

LONDON BOROUGH OF CAMDEN	WARDS: ALL
REPORT TITLE School Funding 2024/25 Update	
REPORT OF Head of Education Commissioning and School Organisation	
FOR SUBMISSION TO Schools Forum	DATE 6 February 2024
SUMMARY OF REPORT This report updates the schools forum on the estimated funding available for 2024/25 following the recent Education and Skills Funding Agency (ESFA) Dedicated Schools Grant (DSG) finance settlement notification on 19 th December 2023 and details the anticipated use of this money to fund schools early years and high needs. It then outlines future funding pressures the current DSG reserves position, de-delegation and the latest advice on energy costs. Local Government Act 1972 – Access to Information The following documents have been used in the preparation of this report: <ul style="list-style-type: none"> • Pre-16 schools funding: local authority guidance for 2024 to 2025 - GOV.UK (www.gov.uk) • High needs funding: 2024 to 2025 operational guide - GOV.UK (www.gov.uk) • Early years entitlements: local authority funding operational guide 2024 to 2025 - GOV.UK (www.gov.uk) • Pupil premium: overview - GOV.UK (www.gov.uk) • Teachers' pay additional grant 2024 to 2025: methodology - GOV.UK (www.gov.uk) • DSG: technical note 2024 to 2025 - GOV.UK (www.gov.uk) Contact Officer: Victor Saunders, Team Leader Schools and Designated Schools Grant (DSG) London Borough of Camden, 5 Pancras Square, N1C 4AG 020 7974 5254 / victor.saunders@camden.gov.uk	
RECOMMENDATIONS Schools Forum is asked to: <ol style="list-style-type: none"> (a) Note and agree the latest estimates of individual schools and growth budgets (section 3.7) and Appendix 1 and 2. (b) Note and agree the provisional Early Years funding rates (section 3.11) (c) Provide any further comment regarding the 2024/25 funding (section 2.13) (d) Identify any areas of funding for review in autumn 2024 ahead of the funding year 2025/26. 	



Signed by:

Nick Smith, Head of Education Commissioning & School Organisation

Dated: 30 January 2024

EXECUTIVE SUMMARY OF REPORT

- (a) This report updates the schools forum on the estimated funding available for 2024/25 following the latest Education and Skills Funding Agency (ESFA) DSG finance settlement notification on 19th December 2023, (section 2.3) and details the anticipated use of this money to fund schools (section 3.2), early years (section 3.8) and high needs (section 3.12). It then outlines future funding pressures (section 4.1) the current DSG reserves position (section 5) de-delegation (section 6) and the latest advice on energy costs (section 7)
- (b) Total government funding for Camden is estimated at £230.6m which after allowing for annual roll changes, is up by £6.8m from last year. The change to total overall funding is due to increases in the per pupil rate of 5.7% (with approximately 1.97% - relating to the NFF uplift and 3.71% from inclusion of the former Mainstream Schools Additional Grant (MSAG) into the Schools Block DSG base from 2024/25 onwards). Similarly, there was a 3% increase to the High Needs DSG Block. Following revision to Early Years funding of 2-year-olds the Early Years budget has also increased by over £4m in 2024/25. The largest single item of funding is the schools DSG block which has been confirmed at £113.96m (plus an estimated £10.87m for Academies). Other elements of funding remain provisional although any change to the estimates is likely to be minor.
- (c) There is also some additional funding to schools outside the DSG allocations. The government agreed to a 6.5% Teachers pay rise for September 2023. It introduced the Teachers Pay Additional Grant (TPAG) in 2023/24 to fund the residual 3% of that award. For 2024/25 schools will receive TPAG for the full financial year at the same rate as for 2023/24. This grant will finally be incorporated into the schools core DSG grant from 2025/26.
- (d) There have been no significant change to the Camden schools local funding formula which will be used to distribute the total of the aggregated individual schools budgets generated by the National Funding Formula (NFF) in 2024/25. The agreed inflationary uplift to Camden's local funding formula factors mirror the NFF increases to the NFF aggregate Schools block allocation for Camden - subject to any ESFA's statutory NFF mirroring requirements. The government update of the October 2023 census and the 2019 Indices of Deprivation (IDACI) deprivation data is now fully incorporated into next year's 2024/25 budget.
- (e) Overall 2024/25 Council funding is set at £230.61m across all three blocks of DSG in order to fund the total proposed spending plans and requiring nil funding to be used from reserves.
- (f) This funding base has now been uplifted to include all the former ESFA grants for top ups to schools for Teachers pay awards, the Teachers pension and supplementary pension grants. The base also includes the former Supplementary Health and Social Care levy funding for mainstream schools (£3.71m) and now the MSAG £4.5m and Additional High Needs Grant £2.06m.

1. Introduction

- 1.1 This report sets out the latest estimate of resources for the financial year 2024/25, incorporating earlier Schools Forum decisions to date regarding the allocation of these resources to individual schools. The allocations follow from the consultation undertaken with schools and discussion at previous meetings of the Schools Forum, and reflect the latest announcements from the ESFA regarding the funding settlement for 2024/25 (made on 19th December 2023). Under the NFF the total DSG schools the ESFA derived the budget for each Council by the aggregation of its individual schools budgets which were determined by application of the NFF factors to each school's October 2023 APT Census data for 2024/25. In line with the ESFA guidance this report proposes to allocate the total DSG schools budget via the basic entitlement and the other agreed formula factors in Camden's local schools formula (as agreed by Schools Forum) and presents school by school funding projections on this basis.
- 1.2 Due to errors in the ESFA national figures the national schools NFF for 2024/25 was updated on 13th October 2023, which means that the NFF factor values are now different from those previously published in July 2023. For further information on that update, please see [2024 to 2025 national funding formula policy document](#)

