

LONDON BOROUGH OF CAMDEN	WARDS: ALL
REPORT TITLE: Schools, High Needs and Early Years Outturn and Funding Update	
REPORT OF: Head of Education Commissioning and School Organisation	
FOR SUBMISSION TO: Children, Schools and Families Scrutiny Committee	DATE: 11 July 2023
<p>SUMMARY OF REPORT</p> <p>This report provides the financial outturn position for 2022/23 and has been received by Camden Schools Forum as part of its duty to monitor spending on schools and the financial health of the education sector across the Borough. The report explains the closing position at which there was an overall £6.05m balance across the DSG blocks, with individual schools balances marginally increasing by £0.03m.</p> <p>The report also updates the latest funding situation for the current financial year, 2023/24, and outlines the range of current pressures resulting from the current economic climate, conflicts, emergencies and ongoing “real terms” funding constraint including the most recent update on the National Funding formula (NFF).</p> <p>The report outlines current funding arrangements for the next few years from the current planned transition to a “hard” national funding formula (NFF) which has currently been delayed to April 2024 at the earliest. It also outlines the measures that the authority, in conjunction with schools, headteachers and Camden Learning have taken to support schools through this transition and to help schools to continue to prepare for reductions in real terms funding.</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: Victor Saunders, Schools Budget Financial Advisor London Borough of Camden, 5 Pancras Square, NC1 4AG 020 7974 4504 / victor.saunders@camden.gov.uk</p>	

RECOMMENDATIONS:

The Children, Schools and Families Scrutiny Committee is asked to:

- a) Note the 2022/23 outturn for all the blocks of the DSG as set out in section 1;
- b) Note the current 2023/24 level of funding (section 2) and the range of current pressures and future funding challenges for schools' funding (section 3) and also the current and proposed next steps in the transition towards the "hard" national funding formula in section 4 and 5; and
- c) Note the most recent grant announcements since February 2023 from the ESFA relating to Afghanistan Resettlement (Education) Grant 2022 to 2023 and the GLA universal grants for Free School Meals for primary pupils from September 2023 (section 6).

Signed:



Nicholas Smith, Head of Education Commissioning and School Organisation

Date: 6 June 2023

1. Purpose of the Report

- 1.1 This report has already been received by Camden Schools Forum as part of its duty to monitor spending on schools and the financial health of the education sector across the Borough.
- 1.2 The report provides the financial outturn position for 2022/23, as well as the latest funding situation for the current financial year, 2023/24. The report also outlines current funding arrangements for the next few years from the current planned transition to a "hard" national funding formula (NFF).

2. Funding position – outturn 2022/23

- 2.1 Total government funding for 2022/23 from the dedicated schools grant (DSG), pupil premium and 6th form grant totalled £202.63m. Spending across the four DSG blocks, including spending by individual schools, was a net £6.05m below the annual government funding, enabling a final increase of reserves above the £3.41m level estimated when the budgets were set. This was reflective of the higher than anticipated High Needs increases in national government funding for SEN along with lower-than-expected drawdowns in Early Years and High Needs projects. A breakdown of the net position for the year is outlined in the paragraphs below.

2.2 The table below outlines the historic and potential use of reserves (one-off cash balances) up to 2023/24 and beyond. The table shows the movement from the cumulative 2013 to 2019 DSG reserve balance to the current forecast position at the end of the current year, which is subject to future schools forum decisions. For 2022/23 the reserve shows a net increase following adjustments relating to revised High Needs spending, the delayed effects of the Covid19 emergency on potential reorganisation activity in schools, historic commitments and some adjustments relating to the closure of St Michael's and St Dominics schools. The position remains in line with the forum decision to improve the resilience and sustainability of the schools budget by reducing any reliance on one-off DSG reserve balances to supplement it. The future projections are in line with currently notified commitments and but will of course be subject to change as future decisions are made by forum in response to changing circumstances over time.

Table 1: DSG Reserve and movements as at June 2023

	Schools	CSSB Central Support Services block	High needs	Early years (inc. 2 year olds)	Movement in year	Final end of year balance
<i>B/F Bals 2013 to 2019 actuals</i>	500,748	738,437	1,422,442	1,916,142	4,577,770	4,577,770
<i>2019/20 actual movement</i>	1,072,016	746,568	-1,084,099	125	734,609	5,312,379
<i>2020/21 actual movement</i>	1,116,391	622,653	1,686,405	-1	3,425,449	8,737,827
<i>2021/22 actual movement</i>	1,158,792	644,246	2,660,550	0	4,463,588	13,201,416
<i>2022/23 actual movement</i>	468,636	588,931	4,017,244	978,803	6,053,614	19,255,029
sub total - Current balance	4,316,584	3,340,835	8,702,542	2,895,069	19,255,029	
<i>2023/24planned movement</i>	0	0	4,125,544	-470,000	3,655,544	
<i>Payment of School Brokerage Grant Contribution from schools from DSG reserve -</i>	-250,000				-250,000	22,660,573

