

LONDON BOROUGH OF CAMDEN	WARDS: ALL
REPORT TITLE: School Funding 2023/24 – Update	
REPORT OF: Head of Education Commissioning and School Organisation - Supporting People	
FOR SUBMISSION TO: Schools Forum	DATE: 7 February 2023
<p>SUMMARY OF REPORT:</p> <p>This report updates the Schools Forum on the estimated funding available for 2023/24 following the recent Education and Skills Funding Agency (ESFA) Dedicated Schools Grant (DSG) finance settlement notification on 16th December 2022 and details the anticipated use of this money to fund schools early years and high needs. It then outlines future funding pressures the current DSG reserves position, de-delegation and the latest advice on energy costs.</p> <p>Local Government Information Act 1972</p> <p>The following documents which require listing were used in the preparation of this report:</p> <ul style="list-style-type: none"> • Schools Operational guidance for 2023 to 2024 • DSG: technical note 2023 to 2024 - GOV.UK (www.gov.uk) • Mainstream schools additional grant 2023 to 2024 <p>Contact Officer:</p> <p>Victor Saunders, Schools Budget Financial Advisor London Borough of Camden, 5 Pancras Square, NC1 4AG 020 7974 4504 / victor.saunders@camden.gov.uk</p>	
<p>RECOMMENDATIONS</p> <p>Schools Forum is asked to:</p> <p>(a) Note and agree the latest estimates of individual schools and growth budgets (section 3.6) and Appendix 1 and 2.</p> <p>(b) Note and agree the provisional Early Years funding rates (section 3.9)</p> <p>(c) Provide any further comment regarding the 2023/24 funding (section 2.14)</p> <p>(d) Identify any areas of funding for review in autumn 2023 ahead of the funding year 2024/25.</p>	



Signed by: _____
Nicholas Smith, Head of Education Commissioning and School Organisation
Dated: 30 January 2023

1. EXECUTIVE SUMMARY OF REPORT

- 1.1 This report updates the schools forum on the estimated funding available for 2023/24 following the recent Education and Skills Funding Agency (ESFA) Dedicated Schools Grant (DSG) finance settlement notification on 16th December 2022, (section 2.1) and details the anticipated use of this money to fund schools (section 3.2), early years (section 3.7) and high needs (section 3.12). It then outlines future funding pressures (section 4.1) the current DSG reserves position (section 5) de-delegation (section 6) and the latest advice on energy costs (section 7)
- 1.2 Total government funding for Camden is estimated at £223.8m (up by £11m from last year due to the increased funding for the per pupil rate (4.5% - £4.2m less 2.9% relating to the continuation of supplementary grant into the base giving an average real terms increase of 1.6%), a further 8% increase to High Needs allocation (£4.9m) and increases to the new Additional Schools and High Needs grants in place of the former supplementary healthcare grants (£1.1m). The largest single item of funding is the schools DSG block which has been confirmed at £112.03m (plus an estimated £10.31m for Academies). Other elements of funding remain provisional although any change to the estimates is likely to be minor.
- 1.3 There have been no significant change to the Camden schools funding formula for 2023/24 which will be used to distribute the total of the aggregated individual schools budgets generated by the National Funding Formula (NFF) in 2023/24. The agreed inflationary uplift to the local funding formula factors to reflect the NFF increases to LBC aggregate Schools block allocation were also made within the ESFA's bands for matching the NFF. The government update of the October 2022 census and the 2019 Indices of Deprivation (IDACI) deprivation data is fully incorporated into next year's 2023/24 budget.
- 1.4 Overall Council funding is set at £223.8m across all three blocks of DSG in order to fund the total proposed spending plans requiring nil funding to be used from reserves.
- 1.5 This funding now includes in its base the former ESFA grant top ups to schools for Teachers pay awards and the Teacher's pension and supplementary pension grants. It also includes in its base the 2023/24 Supplementary Health and Social Care levy funding for mainstream schools (£3.71m). In addition, for 2023/24 the funding will also include the 2023/24 Additional Mainstream Schools Grant £4.5m and 2023/24 Additional High Needs Grant £2.06m.

Introduction

- 1.6 This report sets out the latest estimate of resources for the financial year 2023/24, incorporating earlier Schools Forum decisions taken to date regarding the allocation of these resources to individual schools. These allocations are following the consultation undertaken with schools and discussion at previous meetings of the Schools Forum, and reflect the latest announcements from the ESFA regarding the funding settlement for 2023/24 made on 16th December 2022. Under the National Funding Formula (NFF) the total Dedicated Schools Grant (DSG) schools budget for each Council has been derived by the aggregation of its individual schools budgets as determined by application of the NFF factors to each school's October 2022 APT Census data for 2023/24. In line with the ESFA guidance this report proposes to allocate the total DSG schools budget via the basic

entitlement and the other agreed formula factors in Camden's local schools formula (as agreed by Schools Forum) and presents school by school funding projections on this basis.

