

LONDON BOROUGH OF CAMDEN	WARDS: All
REPORT TITLE School Funding 2025/26	
REPORT OF Director of Education and Inclusion - Children and Learning	
FOR SUBMISSION TO Schools Forum	DATE 4 December 2024
SUMMARY OF REPORT <p>At the recent November meeting, forum was presented with the results of the consultation document sent to schools relating to the local funding arrangements for 2025/26. 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 2025/26.</p> <p>Following the 30th October 2024 Budget and the most recent 6th November Education and Skills Funding Agency (ESFA) policy document announcement, this report estimates the funding effects of that information on the current school individual NFF budgets and seeks schools forum’s agreement on the amount of Dedicated Schools Grant (DSG) de-delegation for next year.</p> <p>Due to the understandable delay by the ESFA following the recent change in government the individual schools figures are at this stage only estimated figures using the cash uplifts to the National Funding Formula (NFF) factors provided by the ESFA for 2025/26. These do not currently include a general inflation uplift rate for 2025/26 Schools block as it has not yet been confirmed.</p> <p>Final actual individual school budgets for 2025/26 will be released to schools pending update of ESFA data (with the recent October 2024 census data) and its application to the local Camden schools’ formula using the Authority Planning Tool (APT) which is expected in late December 2024.</p> <p>The report also summarises forecasts of the 2024/25 High Needs (HN) DSG outturn, future budgets requirements and planned DSG spending as outlined in the earlier High Needs Report to forum and also outlines current and future cost pressures on schools and high needs budgets to be used in budget planning.</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>The following documents were used in the preparation of this report:</p> <ul style="list-style-type: none"> • Summary policy document for schools national funding formula 2025 to 2026 – dd 06.11.24 • NFF schools block technical note 2024 to 2025 (publishing.service.gov.uk) • 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 \(publishing.service.gov.uk\)](#)

Contact Officer:

Victor Saunders, Schools Budget Financial Advisor
London Borough Camden, 5 Pancras Square, London N1C 4AG
020 7974 4504 / victor.saunders@camden.gov.uk

RECOMMENDATIONS

The Schools Forum is asked to:

- (a) note the estimated 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 to support budget planning and are not yet the final school budgets.
- (b) note the level of deductions and reserves to be used to support the funding allocations to schools as set out in paragraphs 1.13
- (c) note the ESFA's continued use of the Central Schools Block (CSSB) replacement of the former top sliced amounts detailed in section 1.18
- (d) approve the de-delegated budgets as set out in section 2.1
- (e) note the current forecast spending plans and funding for the high needs and early years (EY) blocks as set out in sections 4 and 5 respectively
- (f) note the potential effects of the future funding and cost pressures outlined in sections 8 and 9 on schools budgets



Signed by:

Vikram Hansrani
Director of Education and Inclusion – Children and Learning

Dated: 28 November 2024

1. Purpose of the report

As per ESFA requirements - This report sets out the latest information from the ESFA on the funding for the schools DSG block and seeks the forum's approval on the amount of DSG de-delegation.

It also estimates the effect on the latest information regarding NFF factor rates on Camden schools current notional NFF budget allocations in Appendix 1 and asks forum to note provisional spending plans and current issues regarding the high needs and early years DSG blocks.

Finally it sets 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

Executive summary of the Report

Intro

- A. Due to the timing of the 30th October Budget by the new government there has been a delay in ESFA funding announcements for 2025/6. However, in advance on the 3rd October 2024 of the ESFA published an update that confirmed the final NFF structure would not be changing significantly. This was subsequently updated on the 6th November to indicate the adjusted NFF factor values for 2025/26 in the [Summary policy document for schools national funding formula 2025/26](#) policy note. This was to help Councils and schools with budget planning.
- B. This set out the structure of the schools NFF formula for 2025 /26 (i.e. the factors that will be used in the NFF formula, adjusted rates and how they will operate). It confirmed that will be no substantial changes to the NFF for 2025/26.
- C. It stated the ESFA aim "to publish notional NFF allocations for schools and all supporting documents on the NFF (including the schools operational guide and NFF technical note) for 2025 /26 as soon as possible following the 30 October 2024 budget announcements. The final dedicated schools grant (DSG) allocations will then be published in December 2024".

