

LONDON BOROUGH OF CAMDEN	WARDS: ALL
REPORT TITLE Funding Update and Schools Funding Consultation: 2024/25	
REPORT OF Head of Education Commissioning and School Organisation	
FOR SUBMISSION TO Schools Forum	DATE 13 September 2023
SUMMARY OF REPORT <p>This report updates Schools Forum on the national funding position following the latest July 2023 ESFA technical updates and guidance on schools funding for 2024/25. It provides forum with estimates of the possible impacts on resources up to and beyond 2023/24. It then sets out a draft consultation document for comment by the Forum, seeking the views of schools and other interested parties about any changes to the school funding arrangements for 2024/25.</p> <p>The report recaps that the schools national funding formula (NFF) was introduced in April 2018 with transitional arrangements whereby local authorities maintain a local funding formula for the distribution of schools and high needs block grants, until 2019/20. It then explains how the updated Education Schools Funding Agency (ESFA) July Guidance for 2023 2024-25 on NFF has now extended this arrangement to 2024/25 and continued its “mirroring” requirement to reduce the difference between individual local formulas and the NFF factors annually by 10%. This now makes 2025/26 the earliest year for the completed national funding formula proposals.</p> <p>The report also indicates the current budget pressures and the position regarding any possible draw down or addition to Designated Schools Grant (DSG) reserves following the uplifted DSG allocations for 2024/25 announced in July 2023.</p> <p>The draft consultation section of the report outlines the current and any proposed changes or ESFA statutory requirements to the local Camden funding formula (primary and secondary schools) used for the distribution of the schools DSG block. The recommendation is that there be no changes to the current formula beyond uplifting the local formula factors in line with the general DSG inflation increase for 2024/25 (currently 2.64%) subject to the new ESFA statutory “mirroring” requirements. These ESFA requirements are mainly maximum and minimum factor value requirements introduced to reduce any difference between individual local formula and NFF factors by 10% per year. This approach continues forums earlier aim to wherever possible continue with its current agreed local formula with minimal changes. This is to enable schools to concentrate on dealing with the real terms funding reductions to school budgets (caused by ongoing high levels of inflation and a significant period of below inflation increases to per pupil funding in past years) without introducing new redistributive effects from changes to the local formula at this stage.</p>	

The report also explains the timetable leading up to a decision on the funding formula by the authority, which is required prior to the end of October in order to comply with a requirement to inform the government of any changes by 30th November.

Local Government Act 1972 – Access to Information

The following documents have been used in the preparation of this report:

- Operational Guide Pre-16 schools funding: local authority guidance for 2024 to 2025 - GOV.UK (www.gov.uk)
- Schools block funding formulae 2023 to 2024: Analysis of local authorities' schools block funding formulae - GOV.UK
- [NFF schools block technical note \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)
- Allowable factor value ranges_2024/25
- P re-16 schools funding: local authority guidance for 2024 to 2025

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RECOMMENDATIONS

That Schools Forum is asked to:

- a) To note the developments regarding the planned implementation of the national funding formula, as set out in sections 1 to 4.
- b) To also note the current pressures on schools budgets and the support being provided by the Council in sections 5 to 8. The timetable for consultation on the local funding formula is outlined in section 9.
- c) To comment on the draft 2024/25 budget consultation document prior to circulation to schools and other relevant parties, as described in sections 9 and set out in Appendix 1.



Signed by:

Nick Smith, Head of Education Commissioning & School Organisation

Dated: 1 September 2023

1. **Changes in level of Total national Funding 2024/25 – from July 2023**

Overall Funding

- 1.1. As announced by the ESFA in July 2023 the total core schools budget is increasing to over £59.6 billion in 2024 to 2025 - the highest ever level per pupil, in real terms, as measured by the Institute for Fiscal Studies (IFS). This delivers the third year of the governments earlier three year funding settlement which had committed a £7 billion cash increase by 2024/25.
- 1.2. Overall, core schools funding (including funding for mainstream schools and high needs) will be increasing by over £1.8 billion in 2024 to 2025 compared to the previous year, on top of the £3.9 billion increase in 2023 to 2024.

Schools Block National funding 2024/25

- 1.3. The 2023 to 2024 Mainstream Additional Grant MSAG has also been rolled into the schools NFF for 2024 to 2025. (introduced to meet the rising costs faced by schools). Adding this new additional grant funding to the NFF now ensures that it now forms part of schools' base core budgets and will continue to be provided. The year-on-year increases in the value of the NFF, and the value of NFF factors, that ESFA are quoting have now been adjusted to take this into account.
- 1.4. The ESFA states that funding for mainstream schools through the schools NFF is increasing by 2.7% per pupil compared with 2023/24. Combined with the funding increases seen in 2023 to 2024 (including MSAG), this means that funding through the schools NFF will be 14.8% higher per pupil in 2024 to 2025, compared to 2021 to 2022.
- 1.5. The ESFA 's July 2023 notional NFF calculations for 2024-25 are based on the most up-to-date school and pupil characteristics data. These are taken from the (Jan) 2023/24 authority pro forma tool (APT) data and the 2023/24 general annual grant (GAG) data. This used pupil numbers from the October 2022 census (or agreed pupil numbers from last year) as the most recent data available for its calculations. Schools' final allocations for 2024/25 as determined by their local authority will of course be based on pupil numbers from the upcoming October 2023 school census.

