

Appendix 1 - Consultation re: the allocation of funding to schools in 2023/24

DRAFT01



For the attention of all Camden schools

The government introduced the national funding formula for schools in April 2018. In July 2018 it announced that it would be extending its 2 year transition period into 2020/21 where the formula would be calculated for each school, aggregated and then passed to local councils to distribute according to their own local formulas. In July 2022 this has now been extended to 2023/24 making 2024/25 the earliest year for a transition to the direct funding by the Education & Skills Funding Agency (ESFA) of the national funding formula to schools. Since 2017 and confirmed in July 2018 the government has indicated that the per-pupil funding for each authority will not decrease as a result of the formula. This has continued to be the case with the NFF funding floor again being applied in 2023/24.

Camden had already made significant changes to its local formula in 2015/16 to bring it in line with the expected impacts of the national formula. This led it to reflect average national funding levels. Consequently, there have been minimum adjustments since in order to allow schools to steadily transition to their new funding levels and to create a period of stability to enable schools to concentrate on the real-terms funding reductions caused by rising costs (away from the distractions and confusion of any redistributive effects caused by changes to the local formula). It is again proposed that no major changes are made to the formula for 2023/24 other than to (i) increase each factor by the general DSG increase (currently 0.5%) and (ii) apply the ESFA determined local formula mirroring requirements to reduce any difference between local and national NFF factors by 10% in 2023/24.

It is also proposed 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 have been determined and are required by the ESFA to move the local funding formula 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 1b

In line with ESFA requirements this consultation paper therefore requests school forum approval that the council makes amends its local funding formula in line with ESFA mirroring requirements for 2023/24 and making no application to the EFA for variations beyond that for 2023/24. It asks to continue the earlier year's decision to reduce the use of DSG reserves to nil so that the formula's funding of schools budgets becomes increasingly affordable and sustainable from the annual DSG grant alone.

The Council welcome comments from all schools, individuals and interested parties. The consultation ends on the Thursday 13th October 2022. Comments cannot be accepted after this date due to the need to confirm the final formula with schools forum. Please include your responses in this document and e-mail back to Joe.Lynch@camden.gov.uk

SECTION A – Update on Government Policy Regarding Funding for Schools

1. Introduction

- 1.1 The government started a process back in 2012 to reform the school funding system with the aim of providing a fairer, more consistent and transparent funding system nationally. Initially the reforms focused on changes to how local authorities determine the distribution of funding for individual schools and included:
 - separating the dedicated schools grant into three blocks – schools, high needs and early years
 - restricting the factors that can be used to determine the level of funding for individual primary and secondary schools that reflects the needs of pupils
 - implementing a place led funding system for pupils with special educational needs
- 1.2 The next stage of the government reforms was to change the distribution of funding to local authorities so that funding to schools is based on a standard formulaic approach (referred to as a 'national funding formula or NFF) rather than via local authorities based on historic spending. The ongoing implementation of this approach from historic to formulaic allocation has inevitably seen a shift of funding between areas, creating significant turbulence in funding for schools in some authorities.
- 1.3 While the government has been keen to move ahead with a national funding formula as soon as possible, it has continually expressed concerns at the impact on the stability of individual schools. As a consequence, the government announced on the 17th July 2017 that in 2018/19, all local authorities would receive some increase over the baseline amount they planned to spend on schools and high needs in 2017/18 through its national minimum funding floor. In July 2018 it repeated this with a 0.5% minimum per pupil funding increase for 2019/20 and continued this with a further 1.84% increase in 2020/21 and 2% in 2021/22 and 2022/23. The ESFA's July 2022 NFF allocations for Camden has again indicated that the minimum per pupil funding floor rate for 2023/24 will be a minimum increase of 0.5%. It has confirmed this protection in its minimum funding floor requirement in the July 2022 DSG guidance papers.
- 1.4 Since the introduction of the national funding formula in April 2018 to allocate the Councils DSG funding the ESFA sets out each July the indicative / notional budgets for each school and hence the total schools funding to be received by each Local Authority a national funding formula (NFF) based on the aggregation of the NFF derived Individual school budgets (ISB). It explains that this is based on transitional protection and its minimum per pupil funding rates (funding floor) as indicated above. Until further notice Local authorities are required to continue to set a local formula, in consultation with schools in the area, for determining individual schools' budgets for 2023/24 to distribute this aggregate funding to schools. (extended in July 2022).
- 1.5 Camden has historically been funded above the expected NFF levels and in earlier consultation proposals prior to the July 2017 announcement of £1.3bn additional national funding was expecting to lose 2.8% of its school budget by 2019/20. Fortunately, this additional national funding resulted in a transitional protection (funding floor) during 2018/19 and 2019/20 for Camden of an annual increase of 0.5% per year. Further increases to national funding has resulted in further

transitional protection via the minimum per pupil funding rates (funding floor) for Camden's schools budget of 1.84% during 2020/21 and of 2% in 2021/22 and 2022/23. This has continued with 0.5% now being announced in the July 2022 notifications for 2023/24.