2. ESFA Resources allocation to Camden

- 2.1 Government funding for Camden's schools, high needs and early years is estimated at £223.8m for 2023/24. This is in line with the ESFA's July 2022 NFF allocations and the Autumn Budget Announcement on 17th November 2022 when the Chancellor announced over and above the totals announced in the earlier 2021 Spending Review an additional £2.0bn for Education (for schools core budgets) over each of the following 2 years of 2023/24 and 2024/25.
- 2.2 In the 2023 to 2024 financial year, mainstream schools will be allocated their portion of this additional funding through the mainstream schools additional grant (MSAG) 2023 to 2024. This is in addition to schools' DSG allocations through the schools national funding formula.
- 2.3 The MSAG will allocate funding to state-funded mainstream schools only. In addition to the MSAG, local authorities have been allocated £400 million additional high needs funding for 2023 to 2024, on top of their high needs national funding formula allocations
- 2.4 The following base funding rates will be multiplied by the relevant Area Cost Adjustment (ACA), which is 1.1889 for LB Camden to determine the final school-level allocations for this grant:
 - a basic per-pupil rate of £119 for primary pupils, including pupils in reception
 - a basic per-pupil rate of £168 for key stage 3 pupils
 - a basic per-pupil rate of £190 for key stage 4 pupils
 - a lump sum of £4,510
 - an FSM6 per-pupil rate of £104 per eligible primary pupil
 - an FSM6 per-pupil rate of £152 per eligible secondary pupil
- 2.5 Schools can read full details for school level MSAG calculation at the following [methodology, calculator guidance and access the calculator](#) link where they can also access the school level allocation by typing in their school's URN number into the calculator.
- 2.6 This means that in addition to their DSG national NFF funding for 2023/24, Camden schools will also be given a further £4.54m of Mainstream Schools Additional Grant and £2.06m Additional High Needs Grant. This is to cover additional costs now being faced by schools. Schools will have the flexibility to prioritise their spending of the MSAG to best support the needs of their pupils and staff and address cost pressures.
- 2.7 The ESFA state that their intention is that payment of this additional funding in the form of a separate grant will be for 2023 to 2024 only. The funding will then be incorporated into core budget allocations for 2024 to 2025. So, for primary, secondary and all-through schools, this will mean the funding being rolled into the schools national funding formula for 2024 to 2025.
- 2.8 In line with the to the national MFG (0.5%) and national levelling up arrangements the ESFA December 2022 DSG notification indicated an overall 1.6% per pupil increase in Camden schools funding for 2023/24. The ESFA guidance requires that Local Authorities mirror any additional total DSG funding added to schools NFF baselines in the local formulas subject to the statutory maximum and minimum requirements on local formula

factors set by the ESFA. Hence in order to maximise the distribution of the total DSG uplift to schools in line with these requirements Camden schools formula factors have been uplifted by up to 2% where allowable for 2023/24 (subject to the statutory ESFA maximum and minimum requirements on our local factors). The additional 3.6% per pupil increase from the approximate £4.54m 2023/24 mainstream schools additional grant (MSAG) will be distributed to schools in line with the ESFA individual allocations during 2023. Thus resulting in a total overall 5.6% increase in Camden's schools per pupil funding for 2023/24.

- 2.9 Camden's HN DSG allocation has also increased by £4.9m from £47.6m in 2022/23 to £52.59m in 2023/24 in line with earlier ESFA announcements. This includes the additional £2.06m of Additional High Needs Grant for 2023/24 resulting in an overall 8.5% increase.
- 2.10 For 6th Form funding, beyond the 4.7% increase for 2020/21 no major changes have yet been announced for funding in Camden.
- 2.11 The Bank of England's [Monetary Policy Report - November 2022](#) stated that Consumer Price Index of inflation (CPI) was 10.1% in September and is projected to pick up to around 11% in 2022 Q4, reflecting the impact of the EPG. Services CPI inflation has risen and nominal annual private sector regular pay growth rose to 6.2% in the three months to August, some 0.6 percentage points higher than expected in the earlier August Report. Despite an expected decline in global price pressures and a significant fall in the prospective contribution of household energy prices to CPI inflation, domestic inflationary pressures are expected to remain strong over the next year.
- 2.12 Between 2010 and 2023/24 Camden schools will have received a cumulative total rate of increase of 15.06% to its schools block DSG, This includes an additional 5.6% in 2023/24 (which includes the 3.6% Mainstream Schools Additional Grant MSAG). Using CPI index at 11% as per Bank of England forecasts, it is estimated that by 2023/24 Camden schools will have suffered real terms spending pressures from rising inflation alone of 29% (net of the total 15.06% DSG increases up to 2023/24). This is equivalent to nearly £28m based on the current level of schools DSG income (measured on the CPI- the government's preferred measure of inflation)
- 2.13 The government has agreed to a 5% Teachers pay rise for September 2022/23 but rejected the recommended 3% for 2023/24. Following a request from Teachers unions for a minimum 12% increase for this year and a resulting dispute with the government over the current and future pay levels which may be significantly higher than the "on average" 5.6% increase to schools 2023/24 core budgets referred to in the January Ministerial letter to headteachers. Although details of longer-term future funding for schools have yet to be confirmed - if funding fails to increase in real terms combined with unusually sharp increase to costs caused by current high levels of general inflation and the acute increases in utility costs then Camden schools will need to continue plan for a reduction in spending power.
- 2.14 The known cost increases that schools will need to provide for were outlined in the December 2022 Forum Report along with inflation tables already sent to schools separately to support 3 year budget planning. In line with the earlier Schools Forum decision for sustainability to ensure that schools are funded entirely from government grant allocations, it is planned to continue to use nil DSG reserves in 2023/24 to fund schools formula budgets. The breakdown of expected funding for 2023/24 is shown below.

Table 1: Total estimated schools funding 2023/24

Funding Type	2023/24	Comments
	£m	
Dedicated schools grant		
Schools block excluding Academies	112.03	Excluding academies and free schools. Includes 1.6% increase in pupil led funding less changes in pupil numbers.
National non-domestic rates within the premises factor (£s)	3.10	
- Academies and Free schools	10.31	
Central Support Services block	1.21	
- Early years block	16.15	included EY pupil premium and EY disability
- High needs block	50.50	5% pupil led increase (5% DSG and 3.3% from Additional High Need Grant below)
Total DSG	193.31	* Excluding the 2023/24 MAGA and HN Additional Grants below
2023/24 Mainstream Schools Additional Grant (MSAG)	4.54	New Grant in 2023/24- from ESFA subject to DSG conditions replacing former Supplementary Healthcare Levy Grant (3.5% per pupil)
2023/24 Additional High Needs Grant	2.06	New Grant in 2023/24- from ESFA subject to DSG conditions replacing former Supplementary Healthcare Levy Grant (3.4% per pupil)
Pupil premium	9.68	3% expected change in grant
6 th form	14.22	No projected change in grant
<i>Total from Government</i>	<i>223.80</i>	

2.15 Further changes may be made during the year as the early years, pupil premium and 6th form funding are only provisional allocations. These will be based on January 2023 census data and confirmation of final figures are expected to be made during the year by adjustment to payments.

