

LONDON BOROUGH OF CAMDEN	WARDS: All
REPORT TITLE: School Funding 2025/26 - Update	
REPORT OF: Director of Education Commissioning and Inclusion	
FOR SUBMISSION TO: Schools Forum	DATE: 5 th February 2025
<p>SUMMARY OF REPORT</p> <p>This report updates the Schools Forum on the estimated funding available for 2025/26 following the recent Education and Skills Funding Agency (ESFA) Dedicated Schools Grant (DSG) finance settlement notification on 18th December 2024 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 ESFA support.</p> <p>The following documents were used in the preparation of this report:</p> <ul style="list-style-type: none"> • Schools operational guide: 2025 /26 • Schools To Be Fully Reimbursed for National Insurance Rise • The notional Special Educational Needs budget for mainstream schools: operational guidance 2025 to 2026 <p>Contact Officer:</p> <p>Victor Saunders, Schools Budget Financial Advisor, Finance 5 Pancras Square, London N1C 4AG 020 7974 5254 / victor.saunders@camden.gov.uk.</p> <p>RECOMMENDATIONS Schools Forum is asked to:</p> <ol style="list-style-type: none"> Note and agree the latest estimates of individual schools and growth budgets (section 3.7) and Appendix 1 and 2. Note and agree (as per the Early Years Report) the provisional Early Years funding rates (section 3.10) Provide any further comment regarding the 2025/26 funding (section 2.13) Identify any areas of funding for review in autumn 2025 ahead of the funding year 2026/27 	

Signed by:



Vikram Hansrani, Director of Education Commissioning and Inclusion

Dated: 30th January 2025

1a. Purpose of the report

As per ESFA requirements - This report updates the schools forum on the estimated funding available for 2025/26 following the latest Education and Skills Funding Agency (ESFA) Dedicated Schools Grant (DSG) finance settlement notification on 18th December 2024, (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 levels (section 6) and the latest advice on energy costs (section 7) Finally, the report sets out the latest timetable 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.

Executive Summary of Report

- (a) This report updates the Schools Forum on the estimated funding available for 2025/26 following the latest ESFA DSG finance settlement notification on 18th December 2024, (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 £251.1m which (after allowing for annual roll changes) is up by £20.29m from last year. The increase of 7.5% to total overall per pupil funding in Camden comprises increases in the per pupil rate of 2.25% with a further 5.3% uplift relating to the inclusion of the former Teachers Pay Additional Grant (TPAG) , Teachers Pension employers contribution grant (TPECG) and Core School Budget Grant (CSBG) grants into the NFF Schools Block DSG base budget (from 2025/26 onwards) - approximately £10m. Similarly, there was a 7% (£3.8m) Increase to the High Needs DSG Block. Also, revision to funding of 2-year-olds the Early Years budget has increased by nearly £4m in 2025/26. In addition, the 6th form funding grant increased by £0.6m although mainly due to numbers. The largest single item of funding is the schools DSG block which has been confirmed at £121.95m (plus an estimated £11.51m for Academies). Other elements of funding remain provisional although any change to the estimates is likely to be minor.
- (c) Following the governments agreement to a 6.5% Teachers pay rise for September 2023 it introduced the Teachers Pay Additional Grant (TPAG) from 2023/24 to fund the residual 3% of that award that it deemed not affordable in the NFF budgets. For 2024/25 schools received TPAG for the full financial year at the same rate as for 2023/24 but as a separate grant outside the DSG allocations. This grant has now finally been incorporated into the schools core DSG grant from 2025/26 along with the additional grants for TPECG and CSBG.
- (d) There is also expected to be some additional funding to schools outside the DSG allocations. The government has agreed to fund schools for the additional employers National Insurance (NI er's) costs that they will incur following the October 2024 Budget reforms to employers NI. The details of this additional budget are yet to be confirmed but it is expected that it will be based on the schools pupil numbers and NFF data (as per earlier supplementary grants to schools).
- (e) There was no major change to the Camden schools local funding formula. This will be used to distribute the total of the aggregated individual schools budgets generated by the

National Funding Formula (NFF) in 2025/26. The agreed inflationary uplift to Camden's local funding formula factors continues to fully allocate the increases to the final NFF aggregate Schools block allocation for Camden wherever possible. This remains subject to any ESFA's statutory NFF maximum or minimum "mirroring requirement" limitations. The government update of the October 2024 census and the Indices of Deprivation (IDACI) deprivation data is now fully incorporated into next year's 2025/26 budget.

