 due to coronavirus (COVID-19), local authorities will not be able to use this data as part of setting a low prior attainment factor in local funding formulae. Instead, local authorities will use 2019 assessment data as a proxy for assessments which would have taken

place in 2020 and 2021.

4. Permits local formulas to retain any existing bespoke local premises (rent) factors – (which LBC was allowed to continue into this year)

### 3.5. **The high needs NFF formula changes in 2023/24**

All local authorities will receive at least a 5% increase per head of their 2 to 18 population, compared to their 2022 to 2023 allocations, with some authorities seeing gains of up to 7%. The key changes to the formula for 2023/24 are as follows:

1. **The funding floor** – this ensures that all local authorities' allocations per head of population will increase by a minimum percentage compared to the baseline. For 2023-24 the ESFA are setting the funding floor at 5%, having adjusted the baseline to include the supplementary high needs funding that was allocated to local authorities in December 2021, following the 2021 spending review.
2. All local authorities will receive **at least a 5% increase per head** of their 2 to 18 population, compared to their 2022 to 2023 allocations, with some authorities seeing gains of up to 7%.

### 3.6. **Central schools services block formula (CSSB)**

The central school services block (CSSB) within the DSG provides funding for local authorities to carry out central functions on behalf of maintained schools and academies. The block will continue to comprise two distinct elements: ongoing responsibilities and historic commitments.

1. Within the central schools services block, total provisional funding for ongoing responsibilities is £292 million in 2023 to 2024, up from £286million in 2022 to 2023. Local authorities will continue to be protected so that the maximum per-pupil year-on-year reduction in funding for ongoing responsibilities is at 2.5% as in the previous year, while the year-on-year gains cap will be set at the highest affordable rate of 5.86%.
2. In line with the process introduced for 2020 to 2021, to withdraw funding over time for the historic commitments that local authorities entered into before 2013 to 2014, funding for historic commitments will decrease by a further 20% in 2023 to 2024. The Department will continue to protect any local authority from having a reduction that takes their total historic commitments funding below the total value of their ongoing prudential borrowing and termination of employment costs, in recognition of the time required for such costs to unwind

- 3.7. The ESFA Department intends to review how central services are funded in future, as set out in its response to the consultation on [Completing our Reforms to the National Funding Formula](#)

### **Direct national funding formula transition – Hard Formula**

- 3.8. In the Government's response to the consultation on completing its reforms to the NFF it confirmed that 2023 to 2024 will also be the first year of transition towards the "direct" schools NFF. The NFF policy document of July 2022 sets out the requirements on local authorities to move their formulae closer to the NFF. These are as follows:

1. In 2023 to 2024 local authorities will only be allowed to use NFF factors in their local formulae, and must use all NFF factors, except the locally determined premises factors
  2. Local authorities will also be required to move their local formula factors 10% closer to the NFF values, compared to where they were in 2022 to 2023, unless their local formulae are already so close to the NFF that they are classed as mirroring the NFF.
- 3.9. The maximum and minimum bands for LBC local funding formula 2023/24 are set out in Appendix 4

#### 4. **Impact on L.B. Camden Funding**

##### **Impact on L.B. Camden Local Formula**

- 4.1. The detailed changes and impact of this requirement on LB Camden's local funding formula are indicated in Appendix 4
- 4.2. However, the operation of the Minimum Funding Guarantee is expected to mitigate any redistributive effect or changes to the per pupil allocations generated from the LB Camden local funding formula by ensuring as required by the ESFA regulations that all schools are protected and that no school will receive **an increase less than 0.5%** of its 2022/23 per pupil budget allocation.- see section 3.4(1) above
- 4.3. The second stage of the ESFA consultation on implementing the direct NFF, remains open with a closing date of 9th September. Details of the consultation are available at: [consultations/implementing-the-direct-national-funding-formula](#)