Differences between the 2022-23 and the 2023-24 NFF Formula

2.16 The ESFA operational guidance 2023/24 indicates that the main NFF formula for 2023/24 is broadly similar to the formula in 2022/23 subject to the following updates ;

Schools NFF Formula

Key changes to the schools NFF formula in 2023 to 2024 are:

- (1) **Schools supplementary grant** for 2022 to 2023 was rolled into the NFF by:
 - adding an amount representing what schools received through the grant into their baselines
 - adding the value of the lump sum, basic per pupil rates and free school meals Ever 6 (FSM6) parts of the grant onto the respective factors in the NFF
 - uplifting the minimum per pupil values by the supplementary grant's basic per-pupil values, and an additional amount which represents the average amount of funding schools receive from the FSM6 and lump sum parts of the grants

- (2) **NFF factor values** were then increased (on top of the amounts that were added above for the schools supplementary grant) by:
- 4.3% to free school meals at any time in the last 6 years (FSM6) and income deprivation affecting children index (IDACI)
 - 2.4% to the basic entitlement, low prior attainment (LPA), FSM, English as an additional language (EAL), mobility, and sparsity factors, and the lump sum.
 - 0.5% to the floor and the minimum per pupil levels (MPPL)
 - 0% on the premises factors, except for Private Finance Initiative (PFI) which has increased by Retail Prices Index excluding mortgage interest payments (RPIX) which is 11.2% for the year to April 2022

(3) **High Needs NFF**

The ESFA has also confirmed the following aspects of the high needs NFF:

- the funding floor is set at 5% so each local authority will see an increase of at least 5% per head of their 2 to 18 population (as estimated by the Office for National Statistics (ONS))
- the gains cap is set at 7%, allowing local authorities to see gains up to this percentage increase under the formula, again calculated on a per head basis of their 2 to 18 population

(4) **Split Sites**

Following from their consultation on implementing the direct national funding formula the ESFA now propose that from 2024/25 split sites funding will “ be determined through a national split sites factor”. The government response to the consultation will be published in the new year, which includes their final plans on this proposal. As part of the preparation for this proposed change, the ESFA will be asking local authorities to enter the details of mainstream split site schools and their addresses on the split site data collection worksheet included in the APT. Those Camden schools concerned have been advised and contacted by schools finance for their completion details.

Differences between the 2022-23 and the 2023-24 Funding Allocation levels to Camden.

2.17 After changes to the NFF formula and following announcements in the Autumn statement (detailed by the ESFA December notification) and the January ministerial letter to headteachers on Additional Funding (see section 2.1 to 2.5 above) the effect on Camden Schools total level of funding in 2023/24 are outlined below;

(a) **Schools block (DSG) allocations**

- The aggregate amount received from the government per pupil based on the NFF has now been analysed between primary (£6,192) and secondary (£8,051) for 2023/24. The funding allocations per school are set out in Appendix 2 and are in line with the government’s overall intention indicated in July NFF data for a 1.6 % increase (including continuation of the 2022 to 2023 schools supplementary grant adjustment) in schools block funding for Camden in 2023/24. These rates are not subject to any subsidy from Camden’s DSG reserve which means that LBC schools are completely funded by government grant.
- The change in Camden’s December 2022 ESFA notified per pupil rate for 2023/24 was an overall 4.6% increase. However, once adjustment of 3% is made to remove the inclusion of last years £3,7m Schools Supplementary grant into the base budget for 2023/24 (as a continuation of earlier year funding is not additional new funding), the real overall increase from the NFF is 1.6%. The combination of these adjustments and

uplift rates results in the final overall percentage increase to Camden's total Schools block DSG for 2023/24 being taken as a net 1.6% increase.

- Subject to the ESFA's statutory NFF "factor matching" constraints for 2023/24 this increase has now been fully passed on to schools by a corresponding 2% uplift where possible to the local funding formula factors for 2023/24 in order to maximise the distribution of aggregate schools DSG block via the local funding formula to school budgets.
- In addition the Autumn statement announcement of a £2bn increase to core schools budgets for 2023/24 will be passed to schools as a separate MSAG grant later in the year and is expected to represent a further 3.6% uplift to the per pupil funding rates for Camden schools.

In summary - This will mean that for 2023/24 LB Camden schools will have received an overall total per pupil funding uplift of up to 5.6% comprising 2% from the local APT Funding formula uplift and 3.6% from the MSAG additional funding.