1.6. **Schools per pupil funding levels 2024/25**

The ESFA have summarised the following key features and changes for the NFF funding levels for 2024/25 as:

- i. They have now introduced a formulaic approach to allocating split sites funding. This ensures that funding for schools which operate across more than one site will be provided on a consistent basis across the country.
- ii. The core factors in the schools NFF (such as basic per-pupil funding, additional needs factors, and the lump sum that all schools attract) will increase by 2.4%.
- iii. The minimum per pupil funding levels (MPPLs) will also increase by 2.4% compared to 2023 to 2024. This will mean that, next year, every primary school will receive at least £4,655 per pupil, and every secondary school at least £6,050. (Academy trusts continue to have flexibilities over how they allocate funding across academies in their trust. This means, in some cases,

an individual academy could receive a lower per-pupil funding amount than the MPPL value).

- iv. The funding floor will ensure that every school attracts at least 0.5% more pupil-led funding per pupil compared to its 2023 to 2024 allocation.
- v. The 2023 to 2024 mainstream schools additional grant (MSAG) has now been rolled into the schools NFF for 2024 to 2025. This ensures that the additional funding schools attract through the NFF is as close as possible to the funding they would have received if the MSAG funding was continuing as a separate grant in 2024/25, without adding significant complexity to the formula. Adding the grant funding to the NFF also provides reassurance to schools that this funding forms part of schools' core budgets and will continue to be provided going forward.
- vi. For the first time, in 2024/25 the ESFA will allocate funding to local authorities on the basis of falling rolls, as well as growth. Local authorities can use this funding to support schools which see a short-term fall in the number of pupils on roll.

1.7. **High Needs National Funding formula features**

- i. High needs funding in the NFF is increasing by a further £440 million, or 4.3% in 2024/25. This brings the total high needs budget to over £10.5 billion – an increase of over 60% compared to 2019 to 2020 allocations.
- ii. All local authorities will receive at least a 3% increase per head of their aged 2 to 18 population, compared to their 2023 to 2024 allocations, with some authorities seeing gains of up to 5%. As an historically well funded Council Camden is expected to receive the 3% funding floor for 2024/25.
- iii. The total £10.5 billion funding includes the continuation of the £400 million high needs funding allocated to local authorities following the 2022 autumn statement, and the further £440 million increase is provided on top of that. All special and alternative provision schools will continue to receive their share of that funding in 2024/25.

new Split Sites factor 2024/25 - (up to a maximum of 3 additional sites per school)

- 1.8. Following from their consultation on implementing the direct national funding formula the ESFA have now introduced from 2024/25 that split sites funding will be determined through a national "split sites factor". As part of the preparation for this proposed change, the ESFA asked local authorities to enter the details of mainstream split site schools and their addresses on the split site data collection. Those Camden schools concerned were advised and contacted by schools finance for their completion details last year.
- 1.9. The **ESFA proposed** to set the maximum total amount schools can receive for a split site at **60% of** the NFF lump sum £135,700 = £81,400. Split site conditions are as follows:

- 1.10. **Under Basic eligibility** 20% of the NFF lump sum value (£81k) allocated under the split sites factor is for sites which qualify thus:
- 1) are **separated** by a public road or railway as a clear marker of separateness.
 - 2) used primarily for the education of 5-16-year-olds, and must share a **single unique reference number (URN)** (this ensures we would only fund shared premises once).
 - 3) site must have a **building** which is maintained by the school, using the same definition as the CDC (The Condition Data Collection (CDC) which collects data on buildings' conditions as part of work to improve the school estate) and exclude sites which only contain 'ancillary buildings', such as storage sheds, as they are not used primarily for the education of 5-16-year-olds
 - 4) The requirement for a building on the site would **exclude playing fields** from triggering eligibility for split sites funding. We do not believe playing fields incur the same costs as a building.
- 1.11. **DISTANCE ELIGIBILITY** - 40% of the NFF split sites lump sum value is allocated under "split sites distance eligibility".- for which the site would have to meet the basic criterion above and also meet a distance threshold of 500 metres (0.3 miles) by road.
- 1.12. **Teachers' pay additional grant (TPAG) 2023/4/5**
- i. On top of these funding increases through these formulae, in July 2023 the ESFA also announced additional funding for schools' teachers' pay costs. This additional funding will be paid on top of the national funding formula in both 2023 to 2024 and 2024 to 2025. Further information about the teachers' pay additional grant (TPAG) is available at: <https://www.gov.uk/government/publications/teachers-pay-additional-grant-2023-to-2024>
 - ii. In July 2023 the government announced £525 million to support schools with the September 2023 teachers' pay award, with a further £900 million in 2024 to 2025. This funding is being split between mainstream schools, special schools and alternative provision (AP), early years, and 16 to 19 provision. The split reflects relative pupil numbers, and core funding amounts, across these different types of provision.
 - iii. In 2023 to 2024, funding through TPAG will cover the 7 month period from September 2023 to March 2024. TPAG will continue for the whole of the financial year 2024 to 2025. Allocations for 2024 to 2025 will therefore be calculated using twelve sevenths of the funding rates in 2023 to 2024.
 - iv. The ESFA have provided the following analysis of the TPAG indicating that it represents a grant to support any excess cost beyond 3.5% resulting from the final 2023 Teachers pay award. As this was finally settled at 6.5% this grant will now in effect cover the residual 3% Teachers pay award for September 2023.

Extract ESFA - School Teachers' Pay Additional Grant – total funding.

