

LONDON BOROUGH OF CAMDEN	WARDS: ALL
REPORT TITLE School Funding 2024/25	
REPORT OF Head of Education Commissioning and School Organisation	
FOR SUBMISSION TO Schools Forum	DATE 5 December 2023
<p>SUMMARY OF REPORT</p> <p>At the recent November meeting, forum was presented with the results of the consultation document sent to schools relating to the funding arrangements for 2024/25. There were no major objections raised from the consultation and forum confirmed its agreement of the funding formula to be used for the distribution of funds to schools for 2024/25. This report indicates the latest estimate of funding for the schools Designated Schools Grant (DSG) block by school – (as updated on 6th October by Education Schools Funding Agency (ESFA) from their earlier figures indicated in the September Forum report) and seeks schools forum’s agreement on the amount of DSG de-delegation for next year.</p> <p>The individual schools figures are at this stage only indicative of the notional National Funding Formula (NFF) figures to be allocated to the overall schools budget for distribution by the Council via Camden’s local formula. Final individual school budgets will be released to schools pending update of ESFA data (with the recent October 2023 census data) and its application to the local Camden schools’ formula using the Authority Planning Tool (APT). This is expected in late December 2023.</p> <p>The report also gives initial forecasts of the 2023/24 Early Years and High Needs DSG outturn, future budgets requirements planned DSG spending.</p> <p>The report also outlines current and future cost pressures on schools and high needs budgets.</p> <p>This report was completed prior to any further announcements by the ESFA regarding schools national funding formula proposals. Officers will provide an oral update to the forum on any intervening development in schools’ funding at the meeting.</p> <p>Local Government Act 1972 – Access to Information</p> <p>The following documents have been used in the preparation of this report:</p> <p>Schools operational guide: 2024 to 2025 - GOV.UK (www.gov.uk) The notional SEN budget for mainstream schools: operational guide 2024 to 2025 - GOV.UK (www.gov.uk) National funding formula for schools and high needs 2024 to 2025 (publishing.service.gov.uk)</p>	

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RECOMMENDATIONS

The Schools Forum is asked to:

- (a) note the level of reserves to be used to support the funding allocations to schools as set out in paragraphs 1.10;
- (b) note the provisional NFF allocations to individual schools discussed in the report in section 1.1 and set out in Appendix 1. Also, that these are only indicative NFF allocations and are not yet the final school budgets;
- (c) note the current forecast spending plans and funding for the high needs and early years blocks as set out in sections 4 and 5 respectively;
- (d) note the continued use of the CSSB replacement of the former top sliced amounts detailed in section 1.5;
- (e) **approve** the de-delegated budgets as set out in section 2.1; and
- (f) note the potential effects of the future funding and cost pressures outlined in sections 8 and 9 on schools budgets.



Signed by:

Nick Smith, Head of Education Commissioning & School Organisation

Dated: 27 November 2023

Executive summary of the Report

1. The announcement on notional NFF funding released in July 2023 indicated that the ESFA intended to increase the **schools block NFF** pupil led funding by 2.64% in overall terms from last year in 2024/25 for Camden schools. However, the ESFA uncovered an error made by DfE officials during the initial calculations of the NFF which resulted in the figures being republished in October 2023. These republished and revised national figures resulted in a reduction of -0.67% from 2.64% to 1.97% per pupil for 2024/25 for Camden schools block. This rate is however still above the ESFA minimum funding per pupil funding floor that “ensures that every school attracts at least 0.5% more pupil-led funding per pupil compared with its 2023 to 2024 NFF allocation”.
2. The ESFA 's July NFF allocations indicated that Camden **High Needs 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). This remains unchanged.
3. Hence total DSG for schools and high needs for 2023/24 are expected to be set at about £124m and £55m respectively (before ESFA place deductions). Following funding increases through 2020/21 to 2024/25 current year spending forecasts in high needs services suggest that they will be within the budget. A final position on planned HN spending for 2024/25 will be provided to forum in when finalised and by no later than February 2024.

4. Regulations for the funding of **Early Years DSG** beyond those introduced in 2017 giving 30 hours of free child care for working parents of three and four year olds continue to be reviewed.
5. the DfE have provided LBC with an EY supplementary grant to increase the hourly rates for providers from September to March 24. As it is part way through the year the EY Team cannot apply the grant to the actual DSG hourly rate so will be applying it through their provider portal as an adjustment. They are expecting a further increase for April 2024 details of which the DfE will announce in the autumn and which will be included in the annual EY DSG allocation for 2024/25 rather than a supplementary grant. The EY team will send any proposed changes to the EY provider rate for 2024/25 to school forum for approval. The Early years service will continue to report to forum on the progress of the current "Early Years offer" and the progress of any recent EY reviews under separate cover.