2.3 DSG schools block: £0.468m add back to reserves

There was a net £0.468m increase of reserves to schools block. The balance was due to a lower than expected spend of schools block funds due to the delaying effects of the Covid 19 emergency on anticipated schools reorganisation activity and costs and a lower than estimated increase in direct recoupment for Academy growth from the government. In addition, there was also a reduced spend from growth costs due to falling rolls in Camden and the reduced contribution to the Early Years block. There were no significant post year-end adjustments to the schools element of the DSG reserve this year resulting in a

final reserve balance of £4.32m. This this is an improved position from the forecast deficit of just a few years ago, however, this may change for 2023/24 onwards due to emerging pressures relating to inflation, possible future school and class reorganisations in response to falling rolls and potential long term future costs resulting energy inflation. Hence the direction of the overall level of schools DSG reserves increases in table 1 above has now started to decline from earlier years increases to one of £0.468m at the end of the financial year 2022/23.

- 2.4 There remains a risk in estimating the level of growth in academies at budget setting and the potential to under-estimate the scale of government recoupment and hold-back for this or HN Import/Export Recoupment from the Council's final DSG allocation compared to that originally notified. In addition, following the Covid 19 Ukrainian and the Afghan emergency funding there also remains the uncertainty of any potential government measures or funding clawback of grants in this area. This may also require some flexibility in the use of schools DSG reserve going forward.
- 2.5 DSG Central Support Services Block - £0.588m increase of reserves.
Following changes to DSG funding arrangements and an earlier year's decision by the Council to use its own resources to top-up the capital programme by the £0.7m, which Forum had previously agreed would be top sliced from the DSG, there remain resources available in the Central Schools Services block. It was proposed that going forward this be used to partly offset any schools block deficit resulting from in year pressures on expanding or reorganisation of classes following any proposed reorganisations. If at the end of this or future years there is a deficit on any DSG block reserve, Forum will also be asked to agree a small transfer from this reserve subject to any earlier or future funding commitments from the reserve.
- 2.6 DSG high needs block: £4.017m add back to reserve.
Following earlier overspends, Camden's DSG High Needs block reserve had been reduced by £-1.084m in 2019/20 leaving an opening balance on the HN DSG Reserve of a mere £0.338m at the start of 2020/21. Despite earlier forecast overspends from 2020/21 which mirrored High Needs pressures both nationally and in the wider London area prior to the Covid19 emergency the final spend has resulted in a £4.017m contribution back to the HN DSG reserves for 2022/23.
- 2.7 The add back to reserves of £4.017m in 2022/23 is again principally due to unexpected national HN DSG funding increases of £4.3m in 2020/21 and £4m in 2022/23 which made planning and forecasting HN outturn very difficult. The unexpected uplift in reserves has also have been impacted by some slowdown effects of the Covid19 emergency on activity in this area and more widely by unexpected national increases to the HN DSG budgets of £4.3m, £3.8m and £4.8m in 2021/22,2022/23 and 2023/24 respectively for Camden.

- 2.8 However, it should also be noted that in some cases of activity slowdown e.g., fewer referrals of new children with SEN during the lockdown there may still be activity time lags which increase costs in future financial years. In addition, the HN Team in section 1.13 of its report to Forum in February 2022 has indicated a proposed ongoing increase of £2.15m in HN funding into mainstream schools which will also absorb additional funding.
- 2.9 Spending in the high needs block the pressure is expected to increase as the impact of earlier SEN reforms continue to embed. As more young people leave school with EHCPs the numbers in college will continue to grow as they take those plans with them to college. Numbers are also growing in younger age groups as numbers identified and assessed in early years and primary settings increase which will have a long-term impact on costs.
- 2.10 Outturn forecasts will remain difficult to predict during the year due to the complexity of establishing the forecast charges from, Out-of-Borough schools (i.e. other Local Authorities) and the Further Education establishments. Charges from some other LAs are difficult to accurately forecast as final claims are often received very late. In addition, Further Education forecasts remains an area of risk of growth as they are estimated based on year-on-year trends of Education Health Care Plans (EHCPs) now extended to 25 year olds.
- 2.11 In summary the positive balance of £4.017m for the year in the HN block was a result of continuing forecasting difficulties, unexpected and rapid growth in budgets and the net effects of the Covid 19 emergency on activity in this area. With the continued growth in funding Council Officers and Headteachers are continuing to look at ways this funding can be devolved to Camden schools to alleviate budget pressure but also to ensure that the funding goes where most needed to maximise the impact in increasing life outcomes for children/young people with SEN as well as financial sustainability going forward. In the background to this, the SEN Team still expect the national SEN pressures with their associated uncertainties to continue into 2023/24 and beyond, with potential further uncertainty following the final outcomes of national SEN and NFF reviews by the government.
- 2.12 DSG early years block: £0.978m add back to reserves.
This was less than the £0.47m planned use of reserves at budget setting. Under the current government measures the majority (95%) of the EY DSG grant must be paid out to providers and any adjustments to the EY DSG grant indicated by reduced January 2023 census data will be reflected by the ESFA by adjusting the 2023/24 EY DSG allocations. This EY addition to 2022/23 reserves relates to provision for ESFA clawback in 2023/24 for the overpayment of DSG to Early Years for the financial year 2022/23. As indicated above - in 2023/24 the DfE will do a further calculation of the 22/23 allocation sometime in July and reduce the EY allocated amount according to the updated roll numbers in the Jan-23 census which the EY team calculate will be £0.495m. In addition there was also a