2023-24	£525 million
of which:	£432.5 million for mainstream schools
	£50.0 million for special schools and AP
	£12.5 million for early years
	£30.0 million for school sixth forms.
2024-25	£900 million

- Calculated to equal the cost of the pay award, over 3.5%
 - This increase comes on top of the funding provided at the last Spending Review, and the additional £2 billion a year provided at the Autumn Statement. Taking all these together, the Core Schools Budget will now be £59.6 billion in 2024-25
- v. Further details are summarised in Appendix 6 and at the following ESFA webinar link: [School Teacher's and School Leader's 2023/24 Pay Award Update](#)
- vi. TPAG will continue for the whole of the financial year 2024 to 2025. Allocations for 2024 to 2025 will therefore be calculated using twelve sevenths of the funding rates in 2023 to 2024.

1.13. **Central school services funding (CSSB)**

- i. Central school services funding is provided to local authorities for the ongoing responsibilities they have for all schools. The total provisional funding for ongoing responsibilities is £304 million in 2024/25. This includes £5 million to cover the exceptional increase in copyright licence costs in 2023 to 2024, as licences were updated following the increased use of digital technology.
- ii. In line with the process introduced for 2020/21, to withdraw funding over time for the historic commitments that local authorities entered into before 2013/14, funding for historic commitments will decrease by a further 20% in 2024 to 2025. This is subject to the same protections as in previous years related to any ongoing prudential borrowing and termination of employment costs.
- iii. Updated allocations of schools, high needs and central schools services funding for 2024 to 2025 will be published in December, taking account of the latest pupil data at that point.

1.14. **Direct national funding formula transition**

1.15. 2023/24 was the first year of transition to the “direct” schools NFF, with the ESFA’s end point being a system in which, to ensure full fairness and consistency in funding, every mainstream school in England is funded through a single national formula without adjustment through local funding formulae. Following a successful first year of transition, they will continue with the same “mirroring” approach to transition in 2024/25. The July 2023 ESFA Operational Guidance states “In 2024-25, local authorities will remain responsible for determining final allocations to schools, in consultation with the Schools Forum”.

1.16. This “mirroring” approach means that as in 2023/24, local authorities will only be allowed to use NFF factors in their local formulae, and must use all NFF factors,

except any locally determined premises factors. Local authorities will also be required to move their local formulae factors a further 10% closer to the NFF values, compared to where they were in 2023/24, unless they are classed as already “mirroring” the NFF (that is, within +/- 2.5% of the NFF values).

- 1.17. The ESFA have also published local authority funding formula data for 2024/25 and allowable factor ranges on the following link:
[Allowable factor value ranges 2024/5](#)
- 1.18. Following the first year of transition, the number of local authorities that mirror the schools NFF increased significantly from just over half in 2022/23, to just over two-thirds in 2023/24. Of the 72 local authorities that were not mirroring the NFF in 2022 to 2023, 61 chose to move their local formula closer to the NFF than required. The method is as below.

Methodology

- 1.19. The ESFAs July 2023 NFF Policy Guidance document explains how the ESFA will “continue to move forward with its plans to implement a direct NFF, whereby funding will be allocated directly to schools based on a single, national formula by taking a gradual approach to transition to avoid any unnecessary or unexpected disruption to schools”. This transition towards the direct NFF began in 2023-24 and will continue in 2024/25 by introducing and maintaining the following requirements that:
 - i. Local authorities continue to move their local formula factor values at least a further 10% closer to the NFF until they ultimately “mirror” the NFF.
 - ii. From 2024/25 Local authorities must use the new national formulaic approach to split sites funding. This will replace the current local authority-led approach.
 - iii. Local authorities must use the new NFF requirements for growth funding, whereby additional classes (driven by basic need) must be funded by at least the minimum funding level set out in the funding calculation.
 - iv. Local authorities must also follow the new NFF requirements for falling rolls funding, whereby local authorities can only provide falling rolls funding to schools where school capacity survey (SCAP) data shows that school places will be required in the subsequent three to five years. The restriction that schools must be judged Good or Outstanding at their last Ofsted inspection to be eligible for funding is also being removed from 2024/25

2. Recap on the national funding formula proposals

- 2.1. Whilst the schools national funding formula was introduced in April 2018/19 the final distribution of funding to individual primary and secondary schools is still currently determined by a local funding formula. Local authorities still have a statutory duty to maintain a local formula and consult with their schools forum and schools on any changes to the formula. Separate funding rules apply to high needs and for early years, where from April 2017 the authority now sets funding in line with the government’s national funding formula and new directive on working parents.
- 2.2. The original December 2016 NFF proposals planned to make the shift to the new formula through a transition year in 2018/19 in which a “soft” DSG schools block

would apply with funding distributed to schools by the Council's local funding formula. This was then planned to be followed by the introduction of a "hard" DSG from 2019/20 with each school receiving funding directly from the EFA according to the calculated NFF formula.

- 2.3. ESFA then indicated that so as not to disrupt local authorities' planning processes and to ensure a smooth transition to NFF, that local authorities would continue to determine local formulae in consultation with local schools to distribute schools block funding in the 2023-24 financial year. "However, Local authorities will be required to start bringing their own formulae closer to the schools NFF from 2023-24 by using all and only NFF factors and by moving local factor values at least 10% closer to the NFF." As detailed above this process has continued for 2024/25 and now makes 2025/26 the earliest possible year for the completed national funding formula proposals.
- 2.4. The July 2022 NFF policy document the ESFA stated that "local authorities will remain responsible for determining final allocations to schools, in consultation with the Schools Forum and subject to ESFA constraints to move local formulas closer to the NFF factor values. It's July 2023 Policy document then stated that it will continue this method of allocation for 2024/25. - "Following a successful first year of transition (2023/24), we will continue with the same approach to tightening in 2024-25. As in 2023-24, local authorities will only be allowed to use NFF factors in their local formulae, and must use all NFF factors, except any locally determined premises factors.