- 1.6 The government states that for 2023/24 they are now delivering the second year of the three-year funding settlement announced at the spending review in 2021 to increase the total core school budget to £56.8 billion by 2024-25 (a £7 billion cash increase compared with 2021-22). 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
- 1.7 Future funding intentions are now expected following the next major government spending review. There has been no detailed indication of funding levels beyond 2023/24. Whilst Camden has historically received per pupil funding above the national average its schools budget has however between 2011 and April 2018 like many others suffered a real terms freezing on funding per pupil. It continues to receive the minimum per pupil uplift.

SECTION B – Primary and Secondary Schools Local Funding Formula

1. Introduction

This section of the consultation covers options to change or amend the local formula used to distribute funding for pupils in reception to year 11. The local formula provides the main funding source for primary and secondary schools and is one of four funding streams that primary and secondary schools receive - formula funding + high needs + pupil premium + nursery + 6th form.

2. What was reviewed last year?

The consultation issued this time last year considered the following recommendation regarding the review of the local funding formula;

- (a) **That there should be no changes to the formula -** . In line with the need for a period of stability in order to concentrate on the expected funding reductions at national level, no further major changes are being requested in the formula at this stage.

Item (a) did not required any further application to EFA for approval to “dis-apply from the EFA regulations” other than our request to continue premises factor already in our local formula.

3. What is being reviewed this year?

A quite extensive review of the local funding formula was taken in past years to take its factors closer to the national average funding levels and hence a similar direction to the NFF. In line with the need for a continued period of stability in order to concentrate on any real terms or national level funding reductions no further major changes are being requested in the formula at this stage other than those statutory requirements of the ESFA to mirror the NFF factors and to reduce any difference between local and national factors by 10% in 2023/24. See appendix 1b

- (a) **No further major changes are being requested in the formula at this stage beyond the statutory and mirroring requirements of the ESFA**

Question 1:	Please tick one box
(a) Do you agree that there should be no changes to the formula beyond the statutory requirements of the ESFA ?	
(b) Do you disagree that there should be no changes to the formula beyond the statutory requirements of the ESFA ?	
(c) I have no view on the proposal.	

Question 2: General	Please tick box
(a) Are there any changes that you would like to make to any of the proposals?	
(b) Do you have any comments relating to the local funding formula for primary and secondary schools?	
Comments:	

SECTION C - High Needs Pupils - For Information purposes only

1. Introduction – all schools

The high needs block continues to be subject to review in light of growing spend pressures and changes in national funding levels. A SEN team report on 7th June 2022 to Schools forum provided an update on the ongoing review of the pressures and changes to the High Needs Block of the DSG in LBC.

The report updated forum on the progress of the ongoing HN Block transformation and the following broad areas of development and ongoing transformation were discussed.

- i. Greater devolution of funds to mainstream schools with associated changes in operational practice (greater monitoring of HNB delegated and devolved monies in mainstream, cluster based allocations).
- ii. Review of Additional Resourced Provisions (ARPs) to ensure value for money and that children and young people accessing those provisions are the most in need of this type of provision
- iii. Review of special school funding

The work remains ongoing and will now operate in the context of the recent government announcement (July 2022) of a further increase of £570m or 6.3% of national SEN funding resulting in a minimum funding floor 5% increased funding to Camden's High Needs budget for 2023/24

As there is currently no proposal to change the current high needs funding rates this information is not for consultation but for information purposes only. The high needs funding stream covers pupils in the following education provision:

Education provision	Funding
Early years providers	<ol style="list-style-type: none"> 1. Individualised top-up funding for those with EHC plans 2. Contribution from HNB to Camden Local Inclusion Fund (CLIF) funding to support children with SEND
Mainstream schools – additional funding for pupils with high needs	<ol style="list-style-type: none"> 1. £10,000 notional funding in the funding formula – place plus first £6,000. 2. Top up funding – equivalent to 10- 20 hours LSA per week provided via high needs formula 3. Top up funding over 20 hours per week – banded funding based on pupils individual needs 4. An Exceptional Needs Grant providing banded top-up funding for children with high needs and requiring support over 20 hours per week but without the need for a statutory EHC plan.
Mainstream schools – resource bases	<ol style="list-style-type: none"> 1. £10,000 notional funding in the funding formula - i.e basic entitlement plus £6,000 place funding 2. Top up funding – based on agreed rates per resource provision.
Special schools	£10,000 per place plus top up for individual pupils

Education provision	Funding
Pupil referral units	£10,000 per place plus top up for individual pupils
Post 16 provision for special needs – all providers	£10,000 notional funding comprising basic entitlement plus £6,000 place plus top up for individual pupils

The introduction of the NFF for the HNB in 2017 judged that Camden, and many other London authorities, were relatively well funded. However, the government announced in 2017 that under NFF there would “not be a cash terms reduction in the high needs block” and this has been maintained with 0.5% per pupil rate increases in 2018/19 and 2019/20. Camden also received a £0.534m increase to its 2018/19 and 2019/20 HN budgets from the additional £350m additional national SEN funding announced by the ESFA in December 2018.