October Budget

- D. The Chancellors [2024 Autumn Budget and Spending Review](#) on 30 October 2024, indicated the following key items for schools
 - The core schools budget (currently £61.6 billion in 2024/25) will increase by £2.3 billion, £1 bn of which will go towards supporting the special educational needs and disabilities system.
 - The government is also providing £6.7 billion of capital funding in 2025/26 for education in England, including
 - £1.4 billion for the school rebuilding programme,
 - £90 million to renovate and expand the children's home estate and
 - over £2 billion into maintenance for schools.

ESFA Guidance

- E. The most recent ESFA guidance on the the 6th November 2024 [Summary policy note for schools and high needs national funding formula 202/25](#) to support schools in budget planning indicated that they plan to issue the detailed school by school NFF budgets for 2025/26 at the end of November 2024. Schools will receive this information as soon as it is available.
- F. The document also confirmed that the only structural changes being made to the NFF for 2025/26 are in relation to the PFI factor (which will not affect all local authorities) and the proposed cash uplift to the national NFF formula factors from rolling current additional schools pay grants into the base NFF for 2025/26.

Schools

- G. The figures provided in this report adjust the current schools NFF budgets in line with these adjustments but still don't include adjustment for a general inflation uplift (which is not expected to be confirmed until late Dec 2024) or the October 2024 census data
- H. Hence based on this information total DSG for schools for 2025/26 is expected to be set at about £132.6m reflecting an approximate 7.4% NFF base uplift to incorporate earlier pay grants.

High Needs block

- I. For the HN DSG blocks there has been no confirmation beyond a minimum 7% uplift in the per head of population element of HN DSG blocks for each Council.
- J. However, the policy document did inform on expected HN notional NFF DSG 2025/26 funding floors. As per Section 4.14 below, the document indicated that the high needs notional NFF DSG base budget will be adjusted for current TPAG, TPECG and CSBG grants to build them into the base (as per the mainstream school block) for 2025/26 going forward.
- Teachers' Pay additional grant (TPAG),
 - Teachers' pension employer contribution grant (TPECG)
 - Core schools budget grant (CSBG)

It then indicates that the "per of head population" element of the NFF for HN DSG block (Approximately 75% for Camden) will be uplifted by a funding floor minimum of at least 7%. For Camden on a budget of £54.3m this can be forecast to result in a £2.85m uplift on the current HN DSG block for 2025/26.

- K. Following funding increases through 2020/21 to 2024/25 current year spending forecasts in high needs services now suggest that they will be exceed the in year 2024/25 budget by £2.1m. A final position on planned HN spending for 2025/26 will be provided to forum in when finalised and by no later than February 2025.

Early Years

- L. The early years funding rates for 2025/26 have not yet been confirmed by the ESFA. However, details will be passed to schools as soon as they are issued. Following the October budget there has been some concerns expressed by the sector providers on the extent to which the budget increases to national insurance will be fully incorporated in early years funding rates by the ESFA. Section 5.6 below indicates the nature of those concerns.

2. Primary and Secondary Schools – NFF formula funding

Introduction – Delay to NFF allocation figures publication

- 2.1 The most recent guidance from the ESFA on the 6th November 2024 was a [Summary policy note for schools and high needs national funding formula 2025/26](#). This indicated the plan to issue the detailed school by school NFF budgets for 2025/26 (that will also indicate the aggregate Camden Schools block) by the end of November 2024. Schools will receive this information as soon as it is available.
- 2.2 It confirmed that the only structural changes being made to the NFF for 2025/26 are in relation to the PFI factor (which will not affect all local authorities) and the proposed cash uplift to the national NFF formula factors from rolling current additional schools pay grants into the base NFF for 2025/26. The PFI changes relate to providing pro-rata funding when a PFI contract is coming to an end and setting conditions that local authorities would need to meet to receive above-inflation increases in PFI funding. Camden's local formula should not be affected by this. It also confirmed that current pay grants will be rolled into the base NFF budget for 2025/26
- 2.3 To support Councils budget planning processes the ESFA's document has indicated the proposed cash uplift to the 2025/26 NFF national formula factors (excluding any annual inflationary uplift) expected from rolling current additional schools funding pay grants (see section 1.7) into the NFF base budgets for 2025/26 onwards. see Appendix 2
- 2.4 Applying the aggregate percentage of these cash uplifts to current school NFF budgets would result in a general increase of approximately 7.4% to current 2024/25 budget levels. Appendix 2 indicates the cash increases and rates that the ESFA will be using to determine schools individual NFF budgets excluding the yet to be confirmed inflation uplift.
- 2.5 In Appendix 1 Officers have applied these rates to Camden schools 2024/25 notional NFF budgets to give some indication of the 2025/26 NFF budgets for individual school (net the inflation uplift and October 2024 data). This is only an indication based on the information to date for planning purposes and is expected to be updated by the ESFA in late November.
- 2.6 As above – please note that these are only indicative figures based on October 2023 census data and exclusive of any inflationary uplift for 2025/26 (yet to be confirmed). However, in the current transitional climate they represent a starting point for schools to consider the 2025/26 budget in advance of ESFA released figures (which will be forwarded to schools when published)