Summary

- 2.5. In summary the basic structure of the schools national funding formula (NFF) is not significantly changing in 2024/25. The ESFA are continuing to set an aggregate NFF schools block funding total for Councils to distribute by local formula. However, to enable the ESFA to move forward with its plans to implement a direct NFF, as set out in its recent consultation response (where that funding will be allocated directly to schools based on a single, national formula) - Local authorities are now required to start bringing their own formulae closer to the national schools NFF from 2023-24 by "using all and only NFF factors and by moving local factor values at least 10% closer to the NFF" each year. This will continue for 2024/25. The main updates in the schools NFF for 2024/25 are summarised above and detailed below and in the following link. <https://www.gov.uk/government/publications/national-funding-formula-for-schools-and-high-needs>

Technical Details - FIO

3. **Detailed National funding Formula changes in 2024/25 – from July 2023**
 - 3.1. Section 3 merely explains the funding formula changes in more technical detail than sections 1 and 2 above.
 - 3.2. The most recent changes to the NFF formula were announced in the ESFA's National funding formulae Guidance for schools and high needs 2024/25 published July 2023 which are summarised above. This section 3 just expands into more detail from that information summarised above.

- 3.3. The basic structure of the schools national funding formula (NFF) is not significantly changing in 2024/25. The ESFA are continuing to set an aggregate NFF schools block funding total for Councils to distribute by local formula. However, to enable the ESFA to move forward with its plans to implement a direct NFF, as set out in its consultation response (where that funding will be allocated directly to schools based on a single, national formula) - Local authorities are now required to start bringing their own formulae closer to the national schools NFF from 2023-24 by “using all and only NFF factors and by moving local factor values at least 10% closer to the NFF” each year. This will continue for 2024/25. The main updates in the schools NFF for 2023 to 2024 are summarised above and detailed below and in the following link.

<https://www.gov.uk/government/publications/national-funding-formula-for-schools-and-high-needs>

3.4. **Schools block NFF key features in 2024/25**

- a) Local authorities must move their local formula factor values at least a further 10% closer to the NFF, except where local formulae are already “mirroring” the NFF. For this purpose, local factor values within 2.5% of the respective NFF values are deemed to be “mirroring” the NFF. From 2024/25, this 10% requirement will also apply to the “fringe factor” for local authorities on the London fringe.
- b) Local authorities must use the new national formulaic approach to split sites funding. This will replace the current local authority-led approaches.
- c) Local authorities must use the new NFF requirements for growth funding, whereby additional classes (driven by basic need) must be funded by at least the minimum funding level set out in the funding calculation.
- d) Local authorities must also follow the new NFF requirements for falling rolls funding, whereby local authorities can only provide falling rolls funding to schools where school capacity survey (SCAP) data shows that school places will be required in the subsequent three to five years. The restriction that schools must be judged Good or Outstanding at their last Ofsted inspection to be eligible for funding is also being removed from 2024-25

Rolling in of the Schools Supplementary Grant funding and Manstream SAchools Additional Grant (MSAG) into the base budgets for 2024-25 NFF

- 3.5. Rolling the schools supplementary grant funding and MSAG into the NFF- The schools supplementary grant was introduced to support schools to meet the costs of the Health and Social Care Levy and wider costs in 2022/23. Funding at 2.9% per pupil was based on pupils from reception to year 11 (inclusive). It was rolled into the schools NFF from 2023/24 and the same approach was taken for the 2024/25 base budget. This is to ensure that the additional funding schools attract through the NFF is as close as possible to the funding they would have received if this funding was continuing as a separate grant in 2024-25, without adding significant additional complexity to the formula. It has been done to reflect the 3 different ways in which schools attract funding through the NFF. MSAG was then introduced in 2023/24 for additional costs in schools. It too has also been adjusted into 2024/25 base budgets as follows:

1. NFF Factors- by adding £119, £168 and £190 to the primary, key stage 3 and key stage 4 per pupil funding factors respectively; £104 and £152 to the

- primary and secondary FSM6 factors; and £4,510 to the school lump sum – re Supplementary grant
2. Uplifting Minimum Funding levels – by adding £143, £186 and £208 to the minimum per pupil (MPP) funding levels for primary, KS3 and KS4 respectively– re Supplementary grant
 3. MSAG - Adding an amount representing the total funding schools receive through the mainstream schools additional grant (MSAG) on to their baselines, which is used to calculate funding protection for the schools through the funding floor. This increases the amount that schools whose allocations are determined by the funding floor will attract.

The rolling in of these grants into the schools' notional NFF allocations will affect the core budgets that maintained schools will receive from April 2024, and that academies will receive from September 2024

3.6. Other key features of the schools block local funding formulae

1. Local authorities will continue to set a minimum funding guarantee in local formulae, which in 2024-25 must be between +0.0% and +0.5%. This will allow all of them to match the protection in the NFF, which the ESFA expect local authorities to continue to do where possible.
2. Local authorities will again be able to transfer up to 0.5% of their total schools block allocations to other blocks of the Dedicated Schools Grant (DSG), with schools forum approval. A disapplication will continue to be required for transfers above 0.5%, or for any amount without schools forum approval. The criteria the department apply when considering such requests are available in the school funding operational guide.
3. Following the cancellation or incompleteness of assessments in summer 2020 and summer 2021 due to coronavirus (COVID-19), local authorities will not be able to use this data as part of setting a low prior attainment factor in local funding formulae. Instead, local authorities will use 2019 assessment data as a proxy for assessments which would have taken place in 2020 and 2022 and 2022 attainment data as a proxy for the missing assessments in 2021
4. Permits local formulas to retain any existing bespoke local premises (rent) factors – (which LBC was allowed to continue into this year)