provision for the carry forward of an unspent £0.483m contribution from the HN DSG to Camden's Local Inclusion Fund (CLIF). CLIF supports early years settings to meet the needs of children with SEND. This will be allocated to EY providers in 2023/24.

- 2.13 The provision for £0.470 earmarked drawdown in EY DSG reserve to support transition costs to the new government funding system and the new Camden EY offer to 2-year-olds remains untaken. Further information regarding any intended use of the early years reserve will be set out in the future Early Years papers to schools forum.
- 2.14 Individual Schools Balances (ISB) - £0.03m increase of reserve.
The direction of the overall level of reserves held by Camden schools has now levelled off from earlier years increases to a moderate increase of £0.03m (compared to £1.72m last year) resulting in a final overall balance of £16.889m at the end of the financial year 2022/23. Whilst the majority of schools still remain in surplus (85%) the number in a deficit position at the end of the year was increased to 8 compared to 5 from last year. A total of 22 (40.7%) of schools needed to make use of and reduce their reserves, up from 17 (32%) last year. Also, the average balance held by those schools has now decreased by £0.027m (9%) from £0.318m in the previous year to £0.0.291m at the end of 2022/23. All schools will be asked to provide an update on their planned use of balances where these are more than 10% of the school's annual budget. The authority's policy has been to reserve the right to take back funding if a school cannot demonstrate a planned use of the excess over the 10%.
- 2.15 In general, schools are expected to spend the funding allocated in any one year on the education of pupils within the school during that year. The authority will continue to ensure that any schools with large balances have proper approved plans in place to justify retaining a high balance. Should an approved plan not be in place for the use of large balances, the authority may consider using its powers to take back part of the funding held by the school. Any funding taken back from schools could be reinvested in the schools budget. Funds derived from sources other than the authority would be excluded from any clawback.
- 2.16 An analysis of the movement in school balances for 2022/23 is shown in the following table and a summary of school balances will be circulated at the school forum meeting.

Table 2: Analysis of movement in individual schools balances 2022/23

Movement for year	No. of Schools	Percentage	Movement in Total Balances at 31st March 2023	Average balance per school	Average balance per school
	2022 /2023	2022 /2023	2022 /2023	2022 /2023	2021 /2022
	No.	%	£m	£m	£m
Schools increasing balances at year end	24.00	44.4%	3.12	0.470	0.392
Schools reducing balances at year end	22.00	40.7%	-2.29	0.291	0.318
Schools in deficit	8.00	14.8%	-0.80	-0.100	-0.221
Totals	54.00	100.0%	0.03		

Note 1: Includes PRUs

2.17 Total DSG reserves (not including ISB schools balances) now stands at £19.3 m and will be used in the coming year to support schools, early years and high needs funding as agreed by the Schools Forum during discussions on the 2023/24 budget (with the potential for any funding amendments required for schools as discussed in 1.4 above). However, ongoing usage may still be subject to revision and amendment by forum and the rate of using reserves for 2024/25 will be reviewed as part of the 2024/25 formula consultation process in light of and subject to any further government changes.

3. Funding for 2023/24

3.1 Funding for 2023/24 (including Academies) is expected to be in the region of £231.44m, supporting education and early years placements for around 20,000 children and young adults. A breakdown of the funding received, and its allocation is shown in table 3 below. As can be seen in the table, the bulk of the funding goes to schools and consequently they are the most affected by any cash or real terms reduction in funding. The net increase of £18.46m from last year's £212.98m after allowing for any changes in rolls and inflation uplifts (approx. 5.6%) is mainly due to the two new additional grants in 2023/24 for Mainstream Schools Additional Grant (MSAG) (£4.6m), Additional High Needs funding (£2.1m) and increased sixth form grant (£1.23m). In addition, the HN DSG was increased by £4.9m for 2023/24 in line with national increases.