##### **Impact on L.B. Camden per pupil funding**

- 4.4. The ESFA indicate that after including the 2022/23 supplementary Grant into the base figure and then uplifting the NFF factors by 2.4% this has resulted in an overall increase of 1.9% to national per pupil funding rates published in the July 2022 Notional NFF school budget allocations for 2023/24– in line with the levelling up approach (section 1.4). However, Camden's per pupil rate are historically and remain above the minimum NFF per pupil rates and so will not in the main be impacted by these levelling up increases yet.
- 4.5. The 2023/24 Notional NFF allocations do however show that Camden schools will receive a 0.5% increase in their per pupil funding for 2023/24. This is again due to protection under the NFF "funding floor" (section 1.6) which ensures that every school will attract at least 0.5% more pupil-led funding per pupil compared with its 2022 to 2023 NFF allocation.
- 4.6. For 2023/24 Camden propose to continue to uplift its local formula factors by the final stated NFF inflation uplift to ISB schools budgets (which determine its aggregated DSG schools block) to the 2023/24 local formula. This will be within the maximum and minimum values of the ESFA determined bands for moving



local factor values at least 10% closer to the NFF (see section 3.3 iii and Appendix 4).

### **Impact on L.B. Camden High Needs Funding**

- 4.7. Camden's High Needs DSG budget for 2023/24 will also see a positive impact from the further 6.3% increase in national High needs funding in 2023/24. The ESFA July 22 Guidance for 2023/24 states that the NFF will ensure that every local authority receives increases of at least 5% per head of population, compared to 2022/23, and up to 7% before capping. The July NFF allocations indicates that Camden HN notional NFF DSG will increase by 5% from £48.5m in 2022/23 to £53m in 2023/23 (before deductions for Hospital school and Import / export adjustments).

### **Future Funding**

- 4.8. In summary - Camden schools NFF DSG budget allocations previously had per pupil cash increases of 0.5% per year over 2018 to 2020 and 2% over 2020 to 2023. The recently released (July 2022) NFF Allocations indicate that for 2023/24 Camden schools NFF budgets will again receive the minimum 0.5% funding floor increase in their pupil led funding. Until its historically higher per pupil funding rates are in line with those required by levelling up it is likely that Camden will continue to receive the minimum funding floor increases.
- 4.9. With regard to future national funding levels the July 2022 ESFA NFF Guidance states that " As announced at the spending review last year, the total core school budget is increasing to £56.8 billion by 2024-25; a £7 billion cash increase compared with 2021-22 allocations " and "for 2023- 24, we are delivering the second year of that three-year funding settlement. Overall, core schools funding (including funding for mainstream schools and high needs) is increasing by £1.5 billion in 2023-24 compared to the previous year, on top of the £4 billion increase in 2022-23" – This may suggest that with 5.5 billion delivered a possible 1.5 billion remains committed for 2024/25. However, future funding intentions may still be revised following the next major government spending review.
- 4.10. The 2023/24 NFF Guidance Document provides further information about changes to the national formula. These changes, and detail about local funding arrangements in 2023 to 2024, are also outlined in the latest schools funding Schools block national funding formula: technical note

## **5. Pressures on Camden Schools Spending Power**

### **Levelling Up of National Funding Formula**

- 5.1 Following the government changes over the past years it remains challenging to fully estimate the precise future financial impact of the NFF at school and local authority level. However, the governments reaffirmation of its levelling up approach to future increases in schools funding indicate that the longer term impact of future funding proposals on historically well-funded areas (like

Camden) may see their funding restricted to compensate less well-funded areas. (see section 4.9)

### **Teachers pay award from September 2022 – 5% (in 2022) and 3% (in 2023)**

5.2 In their March 2022 submission to the School Teachers' Review Body (STRB) for the September 2022 Teachers pay award the proposed raising teachers' minimum pay in most of England by over 16 per cent over the next two years to reach a £30,000 starting salary by 2023 and for experienced teachers and leaders to receive pay rises of 3 per cent (in 2022) and 2 per cent (2023).