2. ESFA Resources allocation to Camden

- 2.1 Government funding for Camden's schools, high needs and early years is estimated at £230.61m for 2024/25. This is in line with the ESFA's July 2023 NFF allocations as updated by the 6th October 2023. Republication of the July figures following an ESFA error in forecast pupil numbers resulted in a 0.62% reduction to 1.9% in October from the earlier announced per pupil increase. Fortunately the revised NFF allocations was only to correct that counting error and the ESFA continued to deliver in full the £59.6 billion core schools budget that was promised for 2024/25.
- 2.2 In his Autumn Budget Announcement on 17th November 2022 the Chancellor announced that over and above the earlier totals announced in the 2021 Spending Review an additional £2.bn for Education (for schools core budgets) over each of the following 2 years of 2023/24 and 2024/25. This portion of additional funding was allocated to mainstream schools in 2023/24 through the mainstream schools additional grant (MSAG) with the additional £400m to High Needs via the HN Additional Grant. For 2024/25 this funding has now been incorporated into core DSG budget allocations from the ESFA.
- 2.3 The latest ESFA December 2023 Notification confirmed that for 2024/25 this results in an overall increased funding of 5.7% for the per pupil rate in Camden Schools (approximately 1.97% - relating to the NFF uplift and 3.71% relating to the inclusion of the former MSAG grant into the Schools Block DSG base for 2024/25 onwards).
- 2.4 In addition to the now incorporated MSAG given to cover the additional costs now being faced by schools the ESFA also introduced the Teachers Pay Additional Grant (TPAG) from 2023/24. Schools are expected to fund the first 3.5% of the 6.5% Teachers pay award in September 2023 from their schools Block funding with the government providing additional funding to schools for the additional 3% of the pay award in the form of TPAG as a grant separate to the DSG funding.
- 2.5 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 later. TPAG will continue as a separate grant in 2024/25 and from 2025/26 it will be incorporated into core DSG grant budget allocations by being rolled into the schools and high needs NFFs.

- 2.6 Still further funding follows indications of a potential 5% increase in employers Teachers pension contributions. This will be supported by the ESFA under a separate Teachers Pension employers contribution grant (TPECG) for 2024/25. Further details of such grant will be announced at a future date.

Camden Overall School Budget

- 2.7 In line with the to the national Minimum Funding Guarantee (MFG) (0.5%) and national levelling up arrangements the ESFA 19th December 2023 DSG notification indicated an overall 5.7% per pupil increase in Camden schools funding for 2024/25 (comprising 1.9% re NFF uplift and 3.8% re MSAG addition to base DSG budget). The ESFA operational guidance requires that Local Authorities mirror any additional DSG funding added to schools NFF baselines in their local formulas - subject to the statutory maximum and minimum requirements on local formula factors set by the ESFA.
- 2.8 Hence in order to maximise the distribution of the total DSG uplift to our schools in line with these requirements Camden schools local formula factors have been uplifted by up to 5.7% where allowable for 2024/25 (subject to the statutory ESFA maximum and minimum requirements on our local factors). Note that as required - the former MSAG at 3.8% which is now incorporated into the DSG base budget is also included the overall 5.7% increase distributed to Camden schools for 2024/25.
- 2.9 Camden's High Needs block DSG allocation has also increased by £1.48m from £52.59m in 2023/24 to £54.07m in 2024/25 in line with earlier ESFA announcements (although at the 3% minimum level for historically highly resourced Council). This includes the former Additional High Needs Grant for resulting in an overall 3% increase per head of population for 2024/25.
- 2.10 The Sixth Form funding grant is issued on an academic year basis, with funding for September 2024 to March 2025 announced in April 2024. Beyond the 4.7% increase for 2020/21 no major changes have yet been announced for funding in Camden.

Table 1: Total estimated schools funding 2024/25

	Funding Type	2024/25	Comments
		£m	
(a)	Dedicated schools grant		
	Schools block excluding Academies	113.96	Excluding academies and free schools. Includes 1.9% NFF and 3.7% MSAG increases in pupil led funding rates. But less changes in pupil numbers
	National non-domestic rates within the premises factor (£s)	3.28	
	- Academies and Free schools	10.87	
	Central Support Services block	1.15	
	- Early years block	20.86	included Early Years (EY) pupil premium and EY disability

	- High needs block	54.09	4% pupil led increase in High Needs (HN) DSG
	Total DSG	204.20	* Now includes the former 2023/24 MAGA and HN Additional Grants now built into DSG base budgets from 2024/25
	MSAG -Mainstream Schools Additional Grant: indicative allocations (£m)	0	MSAG 2023/24- from ESFA that replace former Supplementary Healthcare Levy Grant. It is now built into DSG base budgets from 2024/25
	High Needs Additional Grant	0	HN Additional Grant 2023/24- from ESFA that replace former Supplementary Healthcare Levy Grant. It is now built into DSG base budgets from 2024/25
(b)	Pupil premium	10.56	1.6% expected change in grant rate
(c)	6 th form	15.85	No projected change in grant rates
	<i>Total From Government</i>	230.61	

2.11 Further changes may be made during the year as the early years, pupil premium and 6th form funding are only provisional allocations. These will be based on January 2024 census data and confirmation of final figures are expected to be made during the year by adjustment to payments.

Planning for Future Funding Pressures

2.12 The Bank of England's Letter to the Chancellor on 14th December 2023 [Letter from the Governor to the Chancellor - CPI Inflation \(bankofengland.co.uk\)](https://www.bankofengland.co.uk/letter-to-the-chancellor-2023-12-14) pointed out that the Office for National Statistics (ONS) published data showed the twelve-month inflation figure for Consumer Prices Index (CPI) was 4.6% in October. The bank concludes that CPI inflation is expected remain near to this current level around the turn of the year, before continuing to fall towards the 2% target in the "medium term".