3.7. The high needs NFF formula changes in 2024/25

All local authorities will receive at least a 3% increase per head of their 2 to 18 population, compared to their 2023/24 allocations, with some authorities seeing gains of up to 5%. The key changes to the formula for 2024/25 are as follows:

1. **The funding floor** – this ensures that all local authorities' allocations per head of population will increase by a minimum percentage compared to the baseline. For 2024-25 the ESFA are setting the funding floor at 3%, having adjusted the baseline to include the supplementary high needs funding that was allocated to local authorities in December 2021.
2. All local authorities will receive **at least a 3% increase per head** of their 2 to 18 population, compared to their 2023 to 2024 allocations, with some authorities seeing gains of up to 5%.

3.8. **Central schools services block formula (CSSB)**

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

- 1) Within the central schools services block, total provisional funding for ongoing responsibilities is £304 million in 2024/25, up from £292million in 2023/24. Local authorities will continue to be protected so that the maximum per-pupil year-on-year reduction in funding for ongoing responsibilities is at 2.5% as in the previous year, while the year-on-year gains cap will be set at the highest affordable rate of 5.51%.
- 2) In line with the process introduced for 2020/21, to withdraw funding over time for the historic commitments that local authorities entered into before 2013/14, funding for historic commitments will decrease by a further 20% in 2024/25. The Department will continue to protect any local authority from having a reduction that takes their total historic commitments funding below the total value of their ongoing prudential borrowing and termination of employment costs, in recognition of the time required for such costs to unwind.

Direct national funding formula transition – Hard Formula

3.9. In the Government's response to the consultation on completing its reforms to the NFF it confirmed that 2023/24 would be the first year of transition towards the "direct" schools NFF. The NFF policy document of July 2022/23 set out the requirements on local authorities to move their formulae closer to the NFF. These are broadly as follows:

1. Going forward from 2022/23 - that local authorities will only be allowed to use NFF factors in their local formulae, and must use all NFF factors, except the locally determined premises factors.
2. Each year from 2022/23 – Local authorities will also be required to move their local formula factors 10% closer to the NFF values, compared to where they were in 2022/23, unless their local formulae are already so close to the NFF that they are classed as mirroring (within 2.5%) the NFF.

3.10. The maximum and minimum bands for LBC local funding formula 2024/25 are set out in Appendix 4

4. Impact on L.B. Camden Overall Funding

4.1. The detailed changes and impact of this requirement on LB Camden's local funding formula are indicated in Appendix 4.

4.2. However, the operation of the Minimum Funding Guarantee is expected to mitigate any significant redistributive effect or changes to the per pupil allocations generated from the LB Camden local funding formula by ensuring (as required by the ESFA regulations) that all schools are protected and that no school will receive **an increase less than 0.5%** of its 2023/24 per pupil budget allocation.- see section 3.6(1) above.

- 4.3. Following last year's consultation on [Implementing the direct national funding formula](#), the ESFA confirmed that it will continue to move forward with its plans to implement a direct NFF, whereby funding will be allocated directly to schools based on a single, national formula. As set out in the consultation [response](#), they are taking a gradual approach to transition to avoid any unnecessary or unexpected disruption to schools. This transition towards the direct NFF began in 2023-24 and will continue in 2024-25.

Impact on L.B. Camden per pupil funding

- 4.4. The ESFA indicate that after including the 2022/23 supplementary Grant and the 2023/24 MSAG into the base figure and then uplifting the NFF factors by 2.4% this has resulted for LB Camden in an overall increase of 2.64% to the Notional NFF per pupil funding rates published in the July 2023 Notional NFF school budget allocations for 2024/25 (see Appendix 5) - in line with the increased national funding (section 1.2). However, Camden's per pupil rate are historically and remain above the minimum NFF per pupil rates and some schools NFF figures will only remain with the minimum 0.5% protected increase and not be fully impacted by any national levelling up increases yet.
- 4.5. The 2024/25 Notional NFF allocations do however show that some Camden schools will now receive more than the minimum 0.5% increase in their per pupil funding for 2024/25. This is again due to protection under the NFF "funding floor" (section 1.6) which ensures that every school will attract at least 0.5% more pupil-led funding per pupil compared with its 2023/24 NFF allocation and changes in the schools pupil numbers and characteristics.
- 4.6. For 2024/25 Camden propose to continue to uplift its local formula factors by the final stated NFF inflation uplift to ISB schools budgets (which determines its aggregated DSG schools block) to the 2024/25 local formula (final rate to be confirmed by the ESFA in January). This will be set within the maximum and minimum values of the ESFA determined bands for moving local factor values annually at least 10% closer to the NFF until they are deemed to "mirror" the NFF factors by being within 2.5% of them. (see section 3.9 (a) and Appendix 4).

Impact on L.B. Camden High Needs Funding

- 4.7. Camden's High Needs DSG budget for 2024/25 will also see a positive impact from the further 4.3% increase in national High needs funding in 2024/25. The ESFA's July Guidance for 2024/25 states that the NFF will ensure that every local authority receives increases of at least 3% per head of population, compared to 2023/24, and up to 5% before capping. The July NFF allocations indicates that Camden HN notional NFF DSG will increase by 3% from £53m in 2023/24 to £55m in 2024/25 (before deductions for Hospital school and Import / export adjustments).