5.3 On 19<sup>th</sup> July 2022 The STRB's 32nd Report has now made the following pay recommendations in:

- For September 2022, a 5% increase to all pay and allowance ranges and advisory points, with higher increases to some parts of the Main Pay Range as a step towards achieving a minimum starting salary of £30,000 by September 2023.
- For September 2023, a 3% increase to all pay and allowance ranges and advisory points, with higher increases to some parts of the Main Pay Range to deliver a minimum starting salary of £30,000, and a limited-scope, timely review mechanism to ensure that the recommended 2023 pay levels remain appropriate

5.4 This is an improvement on the Department for Education's (DfE's) recommended pay award for teachers in 2022/23 and 2023/24 and the STRB has stated: 'Our view is that it is necessary and appropriate to exceed the Government's proposed general pay increases for experienced teachers (of 3% in 2022 and 2% in 2023) in order to address the risks to teacher supply.

5.5 The Secretary of State for Education has accepted the STRB's recommendation for the September 2022 pay award but rejected the recommendation for the September 2023 pay award along with its recommendation for 'a timely review mechanism to ensure that the recommended 2023 pay levels remain appropriate. The DfE has published a draft 2022 School Teachers' Pay and Conditions Document (STPCD), with consultation on this closing on 23 September 2022.

5.6 The NASUWT is now pressing for Ministerial-level negotiations to address members' concerns about the pay award and operation of the pay system, which the STRB has identified as a result of the NASUWT's evidence. As a key element of these negotiations, the NASUWT expects the Government to agree a programme of pay restoration that will deliver a Better Deal for Teachers. In the event that such agreement is not reached, the NASUWT remains committed to balloting members for strike action this autumn.

5.7 A significant risk to schools finances remains that teaching staff will not accept this offer and request a higher settlement with no commensurate uplift in schools funding. On 17.06.22 the Observer Newspaper reported that the National Education Union, Britain's biggest teaching union, is set to announce a

ballot that could lead to strike action unless it receives a pay offer "significantly" above the 3% suggested by Education Secretary Nadhim Zahawi earlier this year. Joint general secretary Kevin Courtney says that with no "significant improvement" on that figure, "which will leave an 8% gap with inflation" then "we cannot avoid a ballot". Pay is already down 20% on 2010. The strains are showing.

- 5.8 Funding to cover past increases to teacher pay and pensions, currently worth £2 billion in separate grant funding, has been included in the national funding formula from 2021/22 rather than paid separately so as to reassure schools that the funding will continue to be provided in their core budgets. However, to date it is expected that the September 2022 pay award and "other inflationary costs such as learning resources, administrative supplies and energy for example" will need to be funded from the DSG uplift and the Schools supplementary grant allocations for 2022/23. (ref DfE School Cost Technical Note 2021-24 dd March 2022)

**Support Staff Pay award 2022/23 – £1,925 (pay rate dependent range - 10.5% to 4.04%)**

- 5.9 On 6<sup>th</sup> June 2022 the National Joint Council pay claim requested "A substantial increase with a minimum of £2,000 or the current rate of RPI - whichever is greater".
- 5.10 On 25<sup>th</sup> July Employers offered Council support staff a pay increase of £1,925 payable from 1 April 2022. For the lowest paid (currently earning £18,333 per annum), the offer equates to an increase of 10.5%. For the highest paid this represents 4.04%. The range of this award is 10.4% to 4.04% dependent upon pay rate.

**Current RPI forecasts**

- 5.11 The forecast from the Bank of England for Inflation is currently as high as 13%. Schools are currently expected to manage these inflationary pressures along with those of unprecedented fuel prices from within existing allocations. This position may possibly be revised in future national spending reviews.

**6. Existing Spending Pressures**

- 6.1 The current pressures faced by Camden schools for 2022/23 and expected to continue into 2023/24 are outlined below.

(a) Early Years block: £-0.47m call on DSG reserves.

- Following the introduction of the new Early Years National Funding Formula (EYNFF) from April 2017 Camden's revised offer continued to deliver an enhanced offer above the statutory minimum to "disadvantaged" 2 year olds in the borough of an additional 15 hours

of funded early education as 3 & 4 year olds in whichever provision they choose .

- An amount of £0.470m of DSG reserve was committed by forum to support the enhanced Camden offer in 2018/19. To date there has been no request to draw down this DSG reserve by the Early Years team.