Funding Available

- 2.7 The draft provisional 2025/26 NFF Formula funding rates were issued by the ESFA on the 6th November 2024 in its [policy note](#) detailed in Appendix 2
- 2.8 The ESFA indicate their aim to publish final NFF allocations for schools and local authorities and all supporting documents on the NFF (including the schools operational guide and NFF technical note) for 2025/26, by the end of November 2024. The final dedicated schools grant (DSG) allocations will then be published in December 2024.

2.9 The ESFA has indicated its intention to roll the following 2024/25 additional schools funding currently allocated by separate grants into the base DSG NFF budgets for 2025/26 going forward.

- Teachers' Pay additional grant (TPAG),
- Teachers' pension employer contribution grant (TPECG)
- Core schools budget grant (CSBG)

2.10 In order to roll these grants into the base budgets for the NFF, the Basic pupil entitlement factor in the NFF will be uplifted by the equivalent cash increases shown in table 1 below which indicate an approximate 7.4% increase in 2025/26. ref Appendix 2

Table 1: CSBG 2024 to 2025 funding rates and recalculated 'full year equivalent' rates for schools – source ESFA

Grant element	Unit Value	'Full year equivalent' value uplift	Recalculated 'full year equivalent' unit value total
Primary basic per-pupil	£76	£51	£127
Key stage 3 basic per-pupil	£108	£71	£179
Key stage 4 basic per-pupil	£122	£80	£202
Primary FSM6 per-pupil	£70	£45	£115
Secondary FSM6 per-pupil	£100	£68	£168
Lump sum	£2,900	£1,915	£4,815

In table 1, the recalculated rate covers the full year equivalent cost for both support staff and teachers. These rates have been added to the 2025 /26 schools NFF factor values.

2.11 Applying this 7.4% uplift of the current £123.47m NFF available for distribution to primary and secondary schools in 2024/25 would indicate an estimated figure of £132.6 for 2025/26. Hence, the estimated movement of £9.13m increase is mainly due to adjustments the NFF factors from rolling current grants into the base NFF budget. It excludes any general inflation uplift or changes in pupil numbers between the years.

2.12 Although the national 30th October 2024 Budget book tables indicated an overall increase of 1.8% to the national core schools budget for 2025/26- it is not yet confirmed how this will be applied to the LBC Schools block. The final uplift to the DSG schools block for LB Camden will not be finalised until late November 2024 - when schools will be informed.

2.13 The estimated figure and any deductions is analysed in the following table.

Table 2: Calculation of funding available for distribution to schools 2025/26

	2024/25	Net change from 2024/25	2025/26
	£m	£m	£m
		% uplift for (TPAG) (TPECG) (CSBG)	excluding Inflation uplift
DSG from government (incl Academies)	£123.47	£9.14	£132.61
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	£0.00	£0.00	£0.00

nursery			
Plus proposed use of reserves	£0.00	£0.00	£0.00
Net DSG available for distribution	£123.47	£9.14	£132.61

2.14 It is currently estimated that after adjustment to the base NFF, Camden will be allocated at least £132.6m for the schools block DSG as part of the 2025/26 DSG settlement. However, there is likely be further adjustments to the final ESFA allocation following the application of the October 2024 census roll data and and a final annual inflation uplift.

2.15 As indicated there will be further deductions to the above grant allocation 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.