- (f) Overall, 2025/26 DSG funding is set at £224.24m across all three blocks of DSG. With an additional £26.8m for 6th form and Pupil premium this provides £251.1m of total Government funding in order to fund the total proposed spending plans in those areas and requiring nil funding to be used from reserves.
- (g) This funding was uplifted to include all the former ESFA grant top ups to schools for Teachers pay awards, Teachers pension costs (£6.4m) and the additional Core Schools budget grants (£1.5m). Already incorporated into the base budgets from earlier years are the former Supplementary Health and Social Care levy funding for mainstream schools (£3.71m), the Mainstream Schools Additional Grant (MSAG) £4.5m and Additional High Needs Grant £2.06m.
- (h) There remain pressures on this funding going forward particularly in the High Needs area. Despite a minimum floor (7%) uplift of £3.8m to Camden's High Needs DSG for 2025/26 to £58.5m, the service in its current forum report is indicating a £2.6m DSG overspend in 2024/25 and similar pressures in 2025/26 and possibly future years.

1b. Introduction

1.1 This report sets out the latest estimate of resources for the financial year 2025/26, 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 levels announced in the ESFA funding settlement for 2025/26 (made on 18th December 2024). The National Funding Formula (NFF) derives the total DSG Schools for each Council by the aggregation of its individual schools budgets as determined by application of the NFF factors to each school's October 2024 authority proforma tool (APT) Census data for 2025/26. In line with the ESFA guidance this report allocates 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) to presents individual school budgets for 2025/26.- Appendix 2

2. ESFA Resources allocation to Camden

- 2.1 Government funding for Camden's schools, high needs and early years is estimated at £251.1m for 2025/26. This is in line with the ESFA's delayed July 2024 NFF allocations finally issued on 28th November 2024.
- 2.2 The new Chancellor's [2024 Autumn Budget and Spending Review](#) on 30 October 2024, indicated that the core schools budget (currently £61.6 billion in 2024/25) would increase by £2.3 bn, of which £1 bn would go towards supporting the special educational needs and disabilities system. For 2025/26 this funding has now been incorporated into core DSG budget allocations from the ESFA.
- 2.3 The latest ESFA 2024 DSG Notification (18th December) for 2025/26 results to an overall increase in funding of 7.55% for the per pupil rate in Camden Schools

(comprising 2.25% - from the NFF uplift and 5.3% from the inclusion into the Schools Block DSG base for 2025/26 onwards of the former TPAG TPECG and CSBG grants ref 2.4 below).

- 2.4 Following the governments agreement in 2023 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 that it deemed not affordable by schools from their NFF budgets. For 2024/25 schools received TPAG for the full financial year as a separate grant outside the DSG allocations. This grant has now been incorporated into the base budget for DSG schools block from 2025/26 along with the additional grants for TPECG and CSBG.
- 2.5 Additional funding to schools outside the DSG allocations is also expected. The government has agreed to fund schools for the additional National Insurance costs that schools will incur following the October 2024 Budget Reforms to employers NI. The details of this additional funding are yet to be confirmed but it is expected that it will be based on the schools pupil numbers and NFF data. (as per earlier supplementary grants to schools).

Camden Overall Education Budget

- 2.6 In line with the to the national MFG (0% to -0.5%) and national levelling up arrangements the ESFA 2025/26 DSG notification on 18th December 2024 indicated an overall 7.55% for the per pupil rate in Camden Schools (comprising 2.25% - from the NFF uplift and 5.3% from the inclusion into the Schools Block DSG base for 2025/26 onwards of the former TPAG TPECG and CSBG grants). 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.
- 2.7 Accordingly, in line with these requirements and in order to maximise the distribution of the total DSG uplift to Camden schools, the local formula factors have been uplifted by 7.55% (comprising the 5.3% base uplift and a further 2.25%) for 2025/26 wherever allowable by the statutory ESFA maximum and minimum requirements and then using the Camden APT local to determine individual school budgets for 2025/26 – detailed in Appendix 2
- 2.8 In addition, there is expected to be a new grant to schools to cover their additional Employer National Insurance costs resulting from the October 2024 budget. The details will be announced in due course
- 2.9 Schools should note that as the former TPAG TPECG and CSBG (5.3% per pupil) have now incorporated into the DSG base budget for 2025/26 along with the 2.25% annual uplift to factors in the local formula they will no longer be distributed as separate grants.
- 2.10 Camden's High Needs block DSG allocation has also increased by £3.8m from £54.7m in 2024/25 to £58.58m in 2025/26 in line with earlier ESFA announcements (although only at the 7% minimum level for historically highly resourced Council).
- 2.11 The Sixth Form funding grant is issued on an academic year basis, with funding for September 2025 to March 2026 announced in April 2025. The last major increase was the 4.7% for 2020/21. In last year's Autumn Budget, the government announced a £300 million cash-terms boost for colleges and sixth forms in 2025–26. However, rising student