Table 3: Estimated funding 2023/24 and distribution

	Funding Type	2023/24		2023/24
		£m	2. Funding Area Allocation to	£m
a				
	Schools block -before Rates Grant and Academies	114.58	Funding Areas:	
	National non-domestic rates within the premises factor (£s)	3.10		
	Schools block Academies	10.87	Camden schools	192.85
	High Needs places paid at source by ESFA - deduction	2.64		
	central school services block	1.21	Services provided by Camden including children's centres ¹	5.23
			External providers Academies & EY	18.65
	Early years block 3&4 Yr olds	14.03	High Needs External placements	9.70
	Disability Access Fund	0.07		
	EY Pupil Premium	0.13	DSG HN Reserve Transfer	5.00
	EY Disadvantaged 2 Yr olds	1.93		
	High needs block	50.50		
	Total DSG	199.05		231.44
b	2023-24 Mainstream Schools Additional Grant: indicative MSAG	4.54		
c	2023 to 2024 high needs funding Additional Grant	2.06		
d	Pupil premium	10.35		
e	6th form	15.45		
	Total From Government	231.44		231.44
f	Council contribution (EY)	0.00		
g	Use of DSG surplus	0.00		
h	Schools block Academies	-10.87		-10.87
	GRAND TOTAL	220.57	Totals	220.57

Notes: Funding for Camden's academies and free schools totalling £10.35m has been included in the above DSG total

- 3.2 Included in the £231.44m shown above is the estimated £10.87m that will be paid direct by the Education Funding Agency to the UCL and Kings Cross academies and the two free schools. The amount per school is calculated using the same formula as for Camden's maintained schools and hence the UCL academy and the free schools will receive the same as they would have done had they been a maintained school. The only extra funding for academy and free schools is a share of the separate government 'education services grant' - ESG (general rate) to cover services that a local authority would normally provide to a maintained school, such as HR, audit and asset management. The ESFA put in place a tapered protection arrangement for academies following the removal of the ESG

general funding rate in 2017 which protects the old £77 per pupil “up to 1% of total funding”. Schools which converted to academy status from September 2017 onwards are not eligible for ESG funding or ESG protection.

3.3 Allocation of the DSG for 2023/24 continues to be determined by separate local formulae for schools and High Needs blocks. Government regulations control the majority of the criteria used in the schools formula although some local discretions remain. For 2023/24, Camden continued to make no major changes to their own local formula (subject to any ESFA requirements) for primary and secondary schools (i.e. schools block DSG), continuing earlier work to bring it closer to the rates used by other authorities and thus the national average so as to prepare for the expected changes in the government’s NFF formula. This was applied subject to adjustments in compliance to the new ESFA statutory requirements to bring all local formulas to within 10% of the national factor rates used by the National Funding Formula NFF to determine Individual School Budgets (ISBs). The high needs block as per last year is allocated based on a derived amount per pupil with historic funding protection and following the governments’ increase to HN funding a 9% growth for Camden in 2023/24 (includes 5% DSG uplift and 3.4% for the £2.05m 2023/24 Additional High Needs Grant). Early years is governed by the ‘new single funding formula (since April 2017) which sets hourly rates on a consistent basis for all providers. Details of this were provided separately in the earlier February 2023 report (section 3.9) to schools forum.

4. Existing Spending Pressures

4.1 The current pressures and potential calls on reserves and schools balances faced by Camden schools for 2023/24 are set out below.

(a) Early Years block: £0.47m reserves provision.

- Following the introduction of the new Early Years National Funding Formula (EYNFF) from April 2017 the Early Years service introduced a new alternative Camden offer to replace its old universal offer to all 3- and 4-year-olds from September 2017. Camden’s new offer continues to deliver an enhanced offer above the statutory minimum, by offering disadvantaged 2 year olds in the borough (as identified by the Department for Work and Pensions) an additional 15 hours of funded early education as 3 & 4 year olds in whichever provision they choose. See [the Early Years Funding paper to Cabinet on 5th April 2017](#)).
- A standing provision of £0.470m in DSG reserve was committed by forum to support the enhanced Camden offer from 2018/19. To date there has been no request to draw down this DSG reserve by the Early Years team.

- Following any further review of future Early years capacity and provision the EY team will report on any anticipated pressures going forward.
- (b) High Needs: Future DSG HN Block forecast a £5.01m addition to reserves and a continued £0.40m drawdown for support of outreach/ early intervention projects in schools.
- Provisional spending plans for 2023/24 are not expected to exceed the £52.5m to be received from the government. The SEN team’s current forecast set out in its February Forum Report is for a £5.01m positive balance in this area by the end of 2023/24 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 initially been planning for a significant shortage of resources over this period.
 - The team indicate that additional funding outlined in section 1.7 above will allow new investment to support school 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 LBC’s commitment to inclusive local education for all children and young people with SEND. The new funding also includes an expectation that the LA will cover additional inflation and National Insurance and pay costs from 2022/2023.
 - Their February HN Report indicates that the SEN team proposes to spend the additional DSG funding summarised in 1.7 above on additional projects totalling nearly £4.7m in 2023/24 as summarised in table 3a below. However, it also states in its section 4 that “Despite the increased spend to over £47.5m that it will still generate a £5m contribution to reserves to the HN DSG by the end of 2023/24”.