Awaiting Updated ESFA NFF notional NFF Budgets 2025/26

2.16 As mentioned - the ESFA plan to issue the detailed school by school NFF budgets for 2025/26 which will determine the aggregate London Borough of Camden (LBC) DSG Schools block at the end of November 2024. This section is left intentionally blank in the event that this information is published before this report is published and printed for Schools Forum.

2.17 If it is released before Forum meeting then officers will append it or distribute it under separate cover.

Central school services block (CSSB)

2.18 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.

2.19 The central school services block (CSSB) was introduced to fund local authorities for the cost of those central duties formerly top sliced from the schools block and in addition for the statutory duties that held for both maintained schools and academies. Thus 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

2.20 Funding for growth and falling rolls will continue to be allocated by the ESFA through the schools block in 2025/26 on the basis of ESFA formula (based on the observed differences between the primary and secondary number on roll in each LA within medium

super output areas (MSOAs) between census. 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 was removed from 2024/25. For more details see [NFF schools block technical note 2024/25](#)

- 2.21 The ESFA policy note confirmed for 2025/26 that the CSSB will continue to fund local authorities for the ongoing responsibilities they deliver for all pupils in maintained schools and academies. It will be calculated using a simple per pupil formula, the structure of which is unchanged from 2024/25. Some 90% of the funding will be distributed through a basic per pupil factor, and 10% of the funding through a deprivation factor based.
- 2.22 Local authorities are protected so that the maximum year-on-year per pupil reduction in ongoing responsibilities is at -2.5% and a cap is set at the highest affordable rate of 2.98%. In 2025/26 for those local authorities that receive it, historic commitments funding will continue to reduce by 20% on 2024/25 allocations, the same rate as in previous years

Local Funding formula Camden

- 2.23 The local 2025/26 funding allocation available to individual schools will continue to be calculated on the basis that forum is not contributing to Early Years funding or the High Needs block.
- 2.24 As detailed in the June forum report (section 1.2) at the start of the current financial year, the total DSG reserve balance was £22.3m of which £5.1m related to the schools block. Subject to any future adjustments, as planned it is currently expected that there will be a small ongoing movement of -£0.25m on the schools DSG reserve relating to replacement of schools ESG contributions (see section 1.14 above). However, this position may change subject to any potential response in schools reorganisation arising during the year due to any new ESFA or national funding measures in 2025/26.
- 2.25 The final allocation for the local formula for 2025/26 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 2024 census later in December 2024. 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 2025/26 and beyond, it is proposed to continue that the wider DSG reserve be available 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 in year call on the Schools block DSG 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 3: historic and planned use of school block DSG reserve

	£million
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
2023/24	0.7
Remaining	5.1
2024/25 (estimate) ESG contribution	-0.25
Residual	4.85

Formula for distribution to schools

2.26 The local funding formula approved by the forum at its 5th November meeting will now be used 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 disapplication.

Funding Allocations to Individual Primary / Secondary Schools

Effect of ESFA Delayed publication of NFF Individual Schools Budgets 2025/26

2.27 The ESFA would normally publish the schools Individual School Budget (ISB) NFF figures for 2025/26 in July 2024 however due to the change of government following the summer general election these figures have not yet been released yet and are expected at the end of November 2024.

2.28 Although the 30th October Budget book indicated a 1.8% increase to the “national “ core schools budget, the ESFA has not yet confirmed by notification how this will convert into any uplift for LBC schools block figures for 2025/26.

2.29 Currently based on the most recent ESFA information Camden schools Individual School NFF budgets will be uplifted by approximately 7.4 % to cover the rolling in of the earlier pay grant funding into the NFF base budget (see section 1.9 above). Once determined these Individual Camden Schools NFF budgets will be aggregated to give the “aggregated schools block” for distribution by local formula for 2025/26.

Final schools budgets 2025/26 due to schools by Jan 2025

2.30 Official 2025/26 notional ISB NFF Funding allocations for primary and secondary schools are due to be published by the ESFA in late November 2024.

2.31 These ISB NFF allocations normally remain as indicative figures and will be revised into final individual school budget allocations once the ESFA have release the approved datasets from the October 2024 schools census. These will then form the aggregated schools block budget to be distributed by the Local Camden Funding formula for 2025/26 using the Authority Planning Tool (APT). Following this - just after January 2025 - the revised final allocations will then be distributed to schools as their final 2025/26 School Budgets.