1. Primary and Secondary Schools - formula funding

Funding Available

- 1.1 The funding that will be available for distribution to primary and secondary schools in 2024/25 is estimated at £123.47m, assuming no use of reserves as agreed during the consultation. The estimated movement of £4.93m compared to the funding levels in the current year is mainly due to adjustments caused by changes in pupil numbers between the years and changes from the NFF factors. But most notably due to the new inclusion into the base budget for 2024/25 of £4.5m from the 2023/24 Mainstream Schools Additional Grant (MSAG) which is now incorporated into the base budgets for NFF and will now be distributed under DSG funding for 2024/25 (rather than as a separate grant as it was in 2023/24). The estimated figure is analysed in the following table with explanations where appropriate in the paragraphs that follow.

Table 1: Calculation of funding available for distribution to schools 2024/25

	2023/24	Net change from 2023/24	2024/25
	£m	£m	£m
DSG from government (including Academies)	£118.54	£4.93	£123.47
Less held back for centrally provided services	£0.00	£0.00	£0.00
Less Retained ESG included in per pupil rate	£0.00	£0.00	£0.00
Less contribution to 25 hours nursery	£0.00	£0.00	£0.00
Plus proposed use of schools DSG reserves	£0.00	£0.00	£0.00
Net DSG available for distribution	£118.54	£4.93	£123.47

- 1.2 It is currently anticipated that Camden will be allocated an estimated £123.47m from

the government for the schools block DSG as part of the 2024/25 DSG settlement under the Notional NFF allocation (using October 2022 rolls). However, there is likely be further adjustments to the final ESFA allocation following the use of recent October 2023 census and updated roll figures later in the year.

- 1.3 For 2024/25 there is no anticipated further adjustment to this amount by Camden. This is because there is no longer any contribution from schools block to other DSG blocks. Also the former £0.25m ESG deduction of £15 per pupil from schools for ongoing council duties (following the ESFA's transfer of that funding into the schools block in 2016) is no longer being deducted from schools.
- 1.4 As Camden was already spending more than the value of the original £2.1m ESG grant on these services it successfully requested that school contributed £15 per pupil (£0.25m) for the retained duties element in order to continue to help it to fund these services. However, in February 2022 so as to further support schools budgets, Forum decided to discontinue this deduction from individual school budgets and to fund it from the available DSG schools block reserve from 2022/23. (ref Feb 2022 Schools Forum Report - section 5.4)

Central school services block (CSSB)

- 1.5 School forum is reminded that the introduction of the NFF central school services block (CSSB) in 2018/19 replaced the funding of those duties formerly funded by the central top slice in the previous year. This had funded the following services:
 - Admissions £0.325m – admissions process and appeals
 - Schools forum £0.058m - costs and administration
 - Contribution to capital repairs £0.7m – repairs requiring significant capital expenditure – now Historical Commitment.
 - Growth £0.3m - to fund agreed bulge classes and planned expansion and reorganisation.
- 1.6 The central school services block (CSSB) was introduced in 2018/19, to fund local authorities for the those top sliced items and also the statutory duties that they hold for both maintained schools and academies. The CSSB brought together:
 - funding for ongoing central functions, such as admissions, previously top-sliced from the schools block
 - residual funding for historic commitments, previously top-sliced from the schools block
 - funding previously allocated through the retained duties element of the Education Services Grant (ESG) e.g. Schools Improvement Brokerage Grant
- 1.7 Funding for growth and falling rolls will be allocated by the ESFA through the schools block in 2024/25 on the basis of formula and historic spend. 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 however being removed from 2024-25

Local Funding formula

- 1.8 Following the revised ESFA requirements on schools block transfers and the June 2017 Early Years reorganisation the schools block stopped contributing to the additional costs of topping up of nursery provision for 3/4 year olds beyond the statutory 15 hours for non-working parents back in 2018/19. The 2024/25 funding allocation available to schools will continue to be calculated on the basis the forum is no longer contributing to 3/4 year olds Early Years funding.
- 1.9 As detailed in the June forum report (section 1.2) at the start of the current financial year, the DSG reserve balance totaled £19.3m of which £4.3m related to the schools block. Subject to any future adjustments, as planned it is currently expected that there will be a marginal movement of -£0.25m on the schools DSG reserve going forward relating to replacement of schools ESG contributions (see section 1.3 above). However, this position may change following any possible response to the effects of any school reorganisation arising during the year or due to the possible effects of any new ESFA or national funding measures in 2024/25.
- 1.10 The final allocation for the local formula for 2024/25 won't be known until the government releases individual schools updated data for deprivation factors such as free school meals (FSM6) and IDACI to take into account the outcome of the recent October 2023 census later in December 2023. Following the recent LB Camden local formula consultation and the continuation of forum's agreement that there should continue to be no DSG reserve top up to fund the schools block in 2024/25 and beyond, it is again proposed that the wider DSG reserve be used where necessary to fund any additional MFG (Minimum Funding Guarantee) transition or unexpected growth and reorganisation costs. With current levels of HN and EY DSG reserves it is now less likely for there to be any call on the Schools block reserve to cover excess activity costs in these areas. This will give a projected use of reserve and balance for schools as set out in the following table.