Table 3a: Extract - Proposed HN Additional Spend in 2023/24 – detailed in Feb 2023 HN Schools Forum Report

Description of proposed HN additional spend in 2023/24	Proposed HN additional spend in 2023/24
	£m
Increase funding for Camden Special Schools and PRUs £904k	0.904
Increase funding for Hospital schools £296k	0.296
Increased funding to Early Years by a further £70k.	0.070
Increase funding to Camden Mainstream schools by £1.5m	1.500
Additionally Resourced Provision (ARP) in mainstream schools £315k	0.315
Increased funding for external provision £1.2m	1.200

Increase outreach services to support all schools £400k	0.400
Continued support of Rhyl satellite£92k	0.092
Totals	4.777

- Ongoing future HN spending plans will be reported to forum under separate cover.
- (c) Pupil premium Grant (PPG) - £10.35m funding (currently) – 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 will be confirmed in June 2023 now using pupil number data from the October 2022 census. Exceptions to that include alternative provision and pupil referral units where eligibility will continue to be based on the January census. The change to the earlier census date does not appear to have significantly impacted Camden’s eligibility and take up of this grant. The Council will consider any impact on PPG of the GLA universal primary pupil FSM proposal from September 2023 when the final details are released.
- (d) 6th form £15.45m funding – The grant is issued on an academic year basis, with funding for September 2023 to March 2024 announced in April 2023. 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 ESFA announced the final allocations for 2023/24 to all post 16 institutions in March 2023. Camden’s funding has increased by £1.23m from last year. However, whilst changes in roll numbers and the last 4.7% increase in rates (2020/21) has generated the increased funding of £1.23m (FY) in the 2023/24 allocations, a continuation of the below inflation increases to the pupil funding rate will continue to result in a further real terms reduction in this funding going forward.

4.2 The Institute for Fiscal studies (IFS) FE Report in 2021 indicates that “ In the 2021 Spending Review the government allocated an extra £1.6billion in funding for 16-19 year olds education in colleges and schools from 2021/22 to 2024/25. This addition funding means that total government funding per student is set to rise by 6% in real terms between 2021/22 and 2024/25. Yet even with this additional money, college funding per pupil in 2024/25 will still be around 10% below 2010/11, while school sixth form funding per pupil will be 23% lower. Therefore, the additional funding for 16-19 education will only serve to partially reverse the cuts of the previous decade.” The report concluded that “For colleges, this still leaves spending per student lower than 2005 levels, almost 20 years earlier. 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. These historically large decreases in spending per student create immense resource

challenges for colleges and sixth forms in seeking to maintain the quality of education.”

4.3 The SEN team will continue to allocate the 6th form grant for High Needs places which was removed from the 6th form grant from 2017/18 for allocation by Councils based on “agreed SEN place numbers” in place of historic funding levels.

- (e) MTFS Savings - Going forward 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 2023.
- (f) Teachers Pay award from September 2023 -
The ESFA have currently made the following pay offer to teachers for September 2023 (as at April 2023)

Pay Offer Sept 2023

- Teachers will receive a one-off payment of **£1,000 for the current academic year** This is on top of the average pay rise of 5.4% which teachers received in September 2022
- Teachers and leaders have been offered an average pay rise of **4.5% in 2023 to 2024** This is above the Office for Budget Responsibility (OBR) forecast for inflation at the end of this calendar year, which is 2.9% and forecast to fall further.
- The starting salary for new teachers will rise 7.1% to £30,000, delivering on the Government’s commitment.

Funding

- The **£1,000 one-off payment** for teachers will be funded by Government, via a **new grant to schools**.
- Schools will already receive an additional £2 billion in 2023 to 2024, and in 2024 to 2025 (via MSAG for higher-than-expected inflation and energy costs)
- Because energy costs are forecast to fall at a faster rate than previously expected, an average pay rise of 4% is now judged to be affordable for schools.
- **Costs above this affordable 4%** will also be provided for through the **new grant**.

5. Impact

5.1 Based on school budgets over the period 2022 to 2024, after accounting for the increase in teacher pay in 2022, schools have a remaining £2.4 billion to fund:

- an increase in teacher pay in 2023 to 2024;
- an increase in pay for support staff in 2023 to 2024;
- the increase in schools' energy costs in 2023 to 2024.

5.2 The government says that it will provide schools with further funding of around £620 million in 2023 to 2024, including a grant of £530 million for the one-off payment (of £1,000).