2.13 Between 2010 and 2024/25 Camden schools will have received a cumulative total rate of increase of 21.36% to its schools block DSG, This includes an additional 5.7% in 2024/25 (which includes 3.8% for MSAG). Using CPI index at 4% as per Bank of England forecasts, it is estimated that by 2024/25 Camden schools will have suffered real terms spending pressures from rising inflation alone of 27% (net of the total 21.34% DSG increases up to 2024/25). This is equivalent to nearly £27m based on the current level of schools block DSG income (measured on the CPI - the government's preferred measure of inflation)

2.14 As detailed above - The government agreed to a 6.5% Teachers pay rise for September 2023. residual 3% of the 6.5% award. It then introduced the Teachers Pay Additional Grant (TPAG) in 2023/24 to fund the residual 3% of that award. For 2024/25 schools will receive TPAG for the full financial year at the same rate as for 2023/24 and it will be incorporated into the schools core DSG grant from 2025/26. But it does not cover the full cost of the award. In the current economic climate, estimates of future public sector pay levels and costs remain uncertain. Details of longer-term future funding for schools have yet to be confirmed. However, if funding fails to increase in real terms combined with unusually sharp increases to costs from high levels of general inflation and utility costs then Camden schools may need to continue plan for a reduction in spending power.

2.15 The known cost increases that schools will need to provide for were outlined in the December 2023 Forum Report along with inflation tables already sent to schools

separately to support 3 year budget planning. In line with the earlier Schools Forum decision on financial sustainability to ensure that schools are funded entirely from government grant allocations, it is planned to continue to use nil DSG reserves in 2024/25 to fund schools formula budgets. The breakdown of expected funding for 2024/25 is shown below.

Changes between the 2023/24 and the 2024/25 NFF Formula

A. National NFF Formula

2.16 The ESFA Operational Guidance 2024/25 indicates that the main NFF formula for 2024/25 is broadly similar to the formula in 2023/24 subject to the following updates

Schools NFF Formula

The key changes to the schools NFF formula in 2024/25 are:

1. introducing a new formulaic approach to allocating **split sites funding** in the NFF in 2024 to 2025, replacing the previous locally determined split sites factor
2. rolling the 2023/24 mainstream schools additional grant (**MSAG**) into the NFF by:
 - adding an amount representing what schools receive through the grant into their baselines
 - adding the value of the lump sum, basic per pupil rates and free school meals Ever 6 (FSM6) parts of the grant onto the respective factors in the NFF
 - uplifting the minimum per pupil values by the MSAG's basic per-pupil values and an additional amount which represents the average amount of funding schools receive from the FSM6 and lump sum parts of the grant
3. **increasing NFF factor values** (on top of the amounts already added for the MSAG) by:
 - 1.4% to the following factors: basic entitlement, low prior attainment (LPA), FSM6, income deprivation affecting children index (IDACI), English as an additional language (EAL), mobility, sparsity and the lump sum
 - 1.4% to the minimum per pupil levels (MPPL)
 - 0.5% to the funding floor
 - 1.6% to the free school meals (FSM) factor value
 - 0% on the premises factors, except for: (i) Private Finance Initiative (PFI) which has increased by Retail Prices Index excluding mortgage interest payments (RPIX) which is 10.4% for the year to April 2023 and (ii) split sites funding which has been formularised
4. introducing, for the first time, a methodology for calculating and allocating funding for falling rolls

High Needs NFF

5. The ESFA has also confirmed the following aspects of the **High Needs NFF** for 2024/25
 - the funding floor is set at 3% so each local authority will see an increase of at least 3% per head of their 2 to 18 population (as estimated by the Office for National Statistics (ONS))
 - the gains limit is set at 5%, allowing local authorities to see gains up to this percentage increase under the formula, again calculated on a per head basis of their 2 to 18 population

Local funding formulae requirements

6. Requirements on local formulae require that Local authorities are again required to bring their own formulae closer to the schools NFF from 2023/24 This transition will continue in 2024 /25 and in particular: local authorities must
- move their local formula factor values at least a further 10% closer to the NFF (building on the movement towards the NFF made in 2023 to 2024), except for rates, PFI or exceptional circumstances factors.
 - use the new national formulaic approach to split sites
 - follow the new local formula 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
 - follow the new requirements for falling rolls funding, whereby local authorities can only provide falling rolls funding to schools where school capacity survey (SCAP) 2022 data shows that school places will be required in the subsequent 3 to 5 years. The restriction, that schools were previously only eligible for falling rolls funding if they were judged 'good' or 'outstanding' by Ofsted, is being removed from 2024/25

B. Camden Local Formula – Individual Schools 2024/25

Differences between the 2023/24 and the 2024/25 Funding Allocation levels to Camden.

2.17 After the above changes to the national NFF formula (following the ESFA republication of its earlier July national NFF figures on October 2023) and the 19th December ESFA notification of 2024/25 DSG allocations to Councils the final effect on Camden Schools total level of funding in 2024/25 are outlined below;

(a) Schools block (DSG) allocations

- The aggregate amount received from the government per pupil based on the NFF has now been analysed between primary (£6,565) and secondary (£8,487) for 2024/25. The funding allocations per school are set out in Appendix 2 and are in line with the government's overall intention indicated in the republished October NFF data for a 1.97 % per pupil increase to NFF (with an additional 3.7% per pupil from the inclusion of the former MSAG Additional grant into the base DSG budget for 2024/25) giving a total uplift of approximately 5.7% per pupil in schools block funding for Camden for 2024/25. These rates are not subject to any subsidy from Camden's DSG reserve which means that LBC schools are completely funded by government grant.
- The change in Camden's pupil rate for 2024/25 as notified in December 2023 ESFA allocation was an overall 5.7% increase. However, once adjustment of 3.7% is made to remove the inclusion of last years MSAG grant into the base budget for 2024/25 (because the continuation of earlier year funding is not additional new funding), the real terms overall increase in new funding from the NFF is 1.97%.
- Subject to continuation of the ESFA's statutory NFF "factor matching "constraints" for 2024/25 this increase has now been fully passed on to schools by a corresponding 5.7% uplift where possible to the local funding formula factors for 2024/25 in order to maximise the distribution of aggregate schools DSG block via the local funding formula to Camden school budgets.
- Outside the DSG allocations above - there is also some additional funding to schools in 2024/25. The government introduced the Teachers Pay Additional Grant (TPAG) in 2023/24 to fund the residual 3% of the Teachers 6.5% September 2023 pay award. For 2024/25 schools will again receive TPAG as a separate grant for the full financial year at the same rate as for 2023/24 later in the year. This is estimated to