(b) High needs: Future DSG HN Block forecast £2.9m addition to reserves and end of £-0.45m Primary Exclusions project drawdown

- Provisional spending plans for 2022/23 are not expected to exceed the £45.6m to be received from the government. The SEN team's current forecast set out in its June Forum Report is for a £2.9m underspend in this area by the end of 2022/23 but this is not yet confirmed. This is in the main due to the effects of unexpected one off and ongoing increases in the national HN block DSG allocations since 2020/21 on service planning which had been expecting a significant shortage of resources for future periods.
- The additional increase in funding allocations has placed Camden in the fortunate position of being one of a small number of Local Authorities that are no longer in a HN DSG deficit position. To maintain this position the report supported the use of this new additional funding to support schools capacity to meet the needs of children with SEND. The priority remains rooted in early prevention, getting the right support at the right time and in strengthening the mainstream offer in line with our commitment to inclusive local education for all children and young people with SEND.
- The SEN team has also advised of the importance of a prudent approach by ensuring sufficiency in the DSG reserves to accommodate future pressure and to allow for further development as part of the ongoing transformation work

(c) Pupil premium Grant (PPG) - £9.62m funding - Schools must demonstrate how they are using this funding to improve outcomes for disadvantaged pupils that have been identified as eligible to receive free school meals at some stage over the previous six years. They cannot use it to replace cuts in other funding. Final PPG allocations were confirmed in June 2022 once eligible pupil number data from the October 2021 census had been validated and agreed. Exceptions to that include alternative provision and pupil referral units where eligibility will continue to be based on the January census. Currently the change to the earlier October census data does not appear to have significantly impacted Camden's eligibility and take up of this grant.

(d) 6th form funding £14.22m – This grant is issued on an academic year basis, with funding for September 2022 to March 2023 announced in April 2022. The ESFA determines the funding rate for each student by the size of their study programme based on their planned hours. The authority has no discretion over the allocations. The national base rates for the academic year 2022/23 were released by the by the ESFA in March 2022. Camden's funding has increased by £1.7m from last year. However, whilst

changes in roll numbers and the most recent (2020/21) 4.7% increase in rates has generated the increased funding of £1.7m(FY) in the 2022/23 allocations, a continuation of the below inflation increases to the pupil funding rate will result in a further real terms reduction in funding going forward. The Institute for Fiscal studies (IFS) FE Report in 2021 stated that for school sixth forms, spending per student in 2024–25 will be 15% lower in real terms than it was over 20 years earlier in 2002–03.

(e) MTFs Savings - Consideration should continue to be given to increasing pressure on the Councils general fund budgets and the potential impacts that the resulting Medium Term Financial Savings (MTFS) programme may have on some of the services and support provided by the Council to schools. The next programme is due to be determined from summer 2022. The Council may introduce an MTFs saving of up to £250k to its commissioning budget for Camden Learning services.

(f) Teachers Pay award from September 2022 – see section 5.3 above.

6.2 In summary – Officers' calculations indicate that since per pupil funding was frozen from 2010/2011, schools will have suffered by 2022 real terms spending pressures from rising inflation alone of 24% (this is net of the total 10.06% DSG increases between the 5 years 2018/19 to 2022/23), equivalent to nearly £26m based on the current level of schools DSG income (measured on the Consumer Price Index of inflation, the government's preferred measure). This was before the current bank of England forecasts of 13% RPI levels in 2022/23

6.3 After a decade of austerity cuts, ministers pledged to restore per pupil funding to 2010 levels by the end of the current parliament, but the Institute for Fiscal Studies (IFS) has said that the government is no longer on track to meet its objective because of the cost pressures on schools. The IFS research calculates that the increased costs schools are facing are “just about affordable” for the next academic year because of a £4bn rise in the schools budget this year. It warns, however, that the government's spending plans going forward are insufficient and real-terms cuts will follow, undermining the role that schools might play in its levelling up ambitions. Luke Sibieta, IFS research fellow and author of the report, said: “The big fiscal choice for policymakers this autumn is whether or not to provide more funding to public services to compensate for rising costs and the significant challenges they face. It will be that much harder for schools to meaningfully contribute to levelling up ambitions when they face real-terms cuts from next year onwards”