5.3 Combining the existing headroom with the additional funding pledged in recent talks, schools are expected to be able to give teachers an average pay increase of 4.5% without making cuts to other things. Further details are indicated in Appendix 5 and on the ESFA website [Teacher strikes: Everything you need to know about the teacher pay offer - The Education Hub \(blog.gov.uk\)](#)

(g) Support Staff Pay April 2023

The Council National Employers have made the following one-year (1 April 2023 to 31 March 2024), full and final offer to the unions representing the main local government NJC workforce (as at February 2023):

- With effect from 1 April 2023, an increase of **£1,925** (pro rata for part-time employees) to be paid as a consolidated, permanent addition on all NJC pay points 2 to 43 inclusive. *The equivalent percentage increases to each pay point are shown at Annex A*
- With effect from 1 April 2023, an increase of **3.88 per cent** on all pay points above the maximum of the pay spine but graded below deputy chief officer.
- *With effect from 1 April 2023, an increase of 3.88 per cent on all allowances*

(h) Detailed rates for budget planning were sent out to schools and set out in December's Forum report. In summary - from cumulative per pupil cash increases between 2018/19 to 2023/24 of 10.06% and 5.6% in 2023/24 – as well as the historic unfunded pressures outlined in past forum reports – schools will face the following possible pressures and risks

- Part funding only of some Teachers pay awards – Any Teachers pay award above 4% in 2023 - From September 2023 (proposed)
- Support Staff pay award April 2023/24 – Any support staff pay awards in excess of the 3.88% current offer from April 2023.

- Current Forecast CPI of 8% - Based on the above ESFA funding model for the 2023 Teachers pay award – the excess of any inflationary pressures above 4% for the Teachers pay award and energy costs.
- Energy Costs Inflation The latest information sent out to schools on 10th March 2023 by the LBC Energy Team for the **October 2023 to September 2024** energy contract indicated range of forecast prices increases from the unprecedented market price highs reached in August 2022 for Camden schools ranging from a low case to high case forecast scenario. The detailed table is attached as Appendix 4 – and their mid-case projected scenario for price changes for this upcoming period is as follows
 - Gas -11.1%
 - Electricity +10.3%
- MTFS saving - LBC Pensions Back funding (support staff) phased in from September 2019 and fully met from September 2020 raising the earlier contribution of £1.2m to £2.7m ongoing. Any proposal to change the current arrangements will be notified to future forums as soon as they are known.

- 5.4 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)”. This funding will then be rolled into the schools national funding formula in 2024-25.
- 5.5 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 along the path to “restore per pupil funding to 2010 levels in real terms”.
- 5.6 At the local level- Officers' calculations indicate that since per pupil funding was frozen from 2010/2011, Camden schools will have suffered by 2023 net real terms spending pressures from rising inflation alone of 29% (this is net of the total 15.66% DSG per pupil increases between the 6 years 2018/19 to 2023/24), equivalent to nearly £32m based on the current level of schools DSG income (measured on the Consumer Price Index of inflation, the government's preferred measure). as shown in chart 1 and table 4 below

Chart 1 Percentage terms effects of inflation on DSG grant on spending power between 2010 and 2024