represent a further 1.2% uplift to the per pupil funding rates for Camden schools. This grant will be incorporated into the schools core DSG grant from 2025/26.

In summary - This will mean that for 2024/25 LB Camden schools will have received an overall total per pupil funding uplift of up to 5.7% (comprising 1.97% from the local APT Funding formula uplift and 3.7% from the MSAG addition to base funding) and outside the DSG an estimated further additional 1.2% per pupil from the TPAG grant.

(b) Early years block (DSG) allocation

- The current government funding formula and regulations regarding an additional 15 hours free childcare for working parents of 3 and 4 year olds came into effect in September 2017. In response Camden's early years offer came into effect in September 2017.
- Camden revised early years required an ongoing commitment from the council's general fund to enable the council to continue to go above the government's minimum requirements and offer an additional 15 hours childcare for some of the 3 and 4 year olds that previously qualified for the 15 hours provision as 2 year olds and retention of more than the permitted 5% EY DSG grant (by annual disapplication to ESFA).
- However, in July 2023 the ESFA announced £204 million of supplementary funding to local authorities through a new one-off early years supplementary grant (EYSG) from September 2023 for the 2023 /24 financial year. This funding was provided as a separate grant to increase the hourly amounts paid to local authorities, so that they could increase the amount of funding their early years childcare providers receive for delivering the entitlements for the period September 2023 to March 2024.
- For the 2024 /25 financial year, an ongoing additional £288 million will be allocated to local authorities through the early years DSG 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.
- The revised EY funding rates for 2024/25 issued in ESFA 19th December Notification contained significant increases in the EY funding Rates for 2024/25. These mainly related to the new funding for 2 year olds and an uplift to 3&4YO rates.
- This means that LBC's 2YO DSG rate will now increase to higher than the current £8.10 rate for 3&4YO and that LBC will no longer need to disapply for the 3&4YO rate to supplement the 2YO rate. Hence it 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 final 2024/25 rates to providers.

(c) High Needs Block allocations

- The ESFA 19th December 2023 notification has indicated that the Camden's HN DSG block will increase by £1.48m (3%) to £54.07m in 2024/25. This final figure may still be subject to some minor adjustments relating to the new pupil import/export arrangements.
- In line with the MSAG for mainstream schools the earlier years £400m Additional HN funding has been used to support a minimum funding floor of 3% in the 2024/25 HN DSG budget.
- The Ministerial letter to headteachers from Gillian Keegan to all schools on 17th January 2023 also confirmed that for 2023/24 "in addition to the protection afforded by the special schools minimum funding guarantee. "We have introduced a new condition of grant on local authorities to make sure that special schools and alternative provision receive the HN DSG increases".

- It is anticipated that Camden will fully allocate the additional 2024/25 HN DSG budget sustainably and in line with the continuing ESFA requirements for the 2023/24 additional funding above. The HN DSG allocations for 2024/25 DSG will be reported to forum in a separate HN Special Educational Needs (SEN) Report.
- The SEN Team is working with schools and forum to ensure the ongoing and sustainable allocation of the HN DSG budget.

- (d) **Pupil premium funding** - for 2024/25 continues to be maintained as a separate grant and to be largely based on the free school meals (FSM6) data at January 2024. The rates were increased by 5% in 2023/24 and were again uplifted by 1.6% for 2024/25. Eligibility criteria will remain unchanged in 2024/25. Current trends in FSM6 take up during and since the pandemic despite some offset by falling rolls suggest that Camden may receive a marginally increased level to the current £10.56m pupil premium for 2024/25, but this will be confirmed by the ESFA later in the year.

Early years pupil premium for 3 and 4 year olds in nursery (15 hours per week) is currently £342 per eligible pupil and will increase to £387.6 in 2024/25. It is currently estimated that the Council will receive a total of £0.132m for 3&4 year olds with a new additional £0.073m for “2-year-olds and under” in 2024/25. As 2024 /25 is the first year that 2-year-olds and under will be eligible for EYPP, the indicative allocations for each local authority for them have been calculated using “estimated” PTEs. Final allocations will be updated following termly headcounts in summer and autumn 2024, and the January 2025 census.

- (e) **The 6th form funding** grant is issued on an academic year basis. Funding for September 2023 to March 2024 is planned to be announced in March 2024. The last change in the 16 to 19 funding rates was a 4.7% increase for 2020/21. Following expected roll changes in line with recent trends in Camden the projection is for a small increase in total actual funding for 2024/25.