3. De-delegation of Funding

3.1 Prior to 2013 the annual DSG was top sliced in order for the authority to centrally provide the functions outlined below. Changes introduced by the government required funding for these centrally provided services 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 2024/25. In line with ESFA guidance and the provision requested for the same services in 2025/26 will also be £0.949m. The Schools Forum is **asked to approve** the same de-delegated services for 2025/26 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 as well as coverage of schools contributions for former schools improvement brokerage grant funding.
- (e) Licences arranged at national level by the government are currently provided at £0.100m.

Future arrangements for de - delegation

3.2 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 the individual choice about whether to buy the service from the local authority or an alternative provider. 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 2025/26 (making 2026/27 the earliest year for the completed national funding formula proposals), the current de delegation process remains in place.

4. Academies and Free Schools

4.1 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.

4.2 The funding for Camden’s two academies and two free schools is calculated using the same formula as for maintained schools. The funding includes any ESFA estimated growth in pupil numbers from September 2024. 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.

5. High Needs DSG Block

5.1 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.

2024-2025 provisional forecast of high needs spending

The HN SEN team updated schools forum on HNB 2024/25 spending forecast at the recent November Forum meeting. The full details of the report are available on page 29 of this [Link](#)

5.2 Whilst recent additional national funding has been very much welcomed 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.

5.3 The SEN team’s recent HN projection of £56.4m planned spend for 2024/25 as (shown in table 3 below increased from September 2024 forecast to include a further £1.6m of additional expected expenditure. This is a substantial £5.6m growth in spend 2023/24 outturn spend last year. This growth in expenditure now exceeds the actual annual budget growth of £2m between 2023/24 (£52.3m) and 2024/25 (£54.3m). This overspend will reduce overall DSG reserve by £2.1million in 2024/25 and reverse the pattern of increasing annual HN DSG reserve contributions.

5.4 Analysis of November’s figures below shows that the main growth area has been in the funding to Camden mainstream schools (£1.4m) arising both from growing pupil numbers and funding agreements. This is in line with the recent [BBC News](#) report revealing that nationally “The number of children with EHCPs has surged to a record high of 600,000 in June, a 70% increase since January 2019”. In addition, there was a further increase in the projected spend on individual tuition reflecting increased numbers receiving education other than at school packages (£0.34m).

5.5 Despite the recent and potential increases in national SEN funding (see section 4.14 below) the SEN Team remain cautious of the potential that the longer-term trajectory is heading to an overspend. They warn that there may not be further significant increases in HNB funding allocations for Camden and that it is important to ensure sustainability over time as recommended in their November Report.

Table 4: High Needs Block Analysis of Spending – as at November 2024

	2020/21	2021/22	2022/23	2023/24	2024/25 projection
Camden Early Years (incl PVI's)	229,139	248,756	531,315	8,914	525,000
Camden mainstream	7,652,592	7,961,996	9,898,599	13,097,058	15,825,030
Camden additionally resourced provision	1,540,495	1,631,166	1,912,684	2,612,905	2,737,100
Camden special	9,270,303	9,883,194	10,434,532	11,275,619	11,643,490
Camden PRU	2,961,165	3,059,136	3,459,343	3,560,916	3,662,627
Camden hospital schools	2,850,852	3,339,621	3,731,216	4,027,525	4,142,239
total (direct) Camden schools	24,504,546	26,123,869	29,967,688	34,582,937	38,535,486
other LA maintained (mainstream & special)	2,542,350	2,768,445	3,230,649	3,432,026	3,500,000
independent & non-maintained special schools	2,889,003	3,491,264	3,807,974	5,130,960	5,250,000
independent mainstream schools	214,838	315,523	265,665	354,736	370,000
total non Camden schools	5,646,190	6,575,232	7,304,288	8,917,722	9,120,000
Further Education	2,837,520	3,167,165	3,307,705	3,401,959	3,500,000
other support (therapy/individual tuition/equipment)	655,351	789,788	994,627	1,381,368	2,139,455
Transformation support to Camden schools		176,255	239,457	224,025	265,870
outreach services	275,963	275,963	275,963	430,201	490,000
central services	1,625,545	1,697,237	1,576,975	1,924,876	2,367,550
Total HNB spend	35,545,115	38,805,510	43,666,704	50,863,089	56,418,360
High Needs Block funding received	-37,543,927	-41,721,841	-47,683,948	-52,271,590	-54,321,488
DSG Reserve (- addition/+ withdrawal)	-1,998,812	-2,916,331	-4,017,244	-1,408,501	2,096,872
Contribution to PRU projects from HNB reserves	151,754	72,506			
cumulative HNB reserves balance	2,024,735	4,868,561	8,885,805	10,294,306	8,197,434