Table 2: historic and planned use of school block DSG reserve

Tw	£m
Year	Total use of reserve
B/F	7.2
2013/14	-1.4
2014/15	-2.5
2015/16	-1.7
2016/17	-2
2017/18	0.1
2018/19	0.8
2019/20	1.1
2020/21	1.1
2021/22	1.2
2022/23	0.5
Remaining	4.4
2023/24 (estimate) ESG contribution	-0.25
Residual	4.15

Formula for distribution to schools

- 1.11 The local funding formula approved by the forum at its 1st November meeting will now be reflected in the proposed distribution of funding to schools. As this was to make no changes beyond any ESFA statutory requirements and to continue with the nil use of DSG reserves to fund the schools DSG block (in order to ensure that schools block remains completely sustainable from government DSG grant alone) this should not require any further ESFA approval or disapplications.

Funding Allocations to Individual Primary / Secondary Schools

ESFA Miscalculation and Republication of 2024/25 NFF- Effects

- 1.12 The ESFA originally published the schools NFF for 2024/25 in July 2023. However, the department uncovered an error made by DfE officials during the initial calculations of the NFF. Specifically, there was an error processing forecast pupil numbers, which means that the overall cost of the core schools budget would be 0.62% greater than that budgeted for. The department has therefore issued new NFF allocations to correct that error while continuing to deliver, in full, the £59.6 billion core schools budget that has been promised.
- 1.13 “The recalculation of funding does not affect the total amount that the ESFA plan to spend in the core schools budget in 2024 /25 – which includes funding for mainstream schools, and funding for high needs. It will remain at £59.6 billion in 2024/25, the highest ever in real terms per pupil. This is a total percentage increase from 2023/24 of 3.2% and “will properly” fund the teacher pay increase agreed in 2023.”
- 1.14 The ESFA have also said that... “Schools have not yet received their 2024/25 funding – so the correction of this error does not mean adjusting any funding that schools have already received. Likewise, the error will not impact on the publication of the dedicated schools grant (DSG) in December, or when schools will receive their final allocations for 2024/25. Nevertheless, we recognise that the correction of this error will be difficult for local authorities and frustrating for some school leaders, which is why the department has worked as quickly as possible to rectify the error”.
- 1.15 Nationally - This means for 2024/25 a revised 1.9% increase in funding per pupil compared to the 2.7% per pupil increase in the original, erroneous NFF allocations published in July.
- 1.16 Locally - The effect of the correction to Camden’s 2024/25 Aggregate Schools block allocation set out in July 2023 is now shown in the revised October figures (see Appendix1) as a reduction of -0.67% from 2.64% to 1.97% per pupil for 2024/25. This represents an adjustment of approximately -£881k to the earlier aggregate schools block figure as stated by ESFA back in July 2023.
- 1.17 Individual Camden Schools – The notional NFF per pupil rates for individual schools which were aggregated to give the “aggregated schools block” for distribution by local formula will likewise have reduced the amount available for distribution to schools .The adjustment for Camden schools is estimated at approximately -£7k per £1m of Individual school budget.

Notional NFF Funding allocations to schools for 2024/25

1.18 Notional NFF Funding allocations per primary and secondary school based on the most recent NFF figures are shown in Appendix 1 as per the ESFA's "Notional NFF 2024/25 Allocations" – republished on 6th October 2023 (now correcting the earlier July ESFA figures used in the September 2023 Forum Report). These figures are however still based on the October 2022 pupil census along with the most recent ESFA update of deprivation data (e.g. IDACI and FSM6 at October 2021). The final October 2023 census data is not yet published by the ESFA and is not expected from the government until around late December. These allocations therefore remain as only indicative and will be revised into final individual school allocations once we have the final datasets from ESFA and apply them to the Local Camden Funding formula for 2024/25 using the Authority Planning Tool (APT). Following this the revised final allocations will then be distributed to schools after this date as their final 2024/25 School Budgets just after January 2024.

2. De-delegation of Funding

2.1 Prior to 2013 the annual DSG was top sliced in order for the authority to provide the functions outlined below centrally. Changes introduced by the government in 2013 required funding for these services that are provided centrally by the authority to be given to schools (delegated) and then taken back (via de-delegation) from their individual budgets. Schools forums have the authority on behalf of all schools to approve which services should be provided centrally by the authority. The forum has previously approved services to be delivered centrally totaling £0.949m in 2023/24. In line with ESFA guidance the amount requested for the same services in 2024/25 will also be £0.949m. The schools forum is asked to approve the same de-delegated services for 2024/25 detailed as follows:

- (a) Behaviour support (primary schools only): £0.45m– due to the small size of primary schools, the usage of behaviour support services at individual school level varies from year to year and if funding was delegated to individual schools it is unlikely to match spending need. Funding for secondary schools is not de-delegated and remains within existing funding levels.
- (b) Assessment of applications for free school meals: £0.035m – the current service offers a direct link with benefit applications and therefore offers the best opportunity to maximise take up.
- (c) Reimbursement to schools for staff undertaking formal union roles is currently provided at £0.124m and those schools that suffer a loss of staff time are reimbursed which in effect shares the cost amongst schools. The current provision reflects the current cost.
- (d) Contingency: £0.240m – to cover extra costs of bulge classes and changes in pupil numbers where funding regulations allow extra funding to be given.
- (e) Licences arranged at national level by the government are currently provided at £0.100m which reflects the current cost.