numbers and inflation mean that, even if the entire amount were directed to 16–19 education, it is expected that this would only maintain funding per student at current levels in real terms. For mor details see [FE funding predictions for 2025 in colleges and sixth forms](#)

Table 1: Total estimated schools funding 2025/26

	Funding Type	2025/26	Comments
		£m	
(a)	Dedicated schools grant		
	Schools block excluding Academies	121.95	Excluding academies and free schools. Includes TPAG TPECG and CSBG now in Base budget. But less changes in pupil numbers
	National non-domestic rates (NNDR) within the premises factor (£s)	3.87	NNDR
	High Needs Places paid at source by ESFA from deduction to HN DSG.	2.53	
	- Academies and Free schools	11.51	
	Central Support Services block	1.24	
	- Early years block (EY)	24.55	included EY pupil premium and EY disability
	- High needs block	58.58	Includes 7% floor pupil led increase in HN DSG
	Total DSG	224.24	* Now includes the former 2024/25 TPAG TPECG & CSBG Grants now built into DSG base budgets from 2025/26
	TPAG and TPECG	0.00	now built into DSG base budgets from 2025/26
	CSBG	0.00	now built into DSG base budgets from 2025/26
(b)	Pupil premium	10.41	grant rates Not yet confirmed until April
(c)	6th form	16.44	October budget 300m addition to in grant levels expected to be consumed by increase in numbers rather than rate increases
	Total From Government	251.10	

2.12 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 further updated to be based on January 2025 census data. Confirmation of final figures are expected to be made during the year by adjustment to the ESFA payments.

Planning for Future Funding Pressures

2.13 The Office for Budget Responsibility has forecast a medium term forecast of 2 % over the next few years. [Inflation - Office for Budget Responsibility](#).

2.14 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 2024 Forum Report along with inflation tables already sent to schools separately to support and guide 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 currently planned to continue to use nil DSG reserves in 2025/26 to fund schools formula budgets. The breakdown of expected funding for 2025/26 is shown in table 3 below.

Changes between the 2024/25 and the 2025/26 NFF Formula

A. National NFF Formula

2.16 The ESFA's guidance and Schools operational guide: 2025 /26 indicates that the main NFF formula for 2025/26 is broadly similar to the formula in 2024/25 subject to the following updates.

Schools NFF Formula changes

1. The teachers pay additional grant (TPAG), teachers' pension employer contribution grant (TPECG) and the core schools budget grant (CSBG) have been included in the dedicated schools grant (DSG) for 2025/26. To ensure schools do not lose funding as a result of this change, additional funding has been added to each school's minimum funding guarantee (MFG) baseline. The amount added reflects the number of pupils included in the school's MFG baseline.
2. The MFG threshold can be set between -0.5% and 0%. To use a threshold outside of this range will require a disapplication.
3. Split sites and private finance initiative (PFI) funding will be removed from the MFG calculation. The amount deducted will be the amount of funding allocated for the respective year.
4. The reception uplift factor has been removed. Due to the late confirmation of this change reception uplift will still be shown on the 'APT Proforma' worksheet but the ability to apply it has been removed.
5. Continuation of the requirement for local formulas to move each mandatory factor 10% closer to the national funding formula (NFF) will apply again in 2025/26.

High Needs NFF for 2025/26

- 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.
- 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.
- 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.

Local funding formulae requirements

Requirements on local formulae require that from 2023/24 Local authorities are again required to bring their own formulae closer to the schools NFF and this transition will continue in 2025 /26 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 minimum 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) 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, was removed from 2024/25

B. Camden Local Formula – Individual Schools 2025/26

The 2025/26 Local Funding formula Allocation levels to Camden.