Future Funding

- 4.8. In summary - Camden schools NFF DSG budget allocations previously had per pupil cash increases of 0.5% per year over 2018 to 2020 and 2% over 2020 to 2023. The recently released (July 2023) NFF Allocations indicate that for 2024/25 some Camden schools will still receive the minimum 0.5% NFF funding floor uplift,

but in aggregate Camden schools NFF budgets will receive an overall 2.64% uplift in the aggregate NFF Schools block budget (Appendix 5) the minimum 0.5.% increase in their pupil led funding. Only when its schools historically higher per pupil funding rates are in line with those required by levelling up is it likely that no Camden schools receive the minimum 0.5% NFF funding floor increases.

- 4.9. With regard to future national funding levels the July 2023 ESFA Policy document states that the total core schools budget will total over £59.6 billion in 2024-25 – the highest ever level per pupil, in real terms, as measured by the Institute for Fiscal Studies (IFS). This total includes the additional funding for teachers' pay announced in July 2023. The Teachers Pay Additional Grant (TPAG) provides an additional £482.5m in 2023/24, and £827.5m for 2024/25 for mainstream, special and alternative provision schools. Overall, core schools funding (including funding for mainstream schools and high needs) is increasing by over £1.8 billion in 2024/25 compared to the previous year, on top of the £3.9 billion increase in 2023/24.
- 4.10. The ESFA states that funding for mainstream schools through the schools NFF is increasing by 2.7% per pupil compared with 2023/24. Combined with the funding increases seen in 2023 to 2024 (including MSAG), this means that funding through the schools NFF will be 14.8% higher per pupil in 2024 to 2025, compared to 2021/22.
- 4.11. With earlier government commitments to fund future additional Teachers pension costs, there may still be further funding to come and future funding intentions may also still be revised following the next major government spending review. However, to date there are not yet any further funding details beyond 2024/25.
- 4.12. The ([ESFA Schools Funding Operational Guide 2024-25](#)) provides further information about changes to the national formula. These changes, and further detail about local funding arrangements in 2024 to 2025, are also outlined in the latest schools funding [NFF schools block technical note 2024-25](#)

5. Pressures on Camden Schools Spending Power

Levelling Up of National Funding Formula

- 5.1 Following the government changes over the past years it remains challenging to fully estimate the precise future financial impact of the NFF at school and local authority level. However, the governments reaffirmation of its levelling up approach to future increases in schools funding indicate that the longer term impact of future funding proposals on historically well-funded areas (like Camden) may see their funding continue to be restricted to compensate less well-funded areas. (see section 4.8)

Teachers pay award from September 2023 – 6.5%

- 5.2 In July Teachers voted to accept the governments pay offer from September 2023. The deal includes an across-the-board 6.5% rise from September, with a slightly higher increase for new teachers.

- 5.3 Funding to cover past increases to teacher pay and pensions, currently worth £2 billion in separate grant funding, has now been included in the national funding formula.
- 5.4 In July 2023 the government announced an additional £525 million to support schools with the September 2023 teachers' pay award, with a further £900 million in 2024 /25 for schools through the Teachers' Pay Additional Grant (TPAG). They are allocating this funding to support schools to meet the costs of the 2023 teachers pay award.
- 5.5 The ESFA's analysis of the TPAG indicates that the grant will support any excess cost beyond 3.5% resulting from the final 2023 Teachers pay award. As this was finally settled at 6.5% this grant covers the residual 3% of the September 2023 Teachers pay award costs to schools.
- 5.6 TPAG will continue as a separate grant in 2024/25. From 2025/26, TPAG funding will be incorporated into core budget allocations by being rolled into the schools and high needs national funding formulae (NFFs).

Support Staff Pay award 2023/24 – £1,925 and 3.88% above spine point 43

- 5.7 The National Joint Council pay offer for April 2023 was for a flat rate increase of £1,925 pa for all SCP points from 2 to 43 (SCP1 being abolished) and 3.88% for all above, effective from 1 April 2023.
- 5.8 The rate is expected to be higher for inner London at £2,355

Current RPI forecasts 6.8%

- 5.9 The latest figures from the Office for National Statistics (ONS) have shown CPI inflation rose by 6.8 per cent in the 12 months to July 2023, down from 7.9 per cent in June . Schools are currently expected to manage these inflationary pressures along with those of unprecedented fuel prices from within existing allocations. This position may possibly be revised following future national spending reviews and budgets.

6. Existing Spending Pressures

- 6.1 The current pressures faced by Camden schools for 2022/23 and expected to continue into 2024/25 are outlined below.

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

- Following the introduction of the new Early Years National Funding Formula (EYNFF) from April 2017 Camden's revised offer continued to deliver an enhanced offer above the statutory minimum to "disadvantaged" 2 year olds in the borough of an additional 15 hours of funded early education as 3 & 4 year olds in whichever provision they choose .
- An amount of £0.470m of DSG reserve was committed by forum to support the enhanced Camden offer in 2018/19. To date there has been no request to draw down this DSG reserve by the Early Years team.