(b) Early years block (DSG) allocation

- 2023/24 will be the sixth year following the introduction of the new LBC early years offer in response to the revised government funding formula and regulations regarding an additional 15 hours free childcare for working parents of 3 and 4 year which came into effect in September 2017.
- Under these regulations Camden is only able to retain a maximum 5% of the total funding. Camden had previously retained more than this to deliver a high level of additional hours above the current statutory offer. Camden revised its early years offer from September 2017 which from 2018/19 required an ongoing commitment from the council's general fund to enable the council to continue to go above the government's minimum requirements and offer an additional 15 hours childcare for some of the 3 and 4 years olds that previously qualified for the 15 hours provision as 2 year olds. [link to EY Report](#)

(c) High Needs Block allocations

- Following the unexpected £400m national increase to HN funding from the additional funding announced in the Chancellor's November 2022 Autumn Statement the ESFA's 16th December 2022 notification has now indicated that Camden's HN DSG block will increase by a total of £4.85m 9% for 2023/24 (includes 5% DSG uplift and 3.4% for the £2.05m 2023/24 Additional High Needs Grant - intended as the equivalent to the increase that mainstream schools will receive through the MSAG). This final figure may still subject to some minor adjustments relating to the new pupil import/export arrangements.
- The Ministerial letter to headteachers from Gillian Keegan to all schools on 17th January 2023 also confirmed that for 2023/24 "in addition to the protection afforded by the special schools minimum funding guarantee. "We have introduced a new condition of grant on local authorities to make sure that special schools and alternative provision receive the 3.4% increase".
- As the equivalent to the 2023/24 MSAG the HN Additional grant is expected to cover unforeseen additional costs in 2023/24.
- Whilst the unexpected additional funding was very much welcomed, it is important to note that ongoing HNB transformation remains crucial to ensure Camden is able to meet the needs of its children and young people with SEND in a way that is financially sustainable. The HNB report submitted to Schools Forum on 1st November 2022 predicted that the High Needs Block will now move to an underspend in 2022/23 following the unexpected increases to the HN DSG budgets of £4.3m, £3.8m and

£4.8m in 2021/22, 2022/22 and 2023/24 respectively. Please see the HN Report of November 2022 forum for full details.

- (d) **Pupil premium funding** - for 2023/24 continues to be maintained as a separate grant and to be largely based on the free school meals (FSM6) data at January 2023. The January 2023 Ministerial statement to headteachers also confirmed that Pupil premium funding rates will increase by 5% in 2023-24, bringing total funding to over £2.8 billion. The rates will be uplifted but eligibility criteria will remain unchanged in 2023//24. Current trends in FSM6 take up during the pandemic offset by falling rolls suggest that Camden may receive a marginally increased level to the current £9.6m pupil premium during 2023/24, but this will be confirmed by the ESFA later in the year.

Early years pupil premium for 3 and 4 year olds in nursery (15 hours per week) is currently £342 per eligible pupil for 2022/23 and it is currently estimated that the Council will receive a total of £0.131m for 2023/24

- (e) **The 6th form funding** grant is issued on academic year basis. Funding for September 2022 to March 2023 is planned to be announced in March 2023. There was a 4.7% increase in the 16 to 19 funding rates for 2020/21. Following expected roll changes in line with recent trends in Camden the projection is for a small increase in total actual funding for 2023/24.

National Comparison of London boroughs funding

2.18 Using similar approach to earlier London Councils reports gives the following analysis of London Councils on the overall DSG funding allocations:

- Nationally in 2023-24, £55.8 billion will be allocated through the total DSG across England, an increase of 7.75% since 2022/23. London Boroughs will receive £9.68 billion, an increase of 6.94% from 2022/23: the 2nd lowest increase of all authority types with Unitary authorities increasing the most by 11.44%. London's share of the total DSG blocks will fall by 0.13%, while Unitary authority types' share will increase by up to 0.84% (see table 2 below).
- For Schools Block, there was a national increase of 6.21% from 2022-23. London boroughs will receive £7.1 billion in funding, representing an increase of 5.11% when compared to 2022-23, the second lowest of all authority types with Unitary Authorities receiving the highest annual increase of 9.9%. London's share of the total national schools block (£42.6 billion) will decrease by -0.17%: whilst the Metropolitan and Unitary authorities will rise by up to 0.85%.
- For High Needs bloc in 2023/24 there was a national increase of 15.92%. London boroughs will receive £1.78 billion, an increase of 15.13% from 2022-23, the second lowest percentage increase of all authority types with Unitary Authorities receiving the highest increase of 19.68%. London's share of the total national High Needs block will fall by -0.14%, with the Metropolitan and Unitary authorities increasing by 0.08% and 0.77% respectively
- For the Early Years Block In 2023-24, £3.92 billion will be allocated nationally, an increase of 8.81% from 2022-23. London Boroughs will receive £734 million, an increase of 15.13%, the second lowest with Unitary Authorities at the top with a 19.68% increase. Unitary are again the only authority types to have experienced an increase in their share of the total national Early Years DSG block which increased by 0.92%. London's share again reduced by -0.21%.

Table 2: 2023-24 DSG funding allocations for schools, central schools services, high needs and early years in London Councils

ENGLAND	DSG allocations (£m)			Proportion of England total		
	2022-23	2023-24	Percentage change	2022-23	2023-24	Percentage change
London	£9,055	£9,683	6.94%	17.47%	17.34%	-0.13%
Metropolitan District	£12,166	£13,112	7.78%	23.47%	23.47%	0.01%
Unitary Authority	£12,648	£14,095	11.44%	24.40%	25.23%	0.84%
Shire County	£17,969	£18,966	5.55%	34.66%	33.95%	-0.71%
England total	£51,837	£55,856	7.75%			

3. Distribution of Resources in Camden 2023/24

Overall distribution

- 3.1 The majority of the £223.80m total funding (table1 above) will go to Camden schools as shown in column 2 of the following table.