Significant 8% HN DSG budget increases (although at the national minimum) in 2021/22 and for 2022/23 have seen Camden HNB grow in excess of planned expectation. As indicated above 2023/24 will increase by a further 5%. This growth however, has at all times been at the minimum percentage increase in the Government’s effort to gradually erode the perceived national disparity in funding from the NFF.

Despite this increase in funding , local issues around the need to contain the growth in needs and costs remain and this maintains pressure for the authority to reflect this in the rates to providers. Although National SEN funding increases for 2023/24 will support the delivery of this service, the Council will continue to work with a group of headteachers, governors and stakeholders to consider the future arrangements for the high needs block in the light of the requirement to most effectively utilise Camden’s future HN block allocations and to ensure sustainability of service provision going forward.

2. Primary and Secondary schools – funding for Special Educational Needs (SEN)

Funding to primary and secondary schools for pupils that require additional support is provided as follows:

- (a) **Under £6,000 (roughly 10 hours)** – no additional funding provided as schools have to fund this cost from their formula allocation.
- (b) **10 to 20 hours** - £1.3m is delegated to individual schools and paid as a separate fixed amount from that included in the main formula. This funding only covers pupils who are resident in Camden. Schools must claim funding for out of borough pupils from the relevant borough. The amount each school receives is calculated using 60% prior attainment, 20% free school meals, and 20% number of pupils on roll (Camden residents only).
- (c) **Over 20 hours** – separate funding is provided on a per pupil basis to cover all support costs over the first £11,000. Funding is provided either as band 1 or band 2.

- (d) Exceptional needs grant - From September 2018 mainstream schools are able to apply to Camden for an exceptional needs grant, to the same value as bands 1 and 2 but without the need for an EHC plan. Such funding would be agreed until a specified date at which time schools would have to apply for it's renewal explaining why this is necessary.

3. Special Schools and Resource Units

No changes are yet planned to the funding system for places in special schools and resource units. The funding system is driven by an early agreement as to the number of places to be provided for the coming year for both children resident in Camden and out of borough pupils. Proposals to open further resource provision led to the opening of an autism resource base at Primrose Hill primary initially with 2 places in September 2019 which will continue to grow by 2 places per year each September, until it reaches capacity of 14 places. The funding of special schools and resource bases will be the subject of working parties being established as part of the HNB review. The need for more resource bases is also being considered as part of the review and a needs analysis which is to be consulted on and used in formulating an SEN commissioning strategy.

SECTION D - Early Years pupils in nursery provision (For Information purposes only)

1. From April 2017 local authorities were required to implement the Early years national funding formula proposals with national formula funding rates to all providers in effect from September 2017.
2. The hourly rates payable to all Camden providers was revised from September 2017 to reflect the government's national formula funding rates for Camden. The new Camden offer and rates were reported in the [February 2022 Schools Forum Report](#)
3. Local Authorities are required to apply the principles set out in national guidance in the development of a local funding formula.
4. The table below shows Camden's current Early Years hourly funding rates The Camden Enhanced Offer is currently £5.25. These rates may change subject to any current disapplication by the Early years team to the ESFA.
5. Any revised rates for 2023/24 will be notified under separate cover when any change is advised.
6. The 2021/22 distribution of DSG Early years funding by Camden's early years team after adjustments for any dis-applications, deprivation and inclusion funding results in an hourly rate to providers of £7.83 for 3 to 4 year olds (including the £1.26 deprivation factor per hour) and £8.10 for 2 year olds providers.

Table 1: Camden's current Local and Early years ESFA funding rates 2022/23 - per 16.12.21 ESFA notification

2022/23 ESFA RATE	ESFA Funding Rate 2022/23 (£ / hr)	LBC Rates to Providers 2022/23 RATE (£ / hr)
ESFA EYNFF hourly rate for 3-4 year olds for 2022/23	£8.51	£7.83 for 3 to 4 year olds (including the £1.26 deprivation factor per hour)
ESFA Hourly rate for 2 year olds for 2022/23	£6.87	£8.10
Camden Enhanced Offer		£5.25