- (b) High needs: Future DSG HN Block forecast £3.6m addition to reserves
- The SEN June report indicated that planned spend for 2023/24 is £48.9m. This is a substantial increase from the outturn spend in 2022/23 of £43.7m. The increased spend reflects.
 - Increased top-up rates for all Camden special schools
 - increase in the hospital school budgets
 - Provision for fee increases from all external providers
 - Increased funding for early years settings
 - Increases in spend on central services and planned increase in outreach services
 - However, the report's forecast indicated that provisional spending plans for 2023/24 are not expected to exceed the £52.6m to be received from the government and the team's current forecast was for a £3.6m underspend in this area by the end of 2023/24 (as of June). This is in the main due to the effects of unexpected one off and ongoing increases in the national HN block DSG allocations since 2020/21 on service planning which had been expecting a significant shortage of resources for future periods.
 - The additional increase in funding allocations has placed Camden in the fortunate position of being one of a small number of Local Authorities that are no longer in a HN DSG deficit position. To maintain this position the report supported the use of this new additional funding to support schools capacity to meet the needs of children with SEND. The priority remains rooted in early prevention, getting the right support at the right time and in strengthening the mainstream offer in line with our commitment to inclusive local education for all children and young people with SEND.
 - The SEN team has also advised of the importance of a prudent approach by ensuring sufficiency in the DSG reserves to accommodate future pressure and to allow for further development as part of the ongoing transformation work.
- (c) Pupil premium Grant (PPG) - £10.35m funding - Schools must demonstrate how they are using this funding to improve outcomes for disadvantaged pupils that have been identified as eligible to receive free school meals at some stage over the previous six years. They cannot use it to replace cuts in other funding. Final PPG allocations were confirmed in June 2023 once eligible pupil number data from the October 2022 census had been validated and agreed.
- (d) 6th form funding £15.45m – 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. The Institute for Fiscal studies (IFS) FE Report in 2021 stated that the current trajectory for

school sixth forms, spending per student in 2024–25 will be 15% lower in real terms than it was over 20 years earlier in 2002–03.

- (e) MTFs Savings - Consideration should continue to be given to increasing pressure on the Councils general fund budgets and the potential impacts that the resulting Medium Term Financial Savings (MTFS) programme may have on some of the services and support provided by the Council to schools. Past programmes have introduced savings on Camden Learning and schools pension contributions.

- 6.2 In summary – Officers' calculations indicate that since per pupil funding was frozen from 2010/2011, schools will have suffered by 2023 real terms spending pressures from rising inflation alone of 29% (this is net of the total 15.66% DSG increases between the 6 years 2018/19 to 2023/24), equivalent to nearly £32m based on the current level of schools DSG income (as measured on the Consumer Price Index of inflation, the government's preferred measure).
- 6.3 After a decade of austerity cuts, ministers pledged to restore per pupil funding to 2010 levels by the end of the current parliament, but the Institute for Fiscal Studies (IFS) has previously indicated that "The big fiscal choice for policymakers going forward is whether or not to provide more funding to public services to compensate for rising costs and the significant challenges they face. It will be that much harder for schools to meaningfully contribute to levelling up ambitions if they face real-terms cuts from next year onwards.

7. Further Support to Schools

- 7.1 As outlined in earlier reports pupil intake numbers into Camden primary schools have fallen by around 9% from 2015 and are projected to continue to fall into the future. In response the Council has taken a range of actions in recent years including
- The permanent removal of two forms of entry by the closure of St Aloysius Primary School
 - Removed two forms of entry with the closure of Carlton Primary school in September 2021
 - Reduction 0.5 forms of entry by changing St Dominics from 1.5 to 1 form of entry
 - Removed one form of entry by closing St Michaels Primary School in 2022 and transferring pupils to Our Lady's Primary School.
 - Removed one planned form of entry from Kingsgate
 - For a period Temporarily capped the admission number at other schools.
- 7.2 Under the current economic conditions and a background of falling rolls it is possible that adjustments or reductions in spending will need to be made across all DSG blocks, with the majority of the potential reduction falling on schools. The Council will continue to work closely with schools, head teachers and chairs to explore different options for future school places.

- 7.3 The Council will continue to work with schools and school forum to support schools from any available DSG reserves in a managed and sustainable way as was done by relieving the former contribution charge to schools for loss of ESG grant to Camden.
- 7.4 The ESFA continue to offer support to schools with the helpful [ESFA's Schools financial benchmarking](#) website and nationally funded School Resource Management Advisors (SRMA's) similar to an earlier scheme offered by Camden. Camden continues to encourage the take up of these services in its schools.
- 7.5 Work is also continuing by Camden Officers and Headteachers to address current and future pressures in SEN and where possible to achieve the most effective use of HN DSG resources in the High Needs area. The SEN Team recently reported to schools forum in June 2023 and will continue to report back to future Schools forums on progress to date in this area
- 7.6 The schools forum is requested to consider what further advice and support may be useful to Camden schools over the next three years to assist schools in adjusting spending to the lower level as well as ensuring they continue to achieve best value with their reduced funding.

8. Recent ESFA Support and Announcements

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

- 8.1 Further helpful financial updates, support and advice for schools from the ESFA can be found on the ESFA updates page at the following link. [ESFA Update on GOV.UK](#). Camden schools are encouraged to utilise this useful source of support.

9. Consultation Proposals on LB Camden Local formula.

- 9.1 As outlined in previous reports significant changes were made in 2015/16 to the distribution of funding within Camden's local formula to bring the Authority closer to the averages for all authorities in England (see appendix 2 for current formula). It is still expected that this action has served to minimise the changes required and provide for a smoother transition when the national funding formula is fully introduced. The government's delay in fully introducing national funding formula (i.e. with no protection) now until 2025/26 at the earliest provides further time for the agreed Camden school's local formula factors to transition to those of the National Funding Formula.