National Comparison of London boroughs funding

2.18 Using similar approach to earlier London Councils reports gives the following analysis of London Councils position in the overall national DSG funding allocations for 2024/25:

- Nationally in 2024-25, £60.7 billion will be allocated through the total DSG across England, an increase of 8.68% since 2023/24. London Boroughs will receive £10.36 billion, an increase of 6.954% from 2023/24: the lowest increase of all authority types with Upper Shire Counties increasing the most by 9.12. London’s share of the total DSG blocks will fall by -0.28%, and Upper Shire Counties’ share will increase the most by up to +0.14% (see table 2 below).
- For Schools Block, there was a national increase of 5.5% from 2023-24 London boroughs will receive £7.4 billion in funding, representing an increase of 4.11% when compared to 2023-24, the lowest of all authority types with Metropolitan Districts receiving the highest annual increase of 6.02%. London’s share of the total national schools block (£44.96billion) will decrease again by- 0.22%: and the Metropolitan Districts with the highest change of + 0.12%.
- For High Needs bloc in 2024/25 there was a national increase of 3.78%. Down from last years increase of 15.92%. London boroughs will receive a total of £1.83 billion, representing a more modest increase of 3.08% compared to last years increase of 15.13% .The London HN increase is the lowest for all authority types with Metropolitan Districts receiving the highest increase of 4.33% London’s share of the total national High Needs block will again fall by 0.14%, with the Metropolitan Districts increasing the most by 0.12%.

- For the Early Years Block In 2024-25, £6.1 billion will be allocated nationally compared £3.92 billion last year. London will see an increase of 55.11% from last year. London Boroughs share of EY DSG will be £1,061 million, an increase of 44.53%, the lowest with Upper Shire Counties at the top with a 60.19% increase. Despite the national increase London Boroughs share of the total national EY DSG pot will again reduce by -1.27% with the Upper Shire Counties increasing by a further 1.10% in 2024-25.

Table 2: 2024-25 DSG funding allocations for schools, central schools services, high needs and early years in London Councils

ENGLAND	National DSG allocations (£m)			Proportion of England total		
	2023-24 £m	2024-25 £m	Percentage change	2023-24	2024-25	Percentage change
London	£9,683	£10,356	6.95%	17.34%	17.06%	-0.28%
Metropolitan District	£13,112	£14,298	9.04%	23.47%	23.55%	0.08%
Unitary Authority	£14,095	£15,352	8.92%	25.23%	25.29%	0.06%
Shire County	£18,966	£20,696	9.12%	33.95%	34.09%	0.14%
England total	£55,856	£60,703	8.68%			

3. Distribution of Resources in Camden 2024/25

Overall distribution

3.1 The majority of the £230.61m total funding (table 1 above) will go to Camden schools as shown in column 2 of the following table.

Table 3: Analysis of DSG funding 2024/25 (including any current use of HN reserves)

Funding Area	2024/25 Camden schools	2024/25 Services provided by Camden including children's centres ¹	2024/25 External providers Academies & EY	Totals
	£m	£m	£m	
Schools DSG - Including MSAG Grant	116.28	0.95	10.87	128.10
Central Support Services Block	0.00	1.15	0.00	1.15
Early years DSG	6.24	7.91	6.71	20.86
High needs DSG - Including Additional Grant	38.39	3.00	12.70	54.09
Pupil premium	10.56	0.00	0.00	10.56
6th form	15.85	0.00	0.00	15.85
Total government funding	187.32	13.01	30.28	230.61
Camden Contribution	0.00	0.00	0.00	0.00
Use of Reserves	0.00	0.00	0.00	0.00
	187.32	13.01	30.28	230.61

Notes:

- (1) Children's centres are those operated direct by the authority only
- (2) Funding to academies and free schools is shown under 'external providers'
- (3) Early Years split is not yet confirmed so remains as per last year
- (4) Before any use of reserves or LBC contribution

Distribution of Local Funding Formula by Camden in 2024/25

Schools block DSG

- 3.2 The 2024/25 NFF Schools block, as in the previous year, uses IDACI 2019 ranks to group each lower super output area (LSOA), an area with typically about 1,500 residents) into one of 6 bands of decreasing deprivation. The most recent IDACI deprivation index of October 2019 along with any changes in rolls or updates have now been incorporated into Camden's local funding formula. Any significant effects on individual school allocations have been mitigated by the MFG now set in line with ESFA guidance at 0.5% (thus ensuring a minimum protected 0.5% uplift in the per pupil rate for all schools). The MFG provides protection to any school that loses funding following changes to the formula. Details of changes to the current IDACI data calculations can be found at the following [**IoD link**](#) and are summarised in Appendix 6.
- 3.3 For 2024/25 the NFF inflation uplift in per pupil funding resulted in an overall 5.7% increase in the per pupil rate for Camden Schools and hence its total schools block funding. There have been no significant changes to schools block DSG (which now include the 2023/24 MSAG Grant in its base budget at approximately 3.7% of per pupil rate).
- 3.4 Subject to the ESFA statutory NFF "transitional mirroring "constraints" for 2024/25 the increase has been fully passed on to schools by a corresponding 5.7% uplift to the local funding formula factors where applicable for 2024/25 individual school budgets. As indicated above the overall 5.7% increase comprised of 1.9% from NFF uplift and 3.8% from the incorporation of last year's MSAG funding into the mainstream base DSG schools block budget.
- 3.5 The council has made no applications to the ESFA to change its local formula and has ensured that its local formula factors comply with the ESFA statutory bands for Camden's formula factors. It has included all mandatory factors (to comply with the NFF minimum levels for the FSM and Mobility factors). This remains in accord with forum's earlier changes to simplify and maintain its funding formula in line with national average allocations in preparation for the implementation of the national funding formula.
- 3.6 The NFF allocation to LBC in 2024/25 under its revised process now identifies and allocates Schools Business Rates (NNDR) under "premises funding" to Camden using "actual spend in the Jan 2023/24 APT". Whilst appearing in DSG budget figures there will be no cash transfers to schools budgets for this item. From 2022/23 (NNDR) is paid by the ESFA directly to billing authorities. An ESFA policy document (July 2018) indicated that they are "continuing to consider" the long-term approach to all other premises factors in the NFF".
- 3.7 The local schools formula proposed for 2024/25 after allowing provision for growth costs of £1.7m related to potential planned reorganisation activity is set out at Appendix 1. The allocations per school together with the increase / decrease compared to the previous year's totals are shown in Appendix 2.