Future arrangements for de - delegation

2.2 To give schools greater responsibility for their budgets in the original NFF consultation the ESFA proposed to withdraw current arrangements for de-delegation with the introduction of the hard national funding formula. Responsibility for services that can currently be de-delegated will then rest with individual maintained schools, who will have a choice about whether to buy the service from the local authority or an alternative provider. As detailed above these services include behaviour support services, licences

and subscriptions. After withdrawal of de-delegation, if local authorities wish to continue to provide these services they will need to do so as a traded service, giving individual schools the choice of buying into the service. Following the postponement in of the hard formula for a further year to include 2024/25 (making 2025/26 the earliest year for the completed national funding formula proposals), the current de delegation process remains in place.

3. Academies and Free Schools

- 3.1 As part of the government's drive to standardise and simplify the funding arrangements for all types of schools, funding for academies and free schools forms part of the funding notification allocated to each local authority. This does not impact on the funding available to Camden maintained schools. The actual transfer of funding to academies and free schools will continue to be managed directly by the government.
- 3.2 The funding for Camden's two academies and two free schools is calculated using the same formula as for maintained schools and is shown in Appendix 1. The funding includes any ESFA estimated growth in pupil numbers from September 2023. This information has been provided to the government and the expectation remains that the academies' final funding will be adjusted as part of Camden's final funding prior to distribution.

4. High Needs DSG Block

- 4.1 The High Needs Block (HNB) remains the mechanism through which DSG funding for children and young people with special educational needs (SEN) aged 0–25 has been delivered since April 2013. The HNB budget funds all education settings in the maintained and independent sector, Pupil Referral Units, special schools, and resource bases in Camden for individuals aged 0–25 years. It funds services that provide direct support to Camden pupils and educational equipment for children with long-term medical needs and disabilities.

2023-2024 provisional forecast of high needs spending

- 4.2 The recent unexpected additional national funding has been very much welcomed but it is important to note that the HNB transformation remains crucial to ensure Camden is able to meet the needs of our children and young people with SEND in a way that is sustainable from a financial position, and more importantly that Camden's local offer for children and young people ensures we are able to improve their outcomes.
- 4.3 The SEN team's earlier June 2023 HN projection of £48.9m planned spend for 2023/24 as (shown in table 3 below) was increased to £49.9m in September 2023 to include a further £1m of expected additional expenditure. This is a substantial £6.2m growth from the £43.7m outturn spend last year in 2022/23. This planned £6.2m growth in expenditure now exceeds the growth in the HN DSG funding £4.9m between 2022/23 (£47.6m) and 2023/24 (£52.5m). This will serve to further reduce the forecast in year contribution to reserves from the earlier £3.6 to £2.6m at year end and reverse the pattern of increasing annual HN DSG reserve contributions.
- 4.4 Despite the increase in funding described above, the SEN Team's remain the cautious of the potential that the longer term trajectory could return to an overspend. They warn that it is unlikely there will be further significant increases in HNB funding allocations and that

it is important to ensure sustainability over time as recommended in the earlier the externally commissioned HNB report by Peter Gray.

Table 3: High Needs Block Analysis of Spending – as at June 2023 HN

Table 1: High Needs Block Outturn from 2020/21 with 2023/24 projection: at June 2023				
	2020/21	2021/22	2022/23	2023/24 projection
Camden Early Years (incl PVI's)	229,139	248,756	531,315	716,800
Camden mainstream	7,652,592	7,961,996	9,898,599	11,337,000
Camden additionally resourced provision	1,540,495	1,631,166	1,912,684	2,260,500
Camden special	9,270,303	9,883,194	10,434,532	11,030,000
total Camden SEN	18,692,529	19,725,112	22,777,129	25,344,300
Camden PRU	2,961,165	3,150,774	3,459,343	3,550,877
Camden hospital schools	2,850,852	3,339,621	3,731,216	4,027,525
other LA maintained (mainstream & special)	2,542,350	2,768,445	3,230,649	3,360,000
independent & non-maintained special schools	2,889,003	3,491,264	3,807,974	3,870,000
independent mainstream schools	214,838	315,523	265,665	300,000
total non Camden schools	5,646,190	6,575,232	7,304,288	7,530,000
Further Education	2,837,520	3,167,165	3,307,705	3,650,000
other support (therapy/individual tuition/equipment)	655,351	789,788	994,627	1,392,000
Transformation support to Camden schools		176,255	239,457	385,000
outreach services	275,963	275,963	275,963	536,000
central services	1,625,545	1,697,237	1,576,975	2,500,000
Total HNB spend	35,545,115	38,897,147	43,666,704	48,915,702
High Needs Block funding received	-37,543,927	-41,721,841	-47,683,948	-52,559,590
DSG Reserve (- addition/+ withdrawal)	-1,998,812	-2,824,694	-4,017,244	-3,643,888
Contribution to PRU projects from HNB reserves	151,754	72,506		
cumulative HNB reserves balance	2,024,735	4,776,923	8,794,167	12,438,055

4.5 The SEN teams proposals to spend the additional DSG funding set out in their February report remains on track and includes the following additional projects totaling nearly £4.7m in 2023/24 as summarised in table 3a below

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

Camden’s HNB for next year - 2024/25 –

- 4.6 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).
- 4.7 Camden’s HNB for 2024/25 being provisionally set at £55m (after ESFA import/ export and place deductions) represents an increase of nearly £2m from the 2023/24 allocation and follows increases of £3.8m in 2022/23 and £4.3m in 2021/22.
- 4.8 An updated version of the above table along with details of the ongoing work and plans to address the future HNB expenditure for 2024/25 and beyond will be reported in future HN reports to forum under separate cover.