ESFA Requirements

- 9.2 For 2024/25 the ESFA has now further smoothed this transition by requiring that local funding formulas that are not deemed to mirror the factors of the NFF (i.e. within 2.5% of difference for each factor value), will now be required each year to reduce the difference of their factors by 10% of the difference of their previous years factors from those of the NFF. Appendix 4 indicates the difference between the factors in the current local funding formula and those of the NFF for 2024/25. It also shows the ESFA determined maximum and minimum values within which the LBC factors need to be set to comply with the ESFA's requirement to reduce any current difference from the NFF factors by 10% for 2024/25. (see section 3.4(a)).

- 9.3 The ESFA also require that in 2024/25 the local funding formula “must use all NFF factors” and “that local authorities will have to use all three deprivation factors (FSM, FSM6 and IDACI) as well as low prior attainment (LPA), English as an additional language (EAL)” (see section 3.3). This now requires the LBC local formula to now include FSM along side its current use of FSM6. This will likely be set at the NFF factor rate of £130 per eligible unit.
- 9.4 As indicated in section 4.2 above any redistributive effects of the ESFA required adjustments to the local funding formula on Camden schools per pupil budgets for 2024/25 is expected to be mitigated and overridden by the effect of the 0.5% national NFF funding floor requirement that all schools per pupil budgets increase by at least 0.05% from 2023/24.

Camden Local Funding Formula

- 9.1 As an historically higher funded Council, Camden will continue to receive the minimum funding floor protection from the NFF during a process of national “levelling up”. The July 2023 notional NFF notifications indicate that total Camden schools aggregate schools block DSG budget for 2023/24 will be uplifted by 2.64% in line with the minimum funding floor requirement for 2024/25 – ref Appendix 5.
- 9.2 It is proposed to continue the required transition from local to national NFF factors in 2024/25, subject to the NFF requirements and as far as possible avoiding any additional disruption to schools budget planning in the current uncertain economic climate. This aims to protect schools from excessive year-on-year changes and to allow changes in pupil characteristics (for example, reducing levels of deprivation in a school) to gradually flow through.
- 9.3 It is advised that Camden continues with the ESFA requirement to “continue to set a minimum funding guarantee in local formulae, which in 2024/25 must be between +0.0% and +0.5% to allow Camden to match the 0.5% funding floor protection in the NFF (which the ESFA require local authorities to continue to do where possible) - see section 3.6 item 1. This is in line with ESFA guidance and also in continuation of earlier schools forum work in adjusting the local formula to move schools towards the expected national NFF and removing any dependence for affordability on the use of DSG reserves.
- 9.4 The ESFA now require that the local funding formula be changed in line with ESFA statutory maximum and minimum factor values requirements for 2024/25. This may involve revised factors in line with the ESFA funding floor requirements (+0.5%) and then adjustment in line with the ESFA maximum and minimum required local formula values. These are now required by the ESFA to move towards mirroring the NFF (by reducing any individual factor difference from those in the NFF figure by a further 10%) in 2024/25. They are set out by the ESFA and outlined in Appendix 4
- 9.5 **In summary** - After uplifting its local formula factors by the DSG inflation uplift for 2024/25 the Council will then apply any adjustment required by the ESFA’s statutory minimums and maximum factor levels which have been determined by the ESFA for Camden to move its local funding formulas 10% closer towards “mirroring” (i.e. to within 2,5%) the NFF factor rates. These are outlined in Appendix 4. Any Camden school with pupil characteristics not benefitting from the required 10% movement

towards the NFF factors will be protected by the funding floor 0.5% per pupil uplift whilst any that benefit will retain any excess uplift in its per pupil rate – subject to affordability of the MFG protection costs.

- 9.6 This process continues the earlier forum aim of not making changes to the local funding formula (other than those required by the ESFA regulations) which might have unforeseen long-term impacts on individual schools funding levels following the implementation of the “hard” national funding formula. This is to ensure that schools can concentrate on addressing the real terms funding reductions away from changes caused by local formula revisions. The draft consultation document is attached at Appendix 1.

Timetable

- 9.7 The consultation with schools will run for a four week period beginning on Thursday 14th September 2023 ending on Friday 13th October 2023. The responses to date will be reported to the schools forum for consideration and agreement on any changes to the proposed formula. This will enable the authority to inform the government of any requests for exemptions to normal formula rules as soon as possible.
- 9.8 Schools and other interested parties that require more information on the impact of the formula for their school will be able to contact the Authority during the consultation period for separate briefing. Time has been set aside for these meetings on Monday 18th September (morning) and Monday 25th September (afternoon). Other times may be arranged subject to availability.

10. Finance Comments of the Executive Director Corporate Services

- 10.1 The finance reports to schools forum are written by the Finance team and incorporate the views of the Exec Director Corporate services which are included with the report.
- 10.2 The report updates forum on the latest funding position for schools for 2024/25 following the latest July 2023 ESFA guidance and technical updates. It also explains the ESFA statutory requirements for local funding of schools outlines the draft consultation process and document for Camden’s local funding formula. It finally invites forum for comments on future and ongoing support requirements.
- 10.3 The reports advice is made within the current ESFA funding for requirements 2024/25 and is in accord with ESFA guidance and requirements as well as earlier Forum approval of the local budget formula.
- 10.4 Forum is advised to note the level of funding in context of the expected spending pressures for 2024/25 in the context of increasing levels of DSG reserves and consider the appropriate actions going forward to manage this level of DSG reserves.
- 10.5 Subject to noting of 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 outlined the schools DSG funding position and regulations for 2024/25 in line with the requirements and guidance of the most recent ESFA Operational Guidance and requirements.
- 11.2 The basic structure of the national funding formula (NFF) has not changed for 2024/25. 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 funding between the mainstream schools budget and the high needs budget.