Early years DSG distribution

- 3.8 The review of Camden’s early years provision remains ongoing the progress will be reported to forum under separate cover at an appropriate stage. The key features are
- 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 2023/24 and 2024/25 financial years. 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
 - For the 2024 /25 financial year, an additional £288 million will be allocated to local authorities through the early years dedicated schools grant (DSG). This is 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.
 - 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.
 - On 15 Jan 2023 the ESFA confirmed that the DfE will fund a total of 26 weeks for the under 2-year-olds entitlement for the period between September 2024 to March 2025. Further information will be added to the EY operational guidance published on gov.uk.
- 3.9 The current early years national funding formula was introduced in April 2017 for 3/4 year olds and 2 year olds. The revised ESFA rates given to LB Camden for 2024/25 in the 19th December 2023 Notification are set out in table 4 below (subject to any ESFA update).
- 3.10 For 2024/25 the replacement (in 2023/24) of the loss cap protection on Councils with its historically higher EY by a new +1% year-to- year protection and +4.9% gains cap means that Camden’s 3 to 4 year old EY DSG rates will rise from £8.73 to £9.04 in 2024/25.. As our 2YO DSG rate will now increase to above the 3/4YO rate of £9.04 - 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.

Table 4: Early years ESFA funding rates 2024/25 - per 19.Dec 2023 ESFA Notification

2024/25 ESFA FUNDING RATE	2023-24 £ / hr)	2024-25 £ / hr)	difference	percentage change
ESFA EYNFF hourly rate for 3-4 year olds for 2024/25	£8.73	£9.04	£0.31	3.55%
ESFA Hourly rate for 2 year olds for 2024/25	£7.56	£11.83	£4.27	56.48%

- 3.11 The current 2023/24 distribution of DSG Early years funding by Camden’s early years team after adjustments for any dis-applications, deprivation and inclusion funding results in an hourly rate to providers of £6.74 for 3 to 4 year olds and £11.25 for 2 year olds per hour. The Early Years Team will be proposing in a separate report to Forum for a approval of the revised EY provider rates for 2024/25 of £7.22 for 3&4 year olds and £12.66 for under 2’s as set out in table 5 below and Appendix 5.

Table 5 : Proposed Hourly Rates to providers for 2024/25 pending approval

Scheme	Hourly Rate £
3&4 Year Olds	£7.22
2Year Olds	£9.50
under 2's	£12.66
Maintained Nursery School (Universal 3&4YOs only)	£4.64
Camden Enhanced Offer	£5.30

High needs DSG distribution

- 3.12 Camden's current funding distribution of HN DSG to schools will continue with mainstream schools receiving part of the top up as a fixed cash allocation (covering the first 10 to 20 hours of support) with further top ups on an individual pupil basis where support is required over 20 hours. All special schools (and pupil referral units) will receive place funding of £10,000 with top ups at agreed rates for individual placements. For schools with resource units, this place funding will continue but (as from April 2018) at the rate of £6,000 plus basic entitlement via pupil led funding for each place provided. In addition, there will continue to be top ups at agreed rates for individual placements. In line with recent ESFA instructions these rates are expected to rise in line with the 3% HN DSG uplift for 2024/25. (section 2.17c)
- 3.13 The unexpected increase in national HN DSG funding since 2021 means that provisional spending plans for the 2024/25 allocation are not currently expected to exceed the increased £54.09m to be received from the government in 2024/25 and the Council continues to consult with stakeholders on the optimum future service provision at this level of funding. The SEN team continue to caution that spending pressures are still expected to continue to rise against post-16 costs and increasing mainstream top up costs as numbers increase.
- 3.14 The service will continue to work to ensure that forecast spending is within the funding available. This now includes the progression of a school-led exceptional needs framework and an ongoing review of the current service offer to schools.

Pupil premium distribution

- 3.15 To receive this grant schools must demonstrate how they are using the funding to improve outcomes for disadvantaged pupils identified as eligible to receive free school meals at some stage over the previous six years. They cannot use it to replace cuts in other funding.
- 3.16 Pupil premium for 2024/25 will be largely based on the free school meals (FSM6) data at October 2023. Initial estimates suggest that Camden may receive a slightly increased level to the current £10.6m in 2023/24 based on an expected increased uptake in free school meals following the current cost of living emergency and the longer term effects of the Covid 19 pandemic, but the final allocation will be confirmed by the ESFA in the new year.

3.17 The premium was extended in 2015/16 to covers 3 and 4 year olds under the early years pupil premium. From April 2024 it this will now also cover 2 year olds and under. The rates were increased by 5% in 2023/24, and were again uplifted by 1.6% for 2024/25..The new rates for 2024/25 are as follows:

- Primary FSM6 pupils: £1,480
- Secondary FSM6 pupils: £1,050
- Pupils previously looked after by a local authority or other state care £2,570
- Children who are looked after by the local authority £2,570
- Service children: £340
- Early years 3/ 4 and 2year olds and under £387

6th Form Funding for distribution

3.18 The allocation of the expected funding between the 6th forms is determined by the government's formula. The authority has no discretion over the allocations. The funding period covers the academic year with funding for September 2024 to March 2025 expected to be announced in April 2024. The national base rates for the academic year 2024/25 have not yet been fully confirmed by the ESFA. The ESFA are expected to announce the final allocations for 2024/25 to all post 16 institutions in March 2024. Camden's current funding had increased by £1.7m from the previous year. However, the as the last rise in rates (4.7%) was in 2020/21 it is likely that increase in funding was due to increased numbers and that any continuation of the below inflation increases to the pupil funding rate will result in a further real terms reduction in funding going forward. An Institute for Fiscal studies (IFS) FE Report stated that for school sixth forms, current spending per student in 2024–25 will still be 15% lower in real terms than it was over 20 years earlier in 2002–03. There is currently no announcement on any variance to these factors for next year.