Table 3: Analysis of DSG funding 2023/24 (including any current use of reserves)

	2023/24	2023/24	2023/24	Totals
Funding Area	Camden schools	Services provided by Camden including children's centres ¹	External providers Academies & EY	Sub Totals
	£m	£m	£m	
Schools DSG - Including Additional Grant	118.72	0.95	10.31	129.99
Central Support Services Block	0.00	1.21	0.00	1.21
Early years DSG	8.29	0.08	7.79	16.15
High needs DSG - Including Addnl Grant	39.86	3.00	9.70	52.56
Pupil premium	9.68	0.00	0.00	9.68
6th form	14.22	0.00	0.00	14.22
Total government funding	190.77	5.23	27.80	223.80
Camden Contribution	0.00	0.00	0.00	0.00
Use of Reserves	0.00	0.00	0.00	
	190.77	5.23	27.80	223.80

Notes:

(1) Children's centres are those operated direct by the authority only

(2) Funding to academies and free schools is shown under 'external providers'

(3) Early Years split is not yet confirmed so remains as per last year

(4) Before any use of reserves or LBC contribution

Distribution of Local Funding Formula by Camden in 2023/24

Schools Block DSG

- 3.2 The 2023 to 2024 NFF Schools block, as in the previous year, uses IDACI 2019 ranks to group each lower super output area (LSOA), an area with typically about 1,500 residents) into one of 6 bands of decreasing deprivation. the most recent IDACI deprivation index of October 2019 along with any changes in rolls or updates have now been incorporated into Camden's local funding formula. Any significant effects on individual school allocations have been mitigated by the Minimum Funding Guarantee (MFG) now set in line with ESFA guidance at 0.5% (thus ensuring a minimum protected 0.5% uplift in the per pupil rate). The MFG provides protection to any school that loses funding following changes to the formula. Details of changes to the current IDACI data calculations can be found at the following [IoD link](#) and are summarised in Appendix 6.
- 3.3 For 2023/24 beyond the overall inflation uplift in per pupil funding resulting in an overall 1.6% increase in the per pupil rate for Camden Schools from the NFF there have been no significant changes to schools DSG (which now include the 2022/23 Supplementary Schools Grant in its base budget 3%). Subject to the ESFA statutory NFF "matching " constraints" for 2023/24 this increase has been fully passed on to schools by a corresponding 2% uplift to the local funding formula factors where applicable for 2023/24 school budgets. With the planned addition of £4.5m in the 2023/24 Mainstream Schools Additional Grant (MSAG) representing an additional 3.6% increase to the per pupil rate of available funding, the final total increase to Camden's per pupil funding rate for 2023/ 24 will be an overall 5.6% (comprising the 2% uplift from the local APT Funding formula and 3.6% from the MSAG additional funding) See Appendix 7
- 3.4 The council has made no applications to the ESFA to change its local formula and has ensured that its local formula factors comply with the ESFA statutory bands for Camden's formula factors and include all mandatory factors (which to now comply with the NFF include minimum levels for the FSM and Mobility factors). This is in accord with forum's earlier changes to simplify and maintain its funding formula in line with national average allocations in preparation for the implementation of the national funding formula.
- 3.5 The NFF allocation to LBC in 2023/24 has now identified and allocated Schools Business Rates (NNDR) under "premises funding" to Camden at the local authority level on the basis of "actual spend in the Jan 2022 to 2023 APT". Whilst appearing in DSG budget figures there will be no cash transfers to schools budgets for this item as from 2022 to 2023, national non-domestic rates (NNDR) will be paid by ESFA directly to billing authorities. The government has indicated in an ESFA policy document (July 2018) `that going forward they are "continuing to consider the long-term approach to all premises factors in the NFF".
- 3.6 The local schools formula proposed for 2023/24 after allowing provision for growth costs of £1.7m related to potential planned reorganisations is set out at Appendix 1. The allocations per school together with the increase / decrease compared to the previous year's totals are shown in Appendix 2.

Early years DSG distribution

- 3.7 The review of Camden's early years provision remains ongoing the progress will be reported to forum under separate cover at an appropriate stage.

- The ESFA have announced on 16th December 2022 that - 2023/24 hourly rates for each EYNFF formula factor have been updated for the first time since 2017/18 to cover the following;
 - i. the increased funding secured for 2023 to 2024 in the Autumn Spending Review,
 - ii. additional funding to reflect the recently announced National Living Wage increases and
 - iii. the majority of the money that has previously been paid through the early years element of the TPPG. Thus indicating the costs that the increased funding is to cover for EY providers.
- The ESFA have increased the the EY hourly funding rates for all local authorities by 69 pence (10%) an hour for the 2-year-old entitlement and 22 pence an hour (2.5%) for the 3 and 4-year-old entitlements for most areas. so that no council can receive less than £4.61 per hour for the 3 and 4-year-old entitlements.
- Last year Camden was one of a small number of local authorities that have been protected from large drops to their historically high funding rate for the 3 and 4-year-old entitlements by the 'loss cap'. and continued to have their 2021/22 hourly funding rates protected in 2022/23. As a Council with its historically higher EY already protected under the 'loss cap' Camden's 3 to 4 year old rates from the ESFA remained the same for 2022/23. However, for 2023 to 2024 "year-to-year protections and funding floors have been revised, for example, the loss cap protection has been removed and a new +1% year-to- year protection and +4.9% gains cap has been introduced. These are applied before rounding the hourly funding rates to the nearest penny". This means that Camden's 3 to 4 year old EY rates will rise from £8.51 to £8.73 (2.5%) for 2023/24. (source [2023 to 2024 Early years funding formulae: technical note - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/112112/2023-to-2024-early-years-funding-formulae-technical-note.pdf))

3.8 The current early years national funding formula was introduced in April 2017 for 3/4year olds and 2 year olds. The revised ESFA rates given to LB Camden for 2023/24 in the 16th December 2022 Notification are set out in table 4 below (subject to any ESFA update). They may also not be the final rates that Camden pays to providers as they are subject to ESFA approval of Camden's disapplication to the ESFA to 'disapply' the 95% pass through rate for 3 and 4 year olds. This requests to pass through a lower rate of 92% so as to use the remaining 3% to keep the hourly rate paid to providers for 2 year olds at £8.10. This dis-application is allowed by the ESFA so as is to maintain a viable rate to ensure that providers continue to offer places for two year olds in Camden as the ratios of staff and hence cost are much higher than for three and four year olds.