5. Early Years DSG Block

- 5.1 This block provides funding for the ‘national free offer’ of 15 hours nursery education for all 3 and 4 year since September 2013 and the later expansion of the offer to include disadvantaged 2 year-olds. Since the introduction of the new national funding formula from April 2017 Camden was also required, from September 2017, to provide an additional 15 hours to children of eligible working parents. Providers of the free nursery offer are paid a common hourly rate in line with all other providers calculated using the formula as required by statute.
- 5.2 As part of the forums agreed contribution to the initial costs of transition to the new Early Years Offer (which exceeded what was statutory funded) from September 2017 there was a planned drawdown for 2018/19 of £0.470m from the Early Years DSG reserve. This was in fact not immediately needed and still remains as not drawn. It is expected any requirement from early years DSG reserve for 2023/24 will be indicated by the Early Years team in the New Year.

5.3 The EY DSG grant is now passed to Camden by the ESFA for direct distribution (of at least 95%) to EY providers at an agreed rate per hour. With any over or under allocation of DSG grant (when finally based on January pupil Numbers) being adjusted in the following years EY DSG allocation there is not expected to be any significant over or under spend in this area.

Early Years 2023/24

5.4 The 2023 Spring Budget announced additional funding for the existing early years entitlements for disadvantaged 2-year-old children and 3 and 4-year-old children for the 2023 to 2024 and 2024 to 2025 financial years.

5.5 In July 2023 the ESFA announced £204 million of supplementary funding to local authorities through a new early years supplementary grant (EYSG) from September 2023 for the 2023 /24 financial year. The funding increase to local authorities applies from September 2023. This funding is provided to increase the hourly amounts paid to local authorities, so that they can increase the amount of funding their early years childcare providers receive for delivering the entitlements for the period September 2023 to March 2024.

5.6 For the 2024 /25 financial year, an additional £288 million will be allocated to local authorities through the early years funding block of the dedicated schools grant (DSG), and there will not be a separate EYSG. This was for local authorities to increase the hourly rates paid to childcare providers and reflect cost pressures, as well as anticipated changes in the number of eligible children.

5.7 Local authorities will receive EYSG for all existing early years funding streams as follows

- 15 hours entitlement for disadvantaged 2-year-olds
- 15 hours universal entitlement for 3 and 4-year-olds
- 15 hours additional entitlement for 3 and 4-year-old children of working parents
- 15 hours additional entitlement for 3 and 4-year-old children of working parents
- maintained nursery schools supplementary funding
- early years pupil premium disability access fund

5.8 Local authorities in receipt of EYSG must increase the amounts they pay to their early years providers in accordance with the EYSG conditions from September 2023. They must pass on the EYSG, in full, to early years providers for each of the existing early years funding streams, as described in section 5.7 above. By 'passing on in full', they mean the existing definition of '100% pass-through' for Early years funding.

5.9 The EYSG is a one-off grant, it is not part of the schools budget. At the end of the 2023 /24 financial year, local authorities are permitted to use any EYSG surplus funding for the purpose of the early years block or carry forward any EYSG underspends as part of their schools' budget for 2024/25

5.10 LB Camden received an EYSG grant of £0.515m for 2023/24. The Early Years team advise that as it is part way through the year they cannot apply the grant to the actual DSG hourly rate so they will be applying it through their provider portal as an adjustment. The table 4 below shows the grant increases for September to March 2024

Table 4 : Early Years Supplementary Grant (EYSG): Hourly rate increase September 2023 to March 2024

Funding Scheme	Hourly Rate April 2023 to March 2024	Early years supplementary grant Sept 23 to Mar 24 (£ per hour)	Hourly rate + EYSG (Sept-Mar24)
Statutory universal 15 hours	£6.65	£0.09	£6.74
Additional Government 15 hours	£6.65	£0.09	£6.74
2 Year Old Scheme	£8.10	£3.15	£11.25
Maintained Nursery School - supplementary funding (universal 15 hours)	£3.80	£0.21	£4.01
Early Years Pupil Premium (EYPP)	£0.62	£0.04	£0.66
Disability Access Fund (DAF)	£828.00	£53.00	£881.00

Early Years funding 2024/25

- 5.11 As our 2YO DSG rate will now increase to over £8.10 LBC will no longer need to disapply for the 3&4YO rate to supplement the 2YO rate – and so will be able to pass the full 95% onto providers from April 24. The EY team will advise schools forum once they have further information on the 2024/25 rates.
- 5.12 There have been no further announcements on Early years funding rates since the July 2023 on funding rates for 2024/25 above. However, as indicated in section 5.6 above we are expecting a further increase for April 2024 which the DfE will announce in the autumn and will need school forum approval.