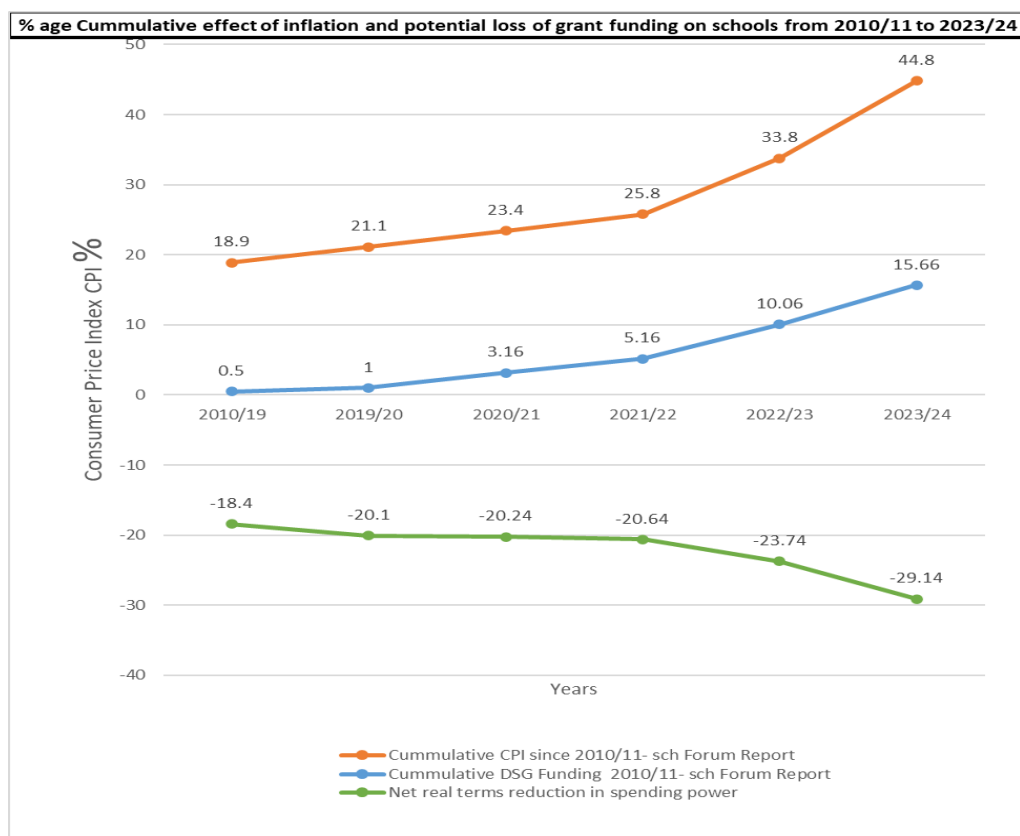


Table 4 – Illustrative Total Budget Inflation CPI from 2010 to 2024

1. Total Budget Inflation	2010/19	2019/20	2020/21	2021/22	2022/23	2023/24	2023/24
	%	%	%	%	%	%	cumulative
Year on year CPI increase from 2010	18.9	2.2	2.3	2.4	8	11	44.8%
Govt Increase to LBC DSG schools Funding	0.5	0.5	2.16	2	4.9	5.6	15.66%
Net real terms reduction in spending power	-18.4	-1.7	-0.14	-0.4	-3.1	-5.4	-29.14%

5.7 Alternative presentations of these pressures, showing the impact in cash rather than percentage terms, is provided in Appendix 2.

6. 2023-24 Onwards: The ‘Soft’ National Funding Formula Summary

6.1 The original December 2016 NFF proposals planned to make the shift to the new formula through a transition year in 2018/19 during which a “soft” DSG schools block would apply with funding distributed to schools by the Council’s local funding formula. This was 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. In order to “ensure a smooth transition for all schools

and local areas” the ESFA has since delayed proposals to move to a ‘hard’ NFF making 2024/25 the earliest possible year for the completed national funding formula proposals.

6.2 The Education White Paper 2022 [Opportunity for all: strong schools with great teachers for your child](#) (section 146) stated that that “We want all schools to be in or joining a strong trust by 2030 and will engage with the sector on how best to achieve a fully trust led system”. In section 168 it then stated “Having successfully introduced the national funding formula, we will now transition to using that formula to set each school’s budget directly, without local amendment – ensuring every child receives their fair share of funding... We will consult in the autumn on the details of the formula”. The plan was to move to a ‘hard’ NFF in future after consulting widely with local authorities, schools and others to consider carefully any issues that remain to be resolved.

6.3 Beyond The ministerial letter to headteachers of 17th January 2023 no further commitment to national funding levels beyond 2024/25 has currently been made by the ESFA. It is expected that more detail will emerge during the summer term.

7. 2024/25 Onwards: Future Funding and ‘Hard’ National Funding Formula.

7.1 Beyond the Autumn Budget Announcement on 17th November 2022 when 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 most recent announcement was The ministerial letter to headteachers of 17th January 2023

7.2 The ministerial letter from the Education Secretary Gillian Keegan 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.

7.3 It is expected that more details on schools future funding arrangements will emerge during the summer term.

8. Recent ESFA Grant Announcements - since February 2023

8.1 Recent ESFA major Grant announcements since February 2023 have been as follows:

8.2 **Afghanistan Resettlement (Education) Grant 2022 to 2023 – extension to 2023/24** - issued from ESFA on 30 March 2023

8.3 **Payment** of the Afghanistan Resettlement (Education) Grant 2022 to 2023 is being allocated to those local authorities where families who have arrived from Afghanistan are being housed in temporary accommodation, namely, bridging hotels funded by the Home Office. Due to the continued pressures on local authorities, the ESFA have provided funding to cover costs incurred in the 2022 to 2023 financial year and have reduced the payments by any underspends from the 2021 to 2022 allocations.

8.4 The funding allocation is based on a per pupil basis for the three phases of education at the following annual rates:

- Early Years (ages 2-4) - £3,000
- Primary - £6,580
- Secondary - £8,755

8.5 The ESFA have calculated the allocations using March 2022 and November 2022 data from the Home Office and paid 50% of the funding tariff for each dataset. Local authorities can carry the funding from the 2022 to 2023 financial year forward into the 2023 to 2024 financial year but must spend it by 31 March 2024.