## **7. Further Support to Schools**

7.1 As outlined in earlier reports pupil intake numbers into Camden primary schools have fallen by around 9% from 2015 and are projected to continue to fall into the future. In response the Council has taken a range of actions in recent years including:

- The permanent removal of two forms of entry by the closure of St Aloysius Primary School

- Removed two forms of entry with the closure of Carlton Primary school in September 2021
- Reduction 0.5 forms of entry by changing St Dominics from 1.5 to 1 form of entry
- Removed one form of entry by closing St Michaels Primary School in 2022 and transferring pupils to Our Lady's Primary School.
- Removed one planned form of entry from Kingsgate
- For a period Temporarily capped the admission number at other schools.

7.2 Under the current economic conditions and a background of falling rolls it is likely that adjustments or reductions in spending will need to be made across all DSG blocks, with the majority of the potential reduction falling on schools. The Council will continue to work closely with schools, head teachers and chairs to explore different options for future school places.

7.3 The Council will continue to work with schools and school forum to support schools from any available DSG reserves in a managed and sustainable way as was done by relieving the former contribution charge to schools for loss of ESG grant to Camden.

7.4 The ESFA continue to offer support to schools with the helpful ESFA's Schools financial benchmarking website and nationally funded School Resource Management Advisors (SRMA's) similar to an earlier scheme offered by Camden. Camden continues to encourage the take up of these services in its schools.

7.5 Work is also continuing by Camden Officers and Headteachers to address current and future pressures in SEN and where possible to achieve savings in the High Needs area. The SEN Team recently reported to schools forum in June 2022 and will continue to report back to future Schools forums on progress to date in this area

7.6 The schools forum is requested to consider what further advice and support may be useful to Camden schools over the next three years to assist schools in adjusting spending to the lower level as well as ensuring they continue to achieve best value with their reduced funding.

## **8. Recent ESFA Support and Announcements**

### **School led-tutoring (SLT) grant returns 2021-22**

8.1 Earlier schools forums reports have outlined the main ESFA financial support to schools during and following the Covid-19 emergency. The most recent support has been the school led tutoring grant. The ESFA have now requested that schools complete the school led-tutoring (SLT) year-end statement if the school has received school-led tutoring funding in the 2021 to 22 academic year. Even if it has chosen not to use it, they still need to complete this return. The deadline is 6:00pm on Friday 16 September 2022. Details can be obtained from

the following link [school-led-tutoring-year-end-statement-form-guidance-for-schools](#)

- 8.2 Further helpful financial updates, support and advice for schools from the ESFA can be found on the ESFA updates page at the following link. [ESFA Update on GOV.UK](#). Camden schools are encouraged to utilise this useful source of support.
- 8.3 When agreed and finalised by the ESFA any grant claims funding for schools that are sent to the Council for dispatch will continue to be passed directly to schools by the Council (with email notification) in accordance with the exact amounts specified by the ESFA.

## **9. Consultation Proposals**

- 9.1 As outlined in previous reports significant changes were made in 2015/16 to the distribution of funding within Camden's local formula to bring the Authority closer to the averages for all authorities in England (see appendix 2 for current formula). It is still expected that this action will serve to minimise the changes required and provide for a smoother transition when the national funding formula is fully introduced. The government's delay in fully introducing national funding formula (i.e., with no protection) now until 2024/25 at the earliest provides further time for the agreed Camden school's local formula factors to transition to those of the National Funding Formula.