6. Pupil Premium and Pupil Premium Plus

- 6.1 Publicly-funded schools in England get extra funding from the government to help them improve the attainment of their disadvantaged pupils. The pupil premium grant is designed to allow schools to help disadvantaged pupils by improving their progress and the exam results they achieve. Schools get pupil premium funding based on the number of pupils they have in January each year from the following groups.

- Free school meals
- Looked-after and previously looked-after children (PP Plus)
- Service children
- Academically able pupils

The premium was extended in 2015/16 to cover 3 and 4 year-olds under Early years pupil premium. This funding is not general and must be spent on identified pupils.

- 6.2 The new funding rates for the financial year 2023-24 are as follows:
- Free School Meals –Primary pupils £ 1,455 – secondary pupils £1,035
 - Pupils previously looked after by a local authority or other state care £2,350
 - Children who are looked after by the local authority £2,350
 - Service children £335
 - Early years 3 and 4 year olds £342

- 6.3 The government has now permanently extended free school meal (FSM) and FSM6 eligibility to include children in all households with no recourse to public funds (NRPF).

These pupils should now be recorded as FSM eligible in the school census and their pupil premium eligibility will follow on from that automatically.

- 6.4 Pupil premium for 2023/24 continues to be largely based on the free school meals (FSM6) data as at January 2023. Current trends in falling rolls suggest that Camden may receive a slightly reduced level to the current years £10.4m pupil premium for 2024/25, but the final allocation will be confirmed by the ESFA in the new year using January 2024 FSM and FSM6 data.

7. Recent Funding Announcements

Schools Funding levels

- 7.1 In the Autumn Budget Announcement on 17th November 2022 the Chancellor announced an additional £2.3bn for Education (for schools core budgets) over each of the following 2 years of 2023/24 and 2024/25. Some initial comments were that this additional funding will still only continue the path to “restore per pupil funding to 2010 levels in real terms”.
- 7.2 In July 2023 the ESA announced that 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.
- 7.3 Overall, national core schools funding (including funding for mainstream schools and high needs) will be increasing by over £1.8 billion in 2024 /25 compared to the previous year, on top of the £3.9 billion increase in 2023 to 2024.
- 7.4 The 2023 to 2024 Mainstream Additional Grant MSAG has also been rolled into the schools NFF for 2024/25. (introduced to meet the rising costs faced by schools). Adding this new additional grant funding to the NFF ensures that it now forms part of schools’ base core budgets and will continue to be provided on an ongoing basis. The year-on-year increases in the value of the NFF, and the value of NFF factors, that ESFA are quoting for 2024/25 have now been adjusted to take this into account.
- 7.5 The ESFA stated that funding for mainstream schools through the schools NFF was 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.

Miscalculation and Republishing of NFF 2024/25

- 7.6 Following the miscalculation and republishing of the NFF in October 2023 The ESFA have said that the recalculation of funding does not affect the total amount they plan to spend in the Core Schools Budget in 2024/25 - which includes funding for mainstream schools, and funding for high needs. It will remain at £59.6bn in 2024/25, the highest ever in real terms per pupil. This still represents a total percentage increase from 2023-24 of 3.2%, and is expected to properly fund the teacher pay increase agreed in 2023.
- 7.7 The miscalculation and republishing of the NFF in October 2023 now means for schools block that the earlier national 2.7% per pupil increase was reduced by 0.8% to a revised 1.9% increase in funding per pupil compared to the erroneous 2.7% per pupil increase in the original, NFF allocations published in July.

- 7.8 As indicated in section 1.4 above The effect of the correction to Camden's 2024/25 Aggregate Schools block allocation set out in July 2023 is now shown in the revised October figures (see Appendix1) as a reduction of -0.67% from 2.64% to 1.97% per pupil for 2024/25. This represents an adjustment of approximately -£881k to the earlier schools block figure stated in July 2023. At individual school level this represents a net adjustment of approximately £7k per £1m of budget.
- 7.9 Beyond the above October republication, they have not yet given any further detailed indications of their longer term proposed levels or methods of funding for schools. However, any developments will be reported to forum as soon as practicable.
- 7.10 Confirmation of the 2024/25 final Funding allocations are expected in late December to facilitate Councils Budget process and the Council will update schools and forum with the latest notifications from ESFA funding on schools when they are announced.

Early Years

- 7.11 The 2023/24 increase in early years funding rates from September 2023 resulted in a £0.551m Early Years Supplementary Grant (EYSG) for Camden in 2023/24. The local effect on LB Camden Early years providers rates is outlined in section 5.10 above.
- 7.12 Any further announcements for 2024/25 funding rates for Camden's Early Years funding will be notified by the Early Years team as soon as known.