3.9 Earlier applications to dis-apply the 'pass through' regulation for the year enabling, Camden to use some 3 & 4 year old funding to support the 2 year old rate, has in the past been approved by DfE. Camden have applied again for 2023/24.

Table 4: Early years ESFA funding rates 2023/24 - per 16.12.22 ESFA Notification

2023/24 ESFA RATE	2022-23 £ / hr)	2023-24 £ / hr)	change	percentage change
ESFA EYNFF hourly rate for 3-4 year olds for 2023/24	£8.51	£8.73	£0.22	2.59%
ESFA Hourly rate for 2 year olds for 2022/23	£6.87	£7.56	£0.69	10.04%

3.10 The current 2022/23 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 as detailed in Appendix 5.

- 3.11 As LB Camden's EY rate are no longer constrained by protected under "loss Cap" the early years team expects their current Council payment rates to providers of £7.83 for 3 to 4 year olds and £8.10 for 2 year olds to eventually reflect the modest increase to funding rates for 2023/24. They will inform Forum and Camden providers of the final rates for 2023/24 once the disapplication process has been completed by the ESFA and the outcome confirmed to Camden.

High needs DSG distribution

- 3.12 Camden's current funding distribution of HN DSG to schools will continue with mainstream schools receiving part of the top up as a fixed cash allocation (covering the first 10 to 20 hours of support) with further top ups on an individual pupil basis where support is required over 20 hours. All special schools (and pupil referral units) will receive place funding of £10,000 with top ups at agreed rates for individual placements. For schools with resource units, this place funding will continue but (as from April 2018) at the rate of £6,000 plus basic entitlement via pupil led funding for each place provided. In addition, there will continue to be top ups at agreed rates for individual placements. In line with recent ESFA instructions these rates are expected to rise in line with the 5% DSG uplift and the 3.4% Additional funding uplifts for 2023/24. (section 2.17c)
- 3.13 The unexpected increase in HN DSG funding since 2021 means that provisional spending plans for 2023/24 are not currently expected to exceed the increased £52.5m (including Additional Grant) to be received from the government in 2023/24 ref 2.14 and the Council continues to consult with stakeholders on the optimum future service provision at this level of funding. However, the SEN team advise that spending pressures are still expected to continue to rise against post-16 costs and increasing mainstream top up costs as numbers increase.
- 3.14 The service will continue to work to ensure that forecast spending is within the funding available. This now includes the progression of a school-led exceptional needs framework and an ongoing review of the current service offer to schools.

Pupil premium distribution

- 3.15 To receive this grant schools must demonstrate how they are using the funding to improve outcomes for disadvantaged pupils 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.
- 3.16 Pupil premium for 2023/24 will be largely based on the free school meals (FSM6) data at October 2022. Initial estimates suggest that Camden may receive a slightly increased level to the current £9.6m in 2022/23 based on an expected increased uptake in free school meals due to the current cost of living emergency and the Covid 19 pandemic, but the final allocation will be confirmed by the ESFA in the new year.
- 3.17 The premium was extended in 2015/16 and now covers 3 and 4 year olds under the early years pupil premium. However, despite previous announcements indicating that the pupil premium for other groups would be increased in line with inflation to maintain its real value there had been no regular annual increases until the December 2021 when ESFA increased them by 3% in line with the latest inflation forecasts. For 2023/24 the 17th January 2023 Ministerial letter to schools and the ESFA have indicated that the eligibility

for pupil premium will remain the same with a 5% increase to the rates for 2023/24. The new rates for 2023/24 are as follows:

- Primary FSM6 pupils: £1,445
- Secondary FSM6 pupils: £1,035
- Children who have been adopted from care or have left care: £2,530
- Looked-after children by local authority: £2,530
- Service children: £335
- Early years 3 and 4 year olds £342

6th Form Funding for distribution

3.18 The allocation of the expected funding between the 6th forms is determined by the government's formula. The authority has no discretion over the allocations. The funding period covers the academic year with funding for September 2023 to March 2024 expected to be announced in April 2023. The national base rates for the academic year 2023/24 have not yet been fully confirmed by the ESFA. The ESFA are expected to announce the final allocations for 2023/24 to all post 16 institutions in March 2023. Camden's current funding had increased by £1.7m from the previous year. However, whilst changes in roll numbers and the most recent (2020/21) 4.7% increase in rates which generated the increased funding of £1.7m for 2022/23, any 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, current spending per student in 2024–25 will still be 15% lower in real terms than it was over 20 years earlier in 2002–03. There is currently no announcement on any variance to these factors for next year.

4. Preparation by Schools for Future Funding Pressures

- 4.1 In the Autumn Budget Announcement on 17th November 2022 the Chancellor announced an additional £2bn for Education (for schools core budgets) over each of the following 2 years of 2023/24 and 2024/25. The ministerial letter to headteachers of 17th January 2023 stated that "In 2023-24 mainstream school funding will increase, on average, by 5.6% per pupil through core allocations and the new Mainstream Schools Additional Grant (MSAG)". "The MSAG will allocate the main portion of the additional funding that was announced in the Autumn Statement and equates to an average increase of 3.4% in per pupil funding over and above your core allocations" This funding will then be rolled into the schools national funding formula in 2024-25. Special schools and alternative provision will see an increase of 3.4% in funding next year, provided from that additional £400 million – equivalent to the increase that mainstream schools will receive through the MSAG. We have introduced a new condition of grant on local authorities to make sure that special schools and alternative provision receive the 3.4% increase.
- 4.2 Some commentators have indicated that these rises will still not redress the historic real terms funding reduction to core school budgets since 2010 and that this additional funding will still only continue the path to "restore per pupil funding to 2010 levels in real terms".
- 4.3 Since the funding freeze in 2010 Camden schools have received a cumulative total increase of 10.06% to DSG in the 5 years from 2018/19 to 2022/23 with an additional 5.6% in 2023/24. With a current year CPI of 8% and a forecast 11% for 2023 it is estimated that Camden schools will have suffered by 2022/23 a real terms spending pressures from rising inflation alone of 24% (net of the total 10.06% DSG increases up to 2022/23 as above).