### **ESFA Requirements**

- 9.2 For 2023/24 the ESFA has now further smoothed this transition by requiring that local funding formulas that are not deemed to mirror the factors of the NFF (i.e. within 2.5% of difference for each factor value), will now be required to reduce the difference of their factors by 10% of the difference of their 2022/23 factors from those of the NFF. Appendix 4 indicates the difference between the factors in the current local funding formula and those of the NFF for 2022/23. It also shows the ESFA determined maximum and minimum values within which the LBC factors need to be set to comply with the ESFA's requirement to reduce any current difference from the NFF factors by 10% for 2023/24. (see section 3.3 item iii).
- 9.3 The ESFA also require that in 2023/24 the local funding formula "must use all NFF factors" and "that local authorities will have to use all three deprivation factors (FSM, FSM6 and IDACI) as well as low prior attainment (LPA), English as an additional language (EAL)" (see section 3.3 item ii). This will require the LBC local formula to now include FSM along side its current use of FSM6. This will be set at the NFF factor rate of £480 per eligible unit.
- 9.4 As indicated in section 4.2 above any redistributive effects of the ESFA required adjustments to the local funding formula on Camden schools per pupil budgets for 2023/24 is expected to be mitigated and overridden by the effect of the 0.5% national NFF funding floor requirement that all schools per pupil budgets increase by at least 0.05% from 2022/23. (see above section 1.6 item iii).

## Camden Local Funding Formula

- 9.1 As an historically higher funded Council, Camden will continue to receive the minimum funding floor protection from the NFF during a process of national “levelling up”. The July 2022 notional NFF notifications indicate that Camden schools aggregate schools block DSG budget for 2023/24 will be uplifted by 0.5% in line with the minimum funding floor requirement for 2023/24.
- 9.2 It is proposed to continue the transition from local to national NFF factors in 2023/24, subject to the NFF requirements and as far as possible avoiding any additional disruption to schools budget planning in the current uncertain economic climate. This is to protect schools from excessive year-on-year changes and to allow changes in pupil characteristics (for example, reducing levels of deprivation in a school) to gradually flow through.”
- 9.3 It is advised that Camden continues with the ESFA requirement to “continue to set a minimum funding guarantee in local formulae, which in 2023-24 must be between +0.0% and +0.5% to allow Camden to match the 0.5% funding floor protection in the NFF (which the ESFA require local authorities to continue to do where possible) - see section 3.4 item 1. This is in line with ESFA guidance and also in continuation of earlier schools forum work in adjusting the local formula to move schools towards the expected national NFF and removing any dependence for affordability on the use of DSG reserves.
- 9.4 The ESFA now require that the local funding formula be changed in line with ESFA statutory maximum and minimum factor values requirements for 2023/24. This will involve revised factors in line with the ESFA funding floor requirements (0.5%) and then adjusted in line with the ESFA maximum and minimum required local formula values. These are required by the ESFA to move towards mirroring the NFF (by reducing any individual factor difference from those in the NFF figure by 10%) in 2023/24. They are set out by the ESFA and outlined in Appendix 4
- 9.5 **In summary** - After uplifting its local formula factors by the DSG inflation uplift for 2023/24 the Council will then apply any adjustment required by the ESFA’s statutory minimums and maximum factor levels which have been determined by the ESFA for Camden to move its local funding formulas 10% closer towards mirroring its NFF factor rates. These are outlined in Appendix 4. Any Camden school with pupil characteristics not benefitting from the required 10% movement towards the NFF factors will be protected by the funding floor 0.5% per pupil uplift whilst any that benefit will retain any excess uplift in its per pupil rate – subject to affordability of the MFG protection costs.
- 9.6 This process continues the aim of not making changes to the local funding formula (other than those required by the ESFA regulations) which might have unforeseen long-term impacts on individual schools funding levels following the implementation of the “hard” national funding formula. This is to ensure that schools can concentrate on addressing the real terms funding reductions away



from changes caused by local formula revisions. The draft consultation document is attached at appendix 1.

### **Timetable**

- 9.7 The consultation with schools will run for a four week period beginning on Wednesday 14<sup>th</sup> September 2022 ending on 13<sup>th</sup> October 2022. The responses to date will be reported to the schools forum for consideration and agreement on any changes to the proposed formula. This will enable the authority to inform the government of any requests for exemptions to normal formula rules as soon as possible.
- 9.8 Schools and other interested parties that require more information on the impact of the formula for their school will be able to contact the Authority during the consultation period for separate briefing. Time has been set aside for these meetings on Monday 19<sup>th</sup> September (morning) and Monday 26<sup>th</sup> September (afternoon). Other times may be arranged subject to availability.