8.6 Further information on the allocations and the grant conditions can be found at the following link: <https://www.gov.uk/government/publications/afghanistan-resettlement-education-grant>

9. The GLA universal grants for Free School Meals for primary pupils from September 2023

9.1 The GLA has written to Councils informing them of the following guidance and proposals for the release of their universal grants for Free School Meals for primary pupils from September 2023: - (Extract as at 4th May 2023)

- a) The GLA has replicated the established (Education and Skills Funding Agency) ESFA's funding regime method of calculating in allocating the level of funding required for grants for Free School Meals for primary pupils.
- b) So, for academic year 2023-24 the GLA will fund on an average of the primary pupils taken on census days in October 2022, January 2023 and

June 2023 extrapolated across the year multiplied by £2.65 per day. This support will exclude the independent sector.

- c) Payment would be made termly in advance. To allow for upfront costs it is proposed that half of the funding would be paid in July 2023, with a further 20% in December and a further 20% in March. A balance of 10% would be held back for the final payment as set out in d) below.
- d) Based on the census day returns in October 2023 and January 2024 a balancing payment or claw back would be made before the end of the summer term 2024.
- e) Any additional process for clawback or top up will be based on actual differences in uptake of free school meals, except where an LEA chooses not to implement the scheme after having received the advances. This is because currently the ESFA does not operate such a clawback or top-up mechanism beyond the reconciliation payment described in d) above.

9.2 Payment will be made to LEAs for their maintained schools and non-LEA maintained schools (i.e. Payment to Academy Trusts would be made by each LEA for MATs in their area). LEAs will pass on the exact amount to each MAT based on the allocation set out above and that payment would be made swiftly to each MAT once GLA funds are received.

9.3 The GLA guidance states that they understand the potential impact a universal offer could have on maintaining levels of registration for free school meals, and the effect this would have on pupil premium funding for schools. To mitigate against they encourage consideration of best practice in promoting registration (and the benefits to schools) including models where all parents are required to complete registration. How a borough or school chooses to promote registration is for agreement locally.

9.4 Schools will be updated when the final arrangements are confirmed. More details can be found at the following link : [Mayor announces every London primary schoolchild to receive free school meals.](#)

10. Further Support to Schools

10.1 As indicated 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 recent years the Council has taken a further range of actions that removed two forms of entry permanently by the closure of Carlton Primary School, and more recently a further one form by the closure of St Michaels CofE school in March 2022.

10.2 During 2022/ 23 the Council has continued to work with schools head teachers and chairs to discuss options for reorganisation in Camden schools. This has removed a further one forms of entry with the planned closure of St Dominics Primary school in August 2023. The Council will continue to work closely with schools to explore different options for future school places.

- 10.3 In response to the current economic climate and the growth of the Schools block reserve the Council and Forum in the February 2022 forum meeting agreed that that part of this available surplus be used to support schools former de-delegated charge of £15 per pupil for the loss of ESG grant for Camden education services. This application of DSG reserve will continue to support schools budgets in 2023/24 by removing the £246k formerly charged to them.
- 10.4 While adjustments or reductions in spending will need to be made across all DSG blocks, the majority of the potential reduction will fall on schools. The ESFA continue to offer of support and training workshops 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.
- 10.5 Work is also continuing by Camden Officers and Headteachers to address the pressures in SEN and where possible to increase support to mainstream schools and achieve savings in the High Needs area. The SEN Team will continue to report back to future Schools forums on progress to date in this area.
- 10.6 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 real terms funding.

11. Finance Comments of the Executive Director Corporate Services

- 11.1 The report provides the financial outturn position for schools high needs and early years DSG for 2022/23, updates on the latest funding situation for the current 2023/24 financial year
- 11.2 The reports advice is made within the current ESFA funding for requirements 2023/24 and is in accord with ESFA guidance and requirements and there are no additional finance comments.
- 11.3 The finance reports to schools forum are written by the Finance team and as such the views of the Exec Director Corporate services are included with the report.

12. Legal Comments of the Borough Solicitor

- 12.1 The report has outlined the schools DSG financial outturn position for 2022/23 in and the proposed funding for 2023/24 line with the requirements and guidance of the ESFA Operational Guidance and requirements.
- 12.2 The basic structure of the national funding formula (NFF) has not changed for 2023-24. 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.

13. Environmental Implications

There are no proposals with environmental implications made in this report.

14. Appendices

- Appendix 1: Camden's School Funding Formula 2023/24
- Appendix 2: Chart 1 illustrative - Cumulative effect of frozen funding and potential loss of grant from 2010-2024 in cash terms
- Appendix 3: Analysis of movement in individual schools balances 2021/22 and 2022/23
- Appendix 4: Energy price forecast for Oct23-Sep24 - February 2023
- Appendix 5: ESFA Funding model for Teachers 2023 Pay award - Extract

REPORT ENDS