4. Funding Pressures - Preparation by Schools for Future pressures

4.1 The Autumn Budget Announcement on 17th November 2022 announced an additional £2bn for Education (for schools core budgets) over each of 2023/24 and 2024/25. The ministerial letter to headteachers of 17th January 2023 stated that "In 2023-24 mainstream school funding would increase, on average, by 5.6% per pupil through core allocations and the new Mainstream Schools Additional Grant (MSAG)". "The MSAG allocated the main portion of the additional funding that was announced in the Autumn Statement and equated to an average increase of 3.4% in per pupil funding over and above core allocations" This funding has now been rolled into the schools national funding formula in 2024/25. Special schools and alternative provision saw an increase of 3.4% in 2023/24 funding, provided from an additional £400 million (equivalent to the increase that mainstream schools received through the MSAG). This also now in the base budget for 2024/25 with the new condition of grant on local authorities to make sure that special schools and alternative provision receive that increase.

4.2 Some commentators have indicated that these rises will still not redress the historic real terms funding reduction to core school budgets since 2010 and that this additional funding will still only continue the path to "restore per pupil funding to 2010 levels in real terms".

4.3 Since the funding freeze in 2010 Camden schools have received a cumulative total increase of 15.6% to DSG in the 6 years from 2018/19 to 2023/24 with an additional 5.7% in 2024/25. With a current year CPI of 4.8% and a forecast 4% for 2024 it is estimated that

Camden schools will have suffered by 2023/24 a real terms spending pressure from rising inflation alone of 29% (net of the total 15.6% DSG increases up to 2023/24 as above).

- 4.4 The government has agreed a Teachers 6.5% pay award for September 2023 but has only agreed to fund the residual 3% from its TPAG grant. If funding fails to increase in real terms then Camden schools will need to continue plan for a reduction in spending power.
- 4.5 In addition, although Camden Schools were historically and comparatively well funded by per pupil measure nationally (5th by Local Authority at Primary and 6th Secondary in 2024/25) this position via the “levelling up” of national schools funding continue to influence Camden’s share of national funding. Camden Schools, especially primary have also seen falling demand for places, reflecting wider demographic trends. As funding for schools is driven primarily by the number of pupils on roll at the school, the already significant pressure on school budgets will be further exacerbated by the prevalence of surplus places. There are currently six schools (of which one is secondary) with a licensed deficit with Camden.
- 4.6 In order that schools are able to develop adequate financial plans to deal with these pressures on their funding, they will continue to be advised to maintain three year financial forecasts of costs and income. This information will be important in supporting the schools longer term financial planning. The authority has regularly issued detailed guidance to support this process, and annual updates on cost pressures are provided to schools each year with the most recent update being sent to schools in July and updated in December’s report.

Support and ESFA Announcements since December 2023

- 4.7 Earlier schools forum reports have outlined the main ESFA financial support to schools during the current cost of living emergency and recent Ukraine war, Afghan refugee and Covid-19 emergencies.
- 4.8 The ESFA have also set up a number of training workshops and on line Benchmarking tools for schools staff on financial management.
- 4.9 The latest DfE announcement has been that the employer contribution will increase by 5% from 1 April 2024 for schools providing the Teachers' Pension Scheme (TPS) to its teaching staff. This means the new employer contribution rate will be 28.68%. The DfE have stated there will be additional funding to cover the increase in the employer contribution for financial year 2024/25.

5. Reserves

- 5.1 The table below outlines the historic and proposed use of reserves (one-off cash balances) in 2023/24 and the level of reserves available beyond that. The table shows the movement from the opening cumulative 2013/16 DSG reserve balance to the current forecast position at the end of the current year, which remains subject to future schools forum decisions. It shows the reduction in the use of DSG reserves in accordance with the objective of improving sustainability in schools budgets by reducing reliance on one-off balances. It also now shows the planned reduction in the levels of High Needs DSG being sent to reserves for 2023/24. The projections are of course subject to change as decisions are made in response to changing circumstances over time.

Table 5: DSG Reserve and movements at February 2024

	Schools	CSSB Central Support Services block	High Needs	Early years (inc 2 year olds)	Movement in year	Final end of year balance
<i>Opening Bal from 2013 to 2016</i>	-279,966	0	2,681,841	1,916,142		4,318,017
<i>2018/19 actual movement</i>	780,715	738,437	-1,259,399	0	259,753	4,577,770
<i>2019/20 actual movement</i>	1,072,016	746,568	-1,084,099	125	734,609	5,312,379
<i>2020/21 actual movement</i>	1,116,391	622,653	1,686,405	-1	3,425,449	8,737,827
<i>2021/22 actual movement</i>	1,158,792	644,246	2,660,550	0	4,463,588	13,201,416
<i>2022/23 actual movement</i>	468,636	588,931	4,017,244	978,803	6,053,614	19,255,029
<i>sub total - Current balance</i>	4,316,584	3,340,835	8,702,542	2,895,069	19,255,029	
Planned 2023/24 HNB UNDESPEND - at 15.01.24 -estimated			1,300,000		1,300,000	
ESG deduction from 2022/23	-250,000				-250,000	
<i>sub total</i>	4,066,584	3,340,835	10,002,542	2,895,069	20,305,029	