5.6 In mitigation, as reported at November forum the SEN team and forum have set up the High Needs Sub-group (HNSG) which will oversee the expenditure from the High Needs Block (HNB) of and consider requests to utilise funding to improve outcomes for children and young people aged 0 to 25 years with special educational needs and/or disabilities (SEND). The HNSG is not a decision-making group; it will make recommendations to Schools Forum where necessary.

5.7 An updated version of the above table along with details of the ongoing work and plans to address the future HNB expenditure for 2025/26 and beyond will be reported in future HN reports to forum under separate cover.

Potential 2025/26 HNB for Camden’s based on ESFA’s policy document (6th November)

5.8 The ESFA’s 6th November policy document states that “of the £2.3 billion increase in total schools funding for 2025/26, almost £1 billion will be added to the overall high needs budget, bringing the total level of high needs funding in 2025 /26 to £11.9 billion. This increase to high needs funding is over 9% compared to the 2024/25 baseline. Of this total, they are setting aside(£480) million for allocation through a 2025/26 CSBG for special schools and AP, which will combine the high needs elements of the 2024/25 TPAG, TPECG and full-year equivalent of the CSBG”. They also set aside an amount (£145m) for allocations of high needs funding that are not calculated through the high needs NFF. The remainder, a total of £11.3 billion, will be allocated through the high needs NFF.

- 5.9 The operation of the MFG will be the same as in previous years and applies only to each school's place and top-up funding. The local authority must have a disapplication request approved to use a lower percentage.
- 5.10 The structure of the NFF will remain the same and, with the exception of the funding floor and gains limit percentages, the same factor values and weightings will apply as in previous years because the government wants to take more time to consider what changes are needed to the NFF.
- 5.11 In particular, the historic spend factor will remain at the same cash value as in 2024/25, which will be equivalent to an average of 25% of local authorities' 2025/26 allocations.
- 5.12 The high needs NFF includes a funding floor that provides a minimum increase of 7% per head of a local authority's 2 to 18 population. Gains under the formula will be limited to 10% per head.
- 5.13 The policy document says for the HN DSG NFF that the historic spend factor will remain at the same cash value as in 2024 /25 (an equivalent average of 25% of most local authorities' 2025 /26 allocations). For the remaining 75% of the HN block NFF (which is based on per head of a local authority's 2 to 18 population it indicates that the 2025/26 high needs NFF funding floor that provides a minimum increase of 7% per head of a local authority's 2 to 18 population.
- 5.14 For Camden with a current HN DSG allocation of £54.3m, a 7% minimum uplift on 75% of that figure suggests an potential increase of £2.85m for 2025/26. However, this estimate will need to be confirmed by the ESFA in early December.
- 5.15 An updated version of the above table 4 along with details of the ongoing work and plans to address the future HNB expenditure for 2025/26 and beyond will be reported in future HN reports to forum under separate cover.

6. Early Years DSG Block – Allocations

- 6.1 This block provides funding for the 'national free offer' of 15 hours nursery education for all 3- and 4-year-olds since September 2013 and the later expansion of the offer to include 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 and from last year to 2-year-olds. 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.
- 6.2 The EY DSG grant is 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.
- 6.3 As LB Camden's EY funding rates from the ESFA are no longer constrained by protection under "loss Cap" arrangements the early years team expects future rates to providers to continue to reflect any increase in the ESFA funding rates for 2025/26. Currently in Feb 2024 Forum approved EY rates to providers for 2024/25 of £7.22 for 3- and 4-year-olds and £12.66 for under 2's as set out in table 5 below

Table 5 : Hourly Rates to providers for 2024/25

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

Any revised rates for 2025/26 will be notified under separate cover when any change is advised.