Homes for Ukraine Education and childcare Grant 2022/2023 Final Payment - 29th June 2023

- 7.13 On 29th June 2023 the final [allocations](#) for the education and childcare element of the Homes for Ukraine funding were published. The allocations are based upon the data returned by Councils to the Department for Levelling Up Housing and Communities (DLUHC).
- 7.14 The funding must be used for the provision of education and childcare for children ages 2 to 18 who have entered via the Homes for Ukraine visa route: The local authority can pool any amount of funding to fund activities that will benefit a group or all of the authority's children received via the Homes for Ukraine visa route.
- 7.15 The amount of funding allocated for 2022 to 2023 is detailed in the guidance for local authorities: <https://www.gov.uk/government/publications/homes-for-ukraine-education-and-childcare-funding>
- 7.16 Camden's allocation is approximately £0.9m. The Education Department is responsible for distribution of this grant to the appropriate schools and institutions and plans to complete this before the end of the financial year.
- 7.17 Local authorities and schools are not required to spend all of the funding they receive in the financial year beginning 1 April 2022; some or all of it may be carried forward. Any funding that is carried forward must be spent by the end of the financial year beginning 1 April 2023 and must be used in accordance with the conditions of grant.

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

- 7.18 Payment of the Afghanistan Resettlement (Education) Grant 2022 to 2023 is 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, on 30th March 2023 the ESFA announced extended funding to cover costs incurred in the 2022/23 financial year. These allocations were based the allocations on March 2022 and November 2022 data from Home Office.
- 7.19 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
- 7.20 Camden received an allocation of £3.7m and the Education Department plans to distribute this funding to the relevant schools before the financial year.
- 7.21 ESFA have stated that Councils could carry the funding from the 2022 /23 financial year forward into the 2023 /24 financial year but must spend it by 31 March 2024.
- 7.22 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>

8. Cost increases to be funded by schools – with current 1.9% per pupil increase for 2024/25

- 8.1 As indicated in 7.1 above - last year's Announcement of an additional £2.3bn for Education over each of the following 2 years of 2023/24 and 2024/25 gave rise to some comments suggesting that that this additional funding will still only continue to "restore per pupil funding to 2010 levels in real terms".
- 8.2 On the basis of current inflation forecasts, average consumer price (CPI) inflation is expected to be 4.1% in 2023 and 4.0% in 2024, compared to 9.59% in 2022 and 2.44% in 2021. This means that since 2010 to date Camden schools will have received a cumulative total increase of 15.66% to school block DSG – with all the increases falling from 2018/19 to 2022/23. It is estimated that Camden schools will have suffered by 2023 a net real terms spending pressure from rising inflation alone of over -29% (net of the total 15.66% DSG increases between the 6 years above). This is equivalent to nearly £30m based on the current levels of schools block DSG income (based on the CPI, the government's preferred measure)

Staffing Costs

Teachers Pay Award – from Sept 2023

- 8.3 At the end of the summer term, the government announced there would be a 6.5% pay award for teachers from 1st September 2023. This increase applies to all spine points and allowances. The official pay scales will be published in the Camden Pay Policy document to be issued by HR later in the term and in the School Teachers Pay and

Conditions Document (STPCD), which will be approved by Parliament at the end of October. As LBC Payroll need to wait until the STPCD is approved It will probably be November before the increase is actually paid to teachers. If so, the increase will be backdated to 1st September.

- 8.4 The following link gives more details about the increase : [School teachers' pay 2023 Local Government Association](#)

Teachers Pay Additional Grant (TPAG) 2023/24 – support to schools

- 8.5 Schools are expected to fund the first 3.5% of the 6.5% pay award from their schools Block funding. The government are providing additional funding to schools for the additional 3% of the pay award. This is called the Teachers Pay Additional Grant (TPAG). The funding is a per place amount, so will not match your actual increased costs. Indicative grant allocations for the autumn term 2023 have been sent to schools. The allocation for spring term 2024 will be notified at a later date.
- 8.6 For 2024-25 schools will receive TPAG for the full financial year at the same rate as for 2023-24, adjusted for any place number changes. Details of the 2024-25 allocations will be published nearer the time.
- 8.7 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 – from April 2023

- 8.8 The National Joint Council (NJC) pay offer for April 2023 of a flat rate increase of £2,352. pa for all SCP points from 2 to 43 (SCP1 being abolished) and 3.88% for all above, effective from 1 April 2023 has now been agreed.
- 8.9 Dependent on the level of salary this ranges from an increase of between 4% to 11% for those on the lower salary levels – which covers many staff working in schools. With current headline inflation it is not clear what level of settlement will be demanded or awarded for 2024/25.
- 8.10 Schools have been sent copies of the pay scales including an increase of £2,352. As yet we do not know when the pay award will be paid to staff, but any increase will be backdated to 1st April 2023.
- 8.11 Although complete details of future long-term funding for schools have yet been confirmed - if funding fails to increase in real terms then Camden schools will need to continue plan for a reduction in spending power as well as any increase in costs caused by new pressures.

Teachers pensions Employees Contribution Grant (TPECG) - 2024/25

- 8.12 Following indications of a potential 5% increase in employers Teachers pension contributions, ESFA Officials have suggested that any increase to this contribution from April 2024/25 is “very likely” to be supported by the ESFA under a separate Teachers Pension employers contribution grant ([TPECG](#)) for 2024/24. Details of such grant would be announced at a future date.