- 4.4 The government has agreed a Teachers 5% pay award for 2022/23 but rejected the Teachers Pay Review bodies recommendation of 3% for September 2023. Teaching unions (e.g, NASUWT) are currently in dispute with the government over a minimum 12% pay award claim for 2022/23. If funding fails to increase in real terms then Camden schools will need to continue plan for a reduction in spending power.
- 4.5 In addition, although Camden Schools were historically and comparatively well funded by per pupil measure nationally (7th by Local Authority at Primary and Secondary in 2022/23) this position via the “levelling up” of national schools funding continue to influence Camden’s share of national funding. Camden Schools, especially primary have also seen falling demand for places, reflecting wider demographic trends. As funding for schools is driven primarily by the number of pupils on roll at the school, the already significant pressure on school budgets is will be further exacerbated by the prevalence of surplus places. There are currently five schools (of which one is secondary) with a licensed deficit with Camden.
- 4.6 In order that schools are able to develop adequate financial plans to deal with these pressures on their funding, they will continue to be advised to maintain three year financial forecasts of costs and income. This information will be important in supporting the schools longer term financial planning. The authority has regularly issued detailed guidance to support this process, and annual updates on cost pressures are provided to schools each year with the most recent update being sent to schools in July and updated in December’s report.

Support and ESFA Announcements since December 2022

- 4.7 Earlier schools forum reports have outlined the main ESFA financial support to schools during the current cost of living emergency and recent Ukraine war, Afghan refugee and Covid-19 emergencies.
- 4.8 The ESFA have also set up a number of training workshops and online Benchmarking tools for schools staff on financial management.

5. Reserves

- 5.1 The table below outlines the historic and proposed use of reserves (one-off cash balances) in 2022/23 and the level of reserves available beyond that. The table shows the movement from the opening 2013/14 DSG reserve balance to the current forecast position at the end of the current year, which remains subject to future schools forum decisions. It shows the reduction in the use of DSG reserves in accordance with the objective of improving sustainability in schools budgets by reducing reliance on one-off balances. The projections are of course subject to change as decisions are made in response to changing circumstances over time. The High Needs balance includes the forecast underspend in 2022/23 less the expected drawdown of £0.06m for HN projects such as the primary exclusions early intervention project.

Table 5: DSG Reserve and movements at February 2023

	Schools	CSSB Central Support Services block	High needs	Early years (inc 2 year olds)	Movement in year	Final end of year balance
Opening balance	7,181,000	0	0	0	7,181,000	7,181,000
2013/14 actual movement	-1,421,059		2,204,740	3,212,713	3,996,394	11,177,394
2014/15 actual movement	-2,501,180		1,619,602	978,578	97,000	11,274,394
2015/16 actual movement	-1,660,683		371,974	-207,090	-1,495,799	9,778,595
2016/17 actual movement	-1,986,487		-51,636	-402,189	-2,440,313	7,338,282
2017/18 actual movement	108,443		-1,462,839	1,665,870	-3,020,265	4,318,017
2018/19 actual movement	780,715	738,437	-1,259,399	0	259,753	4,577,770
2019/20 actual movement	1,072,016	746,568	-1,084,099	125	734,609	5,312,379
2020/21 actual movement	1,116,391	622,653	1,686,405	-1	3,425,449	8,737,827
2021/22 actual movement	1,158,792	644,246	2,660,550	0	4,463,588	13,201,416
sub total - Current balance year end	3,847,947	2,751,904	4,685,298	1,916,266	13,201,416	
2022/23 planned movement	-250,000	0	4,125,544	-470,000	3,405,544	

- 5.2 A significant contributor to the now a significantly improved surplus on the total DSG reserve is the High Needs DSG reserve. As the HN Team have reported this has been caused by unexpected and significant increases in grant income over the past few years. As reported, the Council in consultation with key stakeholders are now planning to utilise these additional resources in a sustainable manner going forward. There is also now an improved surplus on the schools block element of the reserve which as reported in June was due to a lower than expected spend of schools block funds on reorganisation and growth following from the effects of the Covid 19 emergency lockdowns on anticipated schools reorganisation activity. Also a lower than estimated increase in direct recoupment for Academy growth from the government. Other contributors were a reduction in growth costs due to falling rolls in Camden and a reduced contribution to the Early Years block.
- 5.3 However, beyond 2022/23 due to expected pressures relating to inflation, possible future school and class reorganisations in response to falling rolls and potential future Covid 19 emergency consequences it is expected that this reserve will be called upon. As agreed in earlier school Forum, any reserve remaining in the Schools or Central Schools Services block continues to be currently available to offset any schools block deficit arising from pressures on schools budgets following future reorganisations or cost pressures.
- 5.4 Last years response by the Council and Forum to the growth of the Schools block reserve under the current economic climate was to use some of this available surplus to support schools by relieving them of the charge of £15 per pupil for schools contribution to for of ESG grant for Camden education services to schools from 2017. This application of DSG reserve will continue to support schools budgets in 2023/24 by removing the £246k that would have historically been charged to them.