Early Years block funding

- 6.4 The Early Years funding rates for 2025/26 have not yet been released but will be sent to schools as soon as they are published.
- 6.5 Following the October Budget the Early Years Alliance released a statement from the DfE saying that the current funding rates - set to be announced shortly - "take into consideration national living wage and national minimum wage increases across all age groups". But concerns remain that the rates will not be enough to maintain the wage differentials between junior and senior staff. The organisation has not yet been informed of any further support for the sector to combat the increase in costs the national insurance rises are likely to bring
- 6.6 While the Government announced extra funding for some public sectors to combat the rise in employers' national insurance, the majority of the Early years sector is made up of private, voluntary and independent providers.
- 6.7 At a time when the sector is in the midst of an expansion that will ultimately make the government responsible for 80%of the sector's income The Early Years Alliance has stated that" it must either make the sector exempt from the National Insurance changes or commit to fully funding the changes – as well as adequately funding wage increases both now and in the future" if it is to remain sustainable.
- 6.8 The organisation has not yet been informed of any further support for the sector to combat the increase in costs the national insurance rises are likely to bring,
- 6.9 Any further announcements for 2025/26 funding rates for Camden's Early Years funding will be notified by the Early Years team as soon as known

7. Pupil Premium

- 7.1 The Pupil Premium (PP) funding rates for 2025/26 have not yet been released but will be sent to schools as soon as they are published.
- 7.2 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.

7.3 The funding rates for the financial year 2024-25 are as follows:

- Free School Meals –Primary pupils £ 1,480 – secondary 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- and 4-year-olds £387

7.4 Pupil premium for 2024/25 continues to be largely based on the free school meals (FSM6) data as at January 2024.

8. Recent Funding Announcements

Schools Funding levels

8.1 The October 2024 Budget announced an additional £2.3bn for Education (for schools core budgets) for 2025/26. Some £1billion of this will be earmarked for Special Education Needs.

8.2 The Budget also confirmed that employers will see their National Insurance contributions rise by 1.2 to 15 per cent from April 2025. Also, the level at which employers pay contributions on each employee's salary would be lowered £9,100 per year to £5,000, as part of a package of tax rises expected to raise £40bn. The news had triggered concern in the education sector about the added costs this would mean for schools that already face financial pressures and a struggle to recruit and retain staff

8.3 The Chancellor has announced that State schools will be fully reimbursed for the rise in National Insurance for employers announced in the Budget. The ESFA has indicated that this is likely to take the form of a separate grant. They have not yet indicated the position for Early Years provider's funding for 2025/26

9 Cost increases to be faced by schools in 2025/26

9.1 As indicated in the Budget announcement of an additional £2.3bn to the current core school budget of £61.6 billion after removing the £1billion for special needs budget leaves £1.3 billion for mainstream schools. For these schools this suggests about a 2 % uplift to the core budget for 2025/26. This remains to be advised, but if so then a 2% additional funding will still only continue to "restore per pupil funding to 2010 levels in real terms".

9.2 Based on current inflation forecasts, average consumer price (CPI) inflation is expected to be 2% in 2025/26(compared to 9.59% as recently as 2022). This means that since 2010 to date Camden schools will have received a cumulative total increase of 26.07% to school block DSG. With all the increases only starting from 2018/19 it is estimated that Camden schools will have suffered by 2024 a net real terms spending pressure from rising inflation alone of approximately -22% (net of the total 26.07% DSG increases between the 7 years above). This is equivalent to nearly £25m based on the current levels of schools block DSG income (as measured on the CPI, the government's preferred measure)

Staffing Costs

Teachers Pay Award – from Sept 2025

- 9.3 At the end of the summer term, the government announced a 5.5% pay award for teachers from 1st September 2024. Along with earlier TPAG and TPECG grants to cover additional teachers pay costs the government introduced the CSBG to “support schools with their overall costs in the 2024/25 financial year, in particular following confirmation of the 2024 teacher pay award”. The ESFA have not yet been able to confirm the extent of any Treasury commitment to cover any additional teacher pay costs above the final Schools block inflation uplift for 2025/26.
- 9.4 However, for all state schools they will be covering the additional 1.2% increase to employers National Insurance (NI) costs announced in the October 2024 Budget. The details of this are still to be announced.