Energy Costs

- 8.13 For most schools in Camden Energy bills are subject to the Councils contract with its energy provider LAZER. Energy prices saw steep rises from July 2022 and there still remains variability in the market. As there still remain energy volumes to purchase under the contract, LBC expect prices for the for October 2023 to September 2024 to vary. We will not know actual energy cost increases for this period until we receive final pricing schedules.
- 8.14 The latest information sent out to schools on 14th July 2023 by the LBC Energy Team for the October 2023 to September 2024 energy contract supply period indicated range of forecast following the recent unprecedented market price highs reached in August 2022 for Camden schools. The energy team has presented the range of price changes over this period based on best and worst case scenarios of buying in the current energy market.

Table 5 : Energy Price change forecast ranges - for Oct 23 - Sep 24 (as at June 2023)

Energy type	Low case scenario	High Case scenario
Gas	-12.5%	2.6%
Electricity	5.2%	21.4%

- 8.15 The Energy Management team will continue to advise schools under separate cover of future energy price fluctuations.

Schools Planning and rolling three-year budgets

- 8.16 In order that schools are able to develop adequate financial plans to deal with these pressures on their funding, the authority will continue to encourage schools to produce rolling three-year budgets. The estimated cost increases that schools will need to provide for are shown in the following table which will be updated and sent to schools separately to support 3-year budget planning. All figures are merely indicative in the current fluid economic climate.
- 8.17 Inflation in the UK is measured by the Office for National Statistics. Between 1997, and 2020, CPI inflation was an average of 2%. It began to rise in 2021 and reached a peak of 11% in 2022. It has fallen since then, and the Bank of England now (as of Nov 2023). expect it to be down to 2% by the end of 2025. The median estimate (year-over-year, not seasonally adjusted) for the consumer price index (CPI) for the month of October 2023 is 3.3% which marks the first decline in the consumer price index relative to the previous month since June 2023.

Table 6: Advised / Suggested - Projected cost increases to be funded from schools' budgets – revisions will be sent to schools as appropriate.

Details	2023-2024	2024-2025	2025-2026	2026-2027
	% Change	% Change	% Change	% Change
Expenditure:				
Teachers Pay From September*	3.00%	4.00%	400%	4.00%

Details	2023-2024	2024-2025	2025-2026	2026-2027
Teachers Pension On Cost from September	0.00%	0.00%	0.00%	0.00%
Support Staff Pay*	3.00%	3.00%	3.00%	3.00%
Support Staff Camden Pension On Cost	0.50%	0.50%	0.50%	0.50%
Backfunding of Camden Pension	Estimate	Estimate	Estimate	Estimate
Traded Services (SLA's)	To be	2.00%	2.00%	2.00%
Rates	0.00%	0.00%	0.00%	0.00%
Energy	100.00%	10.00%	10.00%	10.00%
Other Expenditure	2.00%	2.00%	2.00%	2.00%
Other Grants	0.00%	0.00%	0.00%	0.00%
Other Income	2.00%	2.00%	2.00%	2.00%

*The Chancellor has also indicated that public sector pay increases will need to reflect the current economic position. This chart will be sent to schools for budget planning and updated when the detail of that information is confirmed

DfE support : £40 million to support schools in overall financial difficulty - details

- 8.18 On 26th October 2023 the DfE published [further details](#) on the additional support funding in 2023/24 that it announced in July 2023. This provides up to £40 million to support schools in overall financial difficulty by expanding the existing routes available to such eligible schools.
- 8.19 This funding is on top of the £525 million schools will already be receiving this year to support them with the 2023 teachers' pay award. Some £20 million will be provided to local authorities who have the most significant maintained school deficits – allocations can be found [here](#).
- 8.20 DfE has also published [guidance](#) to support local authorities on how to best make use of their allocation.
- 8.21 The remaining £20m funding will be used to expand the existing route for academies in financial difficulty and will be allocated to academy trusts in line with existing criteria and processes.

9. Conclusion

- 9.1 This report has set out the latest estimates of funding for the schools DSG block and has sought the forum's approval on the amount of DSG de-delegation.
- 9.2 The report has also indicated the ESFA provisional funding allocations to individual schools based on the ESFA's republished October 2023 notional NFF allocations in Appendix1 (updated from earlier September report). It also asks forum to note provisional spending plans and current issues regarding the high needs and early years grant blocks (both of which will be subject to review in future school forum meetings). The report has also set out the most recent ESFA and government funding

announcements and indicated the range of specific and general inflationary pressures facing schools in the medium-term.

- 9.3 Final 2024/25 budgets allocations will be provided to schools and forum following the final ESFA allocation expected in January 2024.

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 2023/24 and 2024/25 following the latest October 2023 ESFA guidance and technical updates. It also explains the ESFA statutory requirements for local funding of and 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 current levels of DSG reserves and consider any 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.

12. Appendices

Appendix 1 - National funding formula: Impact of the schools national funding formula - all schools 2024/25

Appendix 1b - The schools NFF: Schools Block allocations for LAs

REPORT ENDS.