6 De-Delegated Schools Budget

6.1 Prior to 2013 the annual DSG was top sliced in order for the authority to provide the functions outlined below centrally. Changes introduced by the government in 2013 required funding for these services that are provided centrally by the authority to be given to schools (delegated) and then charged back (via de-delegation) from their individual budgets. Schools forums have the authority on behalf of all schools to approve which services should be provided centrally by the authority. The forum has previously approved services to be delivered centrally totaling £0.949m in 2023/24 subject any changes outlined within this report, The current distribution is as follows:

- a) Behaviour support (primary schools only): £0.45m– due to the small size of primary schools, the usage of behaviour support services at individual school level varies from year to year and if funding was delegated to individual schools it is unlikely to match spending need. Funding for secondary schools is not de-delegated and remains within existing funding levels.
- b) Assessment of applications for free school meals: £0.035m – the current service offers a direct link with benefit applications and therefore offers the best opportunity to maximise take up.
- c) Reimbursement to schools for staff undertaking formal union roles is currently provided at £0.124m and those schools that suffer a loss of staff time are reimbursed which in effect shares the cost amongst schools. The current provision reflects the current cost.
- d) Contingency: £0.240m – to cover extra costs of bulge classes and changes in pupil numbers where funding regulations allow extra funding to be given as well as coverage of schools contributions for former schools improvement brokerage grant.
- e) Licences arranged at national level by the government are now confirmed at £0.133m by the ESFA.

6.2 To assist schools with budget planning the de-delegated schools budget and an analysis by school and pupil numbers have been provided. The detailed information is contained in Appendix 4 with the summary information and rate per pupil data contained in table 6 below. The lower overall rate for secondary arises because primary behaviour support is not included in secondary schools figures.

Table 6: 2023/24 Budget De–delegated rate per pupil

Primary:	Rolls	Total Rate per pupil	Behaviour Support (Primary Only)	Assessment of FSM Applications	Union Duties	Contingency Bulge Class Pupils / Falling Rolls	Licences
Total Primary:	9,166	£82.10	£49.09	£2.17	£7.68	£14.87	£8.29
Total Secondary:	6,973	£33.01	£0.00	£2.17	£7.68	£14.87	£8.29
Total Charge per heading	16,139	£982,714	£450,000	£35,000	£124,000	£240,000	£133,714

6.3 The ESFA has indicated on de delegated budgets that following the introduction of the “hard” NFF (now postponed from 2023/24) that Councils will no longer delegate the aggregated NFF to schools via the Councils local formula and that individual schools would be free to choose which former de-delegated services they buy” from their NFF budgets.

6.4 The Behaviour Support service is the largest single service under the current LB Camden de-delegated services. The future satellite model was outlined in February 2019 forum

report and progress and ongoing future plans for this model and the service are expected to be reported to forum under separate cover by the SEN Team.

7. Energy Costs

7.1 In December the energy Management team wrote to schools individually regarding KCC Laser 2022-23 Gas and ELEC flexible contract prices for schools. Although the letters were written to individual schools to reflect their own individual circumstances the advice given to schools regarding Oct 2022 – Sep 2023 Schools gas and electricity prices against Oct 21 – Sep 22 prices was as follows

Electricity

- For electricity supplies that have been on Camden's main Flex contract since 2009 (billed by LASER), electricity prices are showing an average increase of **78%**.
- For electricity supplies that were moved from Camden's Fixed Term Fixed Price (FTFP) contract (billed by SSE) to Camden's main Flex contract in Oct 2022, electricity prices have seen a smaller average increase of **57%**.
- Ofgem's Targeted Charging Review (TCR) is moving some electricity costs from a consumption basis to a fixed basis, which has seen some significant increases in electricity standing charges.
- All School's electricity monthly prices for Oct 22 – Mar 23 are below the EBRS wholesale price cap, so no EBRS discounts will apply to billing for this period.
- The last 6 months have continued to see unprecedented price movement and volatility, with wholesale electricity prices rallying to 84.5 pence/kWh in August 2022, which is approximately 1,500% higher than long run average market prices

Gas

- Gas prices are showing an average increase of **211%** (including estimated Energy Bill Relief Scheme discount).

7.2 Further advice will be sent to schools as it becomes available to the Energy Management team.

8 Schools Funding Timetable

8.1 In order to keep schools informed of key school funding dates a summary of the key steps towards the finalisation of the 2023/24 schools high needs and early years funding position is outlined in Appendix 3.

9. Environmental Implications

9.1 There are no environmental implications.

10. Finance Comments of the Executive Director Corporate Services

10.1 The report outlines the proposed allocation of DSG budget allocations for 2023/24 based on the ESFA notification and guidance of 16 December 2022 and invites forum for comments.

10.2 The distribution of the DSG funding is made within the available ESFA funding for 2023/24 and in accord with ESFA guidance requirements and earlier Forum approval of the local budget formula.

- 10.3 Forum will need to take note of the level of funding in context of the expected spending pressures for 2023/24 and increasing levels of DSG reserves and start to consider the appropriate actions to manage this level of DSG reserves.
- 10.4 Subject to the above comments, so far as the ESFA regulations have been met and the approved allocation is within the available funding levels here are no additional finance comments.

11. Legal Comments of the Borough Solicitor

- 11.1 The report has set out how it has arranged the 2023/24 schools funding allocations in accordance with the ESFA Guidance and requirements for 2023/24 and in accord with earlier forum agreement on the local funding formula mechanism that was used.
- 11.2 The basic structure of the national funding formula (NFF) has not changed for 2022-23. Local Authorities must make sure all schools receive at least the minimum per-pupil funding levels. The schools block is ring-fenced so the vast majority of the block is passed directly to schools. Schools Forum have limited flexibility over the structure of the formula and decisions on transferring. Money between the mainstream schools budget and the high needs budget.

REPORT ENDS