- 5.2 It is noted that a significant contributor to the now a significantly improved surplus on the total DSG reserve is the High Needs DSG reserve. As reported earlier by the HN Team this has been caused by unexpected and significant increases in grant income over the past few years. As reported, it is now in consultation with key stakeholders planning to utilise these additional resources in a sustainable manner going forward. There is also now an improved surplus on the schools block element of the reserve which as reported in June was due to a lower than expected spend of schools block funds on reorganisation and growth due to reduced activity in that area and a lower than estimated increase in direct recoupment for Academy growth from the government. Other contributors were a reduction in growth costs due to falling rolls in Camden and a reduced contribution to the Early Years block.
- 5.3 This position may change beyond 2023/24 due to potential pressures from inflation, possible future school and class reorganisations in response to falling rolls and other potential exigencies that may require a call on these reserves. Currently - as agreed in earlier school Forum, any reserve remaining in the Schools or Central Schools Services block continues to remain available to offset any schools block deficit arising from pressures on schools budgets following future reorganisations or cost pressures.
- 5.4 Earlier responses by the Council and Forum to the growth of DSG reserves was to use some of the available Schools block reserve to support schools in the current economic climate by relieving them of the former charge of £15 per pupil as schools contribution to discontinued ESG central duties grant from 2017. This application of DSG reserve will continue to be used to support schools budgets in 2024/25 by removing the £250k that would have historically been charged to them.

6 De-Delegated Schools Budget

6.1 In the past, the annual DSG was top sliced for the authority to provide the central functions outlined below. Changes introduced by the government in 2013 required funding for these central services provided by the Council to be given (delegated) to schools and then subject to agreement charged back (via de-delegation) from their individual budgets. School forums have the authority on behalf of all schools to approve which services should be provided centrally by the authority. December 2023 Forum previously approved services to be delivered centrally which will total £0.982m in 2024/25 subject any changes outlined within this report. The current cost distribution as requested is as follows:

- a) Behaviour support (primary schools only): £0.45m-. Funding for secondary schools is not de-delegated and remains within existing funding levels.
- b) Assessment of applications for free school meals: £0.035m – 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.
- d) Contingency: £0.240m – to cover extra costs of bulge classes and changes in pupil numbers where funding regulations allow extra funding to be given as well as coverage of schools contributions for former schools improvement brokerage grant.
- e) Licences arranged at national level by the government are now confirmed at £0.133m by the ESFA.

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

Table 6: 2024/25 Budget De-delegated rate per pupil

Primary:	Rolls	Total Rate per pupil	Behaviour Support (Primary Only)	Assessment of FSM Applications	Union Duties	Contingency Bulge Class Pupils / Falling Rolls	Licences
Primary Rate Per pupil	8,791	£85.43	£51.19	£2.25	£7.97	£15.43	£8.59
Secondary Rate Per Pupil	6,768	£34.24	£0.00	£2.25	£7.97	£15.43	£8.59
Total Charge per heading	15,559	£982,714	£450,000	£35,000	£124,000	£240,000	£133,714

6.3 The ESFA plans that following the introduction of the “hard” NFF (now postponed from 2024/25) that Councils will no longer be able to de-delegate the aggregated NFF from schools via the Councils local formula and that individual schools will be free to choose which former de-delegated services they buy” with their NFF budgets.

7. Energy Costs

7.1 For most schools in Camden Energy bills are subject to the Councils contract with its energy provider LASER. Energy prices saw steep rises from July 2022 and there still remains variability in the market.

7.2 The most recent advice from the Energy Management team in December was that Although wholesale electricity and gas market prices have shown improvement over the past 12 months, and sit 110-130% below August 2022 highs, prices remain volatile and 2-3 times higher compared to historic average market prices. Camden will continue to see the impact of sustained high market prices on delivered costs, but LASER's flexible forward-buying strategies have provided protection against wholesale market prices.

7.3 The recent advice on changes in energy prices that they have been able to secure for Camden over the future period October 2023 to September 2024 are summarised as follows:

Gas

- The gas unit rate shows an average 13.8% decrease from Oct 22 to Sep 23 prices.
- The gas standing charge shows an average 52% decrease

Electricity

- Hourly and Half Hourly pricing supply rates have seen an average increase of between 8.25% and 10.3%
- For standing charges - Across the pricing supplies there has been an average increase of between 61% to 83%

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

8 Schools Funding Timetable

8.1 In order to keep schools informed of key school funding dates a summary of the key steps towards the finalisation of the 2024/25 schools high needs and early years final funding positions is outlined in Appendix 3.

9. Finance Comments of the Executive Director Corporate Services

9.1 The report outlines the proposed allocation of DSG budget allocations for 2024/25 based on the ESFA notification and guidance of 19 December 2023 and invites forum for comments.

9.2 The distribution of the DSG funding is made within the available ESFA funding for 2024/25 and in accord with ESFA guidance requirements and earlier Forum approval of the local budget formula and advice from the Education Service.

9.3 Forum will need to take note of the level of funding in context of the expected spending pressures for 2024/25 and increasing levels of DSG reserves and continue to consider the appropriate actions to manage this level of DSG reserves.

9.4 Subject to the above comments, so far as the ESFA regulations have been met and the approved allocation is within the available funding levels here are no additional finance comments.

9.5 The finance reports to schools forum are written by the Finance team and as such the views of the Exec Director Corporate services are included with the report.

10. Legal Comments of the Borough Solicitor

- 10.1 The report has set out how it has arranged the 2024/25 schools funding allocations in accordance with the ESFA Guidance and requirements for 2024/25 and in accord with earlier forum agreement on the local funding formula mechanism that was used.
- 10.2 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. Money between the mainstream schools budget and the high needs budget.

11. Appendices

Appendix 1 - Camden's School Funding Formula 2024-25

Appendix 2 - Funding Formula Allocations 2024-25 – Primary and Secondary Schools (provisional)

Appendix 3 - Timetable - ESFA DSG technical note 2024 to 2025 Published 19 December 2023 (extract)

Appendix 4 - De-delegation 2024-25 - Totals per school and Per-Pupil Rates

Appendix 5 - Proposed hourly rates for 2024-25 and breakdown of rates

Appendix 6 - Extract From ESFA

Appendix 7 - The schools NFF 2024-25 - Schools Block allocations for LAs