Support Staff Pay Award – from April 2024

- 9.5 On 29th October 2024 LB Camden announced that an agreement was reached with the Local Government Association and Trade Unions for the new pay award for 2024/25 for Local Government Officers and support staff.
- 9.6 The national pay uplift will be awarded as follows:
- All staff up to Level 5 Zone 2 will receive a £1,575 pay increase.
 - Staff at Level 5 Zone 2 and above will receive a pay increase of either £1,575 or 2.5% – whichever is greater. Our calculations show that salaries up to £63,000 will increase by £1,575 and those above £63,000 will receive 2.5%.
- 9.7 The pay award will be backdated to Monday 1 April 2024 and staff will receive the backdated pay in their December 2024 pay packets.
- 9.8 Dependent on the level of salary this ranges from an increase of between 2.5% to 5% for those on the lower salary levels – which covers many staff working in schools. With the current headline inflation and economic climate, it is not clear what level of settlement will be demanded or awarded for 2025/26.
- 9.9 LB Camden’s Human Resources (HR) Department have full details and will send copies of the pay scales to schools.
- 9.10 Additional cost to schools is covered in the government CSBG to which is meant to “support schools with their overall costs in the 2024/25”
- 9.11 Although complete details of future long-term funding for schools beyond 2025/26 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.

Schools Planning and rolling three-year budgets

- 9.12 In order that schools can develop adequate financial plans to deal with the ongoing 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.

9.13 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 2024) expect it to be down to about 2% by the end of 2026.

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	2027-2028
	% Change	% Change	% Change	% Change	% Change
Expenditure:					
Teachers Pay From September	3.00%	4.00%	3.00%	3.00%	3.00%
Teachers Pension On Cost from Sept	0.00%	0.00%	0.00%	0.00%	0.00%
Support Staff Pay*	3.00%	3.00%	3.00%	3.00%	3.00%
Support Staff Camden Pension On Cost	0.50%	0.50%	0.00%	0.00%	0.50%
Back funding of Camden Pension	Estimate	Estimate	Estimate	Estimate	Estimate
Traded Services (SLA's)		2.00%	2.00%	2.00%	2.00%
Rates	0.00%	0.00%	0.00%	0.00%	0.00%
Energy	100.00%	10.00%	2.00%	2.00%	2.00%
Other Expenditure	2.00%	2.00%	2.00%	2.00%	2.00%
Other Grants	0.00%	0.00%	0.00%	0.00%	0.00%
Other Income	2.00%	2.00%	2.00%	2.00%	2.00%

*The Chancellor has also yet indicated any mitigation for the October 2024 budget NI changes in the on Nursery providers staffing costs.

10. Conclusion

- 10.1 This report has set out the latest information from the ESFA on the funding for the schools DSG block and has sought the forum's approval on the amount of DSG delegation.
- 10.2 The report has also estimated the effect on the latest information regarding NFF factor rates on Camden schools current notional NFF budget allocations in Appendix 1. It also asks forum to note provisional spending plans and current issues regarding the high needs and early years DSG blocks (both of which will be subject to review in future school forum meetings).
- 10.3 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
- 10.4 The final 2025/26 individual schools budgets allocations will be provided to schools and forum following the final ESFA allocation expected in January 2024.

11. Finance Comments of the Executive Director Corporate Services

- 11.1 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.
- 11.2 The report updates forum on the latest funding position for schools for 2024/25 and 2025/26 following the latest 2024 ESFA guidance and technical updates. It also explains the ESFA statutory requirements for local funding .
- 11.3 The reports advice is made within the current ESFA funding requirements 2025/26 and is in accord with ESFA guidance and requirements as well as earlier Forum approval of the local budget formula.
- 11.4 Forum is advised to note the level of estimated funding in context of the expected spending pressures for 2025/26 and in the current levels of DSG reserves and to consider any appropriate actions going forward to manage this level of DSG reserves.
- 11.5 Subject to noting the above comments, so far as the ESFA regulations are met and the final allocation is within the available funding levels here are no additional finance comments.

12. Legal Comments of the Borough Solicitor

- 12.1 The report has outlined the estimated schools DSG funding position and regulations for 2025/26 in line with the requirements and guidance of the most recent ESFA Operational Guidance and requirements.
- 12.2 The basic structure of the national funding formula (NFF) has not changed for 2025/26. 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.

13. Environmental Implications

The proposals in this report have no environmental impacts.

14. Appendices

Appendix 1 – Estimated - Notional NFF 2025/26 based on 3 Nov ESFA policy document based on NFF 2024/25

Appendix 2 - Provisional notional NFF factor values 2025/26