2.17 In line with the ESFA requirements on the local funding formula for schools and following the Notification of 2025/26 DSG allocations to Councils on 18th December- the overall effect to the final funding to Camden schools are as follows.

(a) Schools block (DSG) allocations

- The aggregate amount received from the government Notification per pupil based on the NFF for 2025/26 has now been analysed between primary (£7,081) and secondary (£9,205). The funding allocations per school are set out in Appendix 2 and are in line with the government's overall intention indicated in the 28th of November NFF data for a 2.25 % per pupil increase to NFF Appendix 7 (with an additional 5.7% per pupil from the inclusion of the former TPAG TPECG and CSBG for 2025/26 into the base budget. These rates are not subject to any subsidy from London Borough of Camden's (LBC) DSG reserve which means that LBC schools are completely funded by government grant.
- The change in Camden's pupil rate for 2025/26 as allocated in ESFA Notification (18th December 2024) was an overall 7.55% increase. Once adjustment of 5.3% is made to for the inclusion of last year's TPAG, TPECG and CSBG grant into the base budget for 2025/26 (because the continuation of earlier year grant funding is not additional new funding), the real terms overall increase in new funding from the NFF is around 2.25%. – see Appendix 7
- Following the continuation of the ESFA's statutory NFF "factor mirroring " constraints for 2025/26 this increase has now been fully passed on to schools by a corresponding 7.55% uplift where possible to the local funding formula factors for 2025/26 in order to maximise the distribution of aggregate schools DSG block via the local funding formula to Camden school budgets.

In addition and outside the DSG allocations above - there is also expected to be some additional funding to schools in 2025/26. The government has agreed to fund schools

for the additional National Insurance (NI) costs that they will incur following the October 2024 Budget Reforms to employers NI. The details of this additional budget are yet to be confirmed but it is expected that it will be based on the schools pupil numbers and NFF data. (as per earlier supplementary grants to schools).

In summary - This will mean that for 2025/26 in overall terms L.B Camden schools will have received an overall total per pupil funding uplift of up to 7.55% (comprising 2.25% from the local APT Funding formula uplift and 5.3% from TPAG, TPECG and CSBG addition to base funding).

(b) Early years block (DSG) allocation

- The current government funding formula and regulations require the Council to pass through a minimum 96% of funding. The pass-through rates apply separately to each of the allocations for:
 - 9 -month-old children up to 2-year-olds of eligible working parents
 - 2-year-old children of eligible working parents
 - 2-year-old children from families receiving additional support
 - 3- and 4-year-olds (universal and additional hours for working parents)
- Last years EY funding rates for 2024/25 contained significant increases. These mainly related to the new funding for 2 year olds and an uplift to 3&4Year Old rates. However, this year's revised EY funding rates to Councils for 2025/26 issued in ESFA's 18th December Notification to Councils contained annual increases in funding rates which varied across the main allocation categories between 2% to 4%.
- The Early Years report to forum outlines how the Council have and propose to pass this funding to providers and how it has been able to apply a 96% pass-through rate for the 3- and 4-year-olds and have increased the 2-year-olds and under pass-through rate to 97%.- see Appendix 5

(c) High Needs Block allocations

- The ESFA's December 2024 notification indicated that the Camden's HN DSG block will increase by £3.8m (7%) to £58.5m in 2025/26. This final figure may still subject to some minor adjustments relating to the new pupil import/export arrangements.
- It is anticipated that Camden will fully allocate the 2025/26 HN DSG budget sustainably and in line with any continuing ESFA requirements. The HN DSG allocations for 2025/26 DSG will be reported to this forum in a separate HN 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 2025/26 continues to be maintained as a separate grant and to be largely based on the free school meals (FSM6) data at January 2025. The rates were increased by 1.6% for 2024/25. Eligibility criteria are expected to remain unchanged in 2025/26. Current trends in FSM6 take up suggest that Camden may receive a marginally increased level to the current £10.4m pupil premium for 2025/26, 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 £387 per eligible pupil and will increase. It is currently estimated that the Council will receive a total of £0.221m for 3&4YOs with an additional £0.052m for "2-

year-olds and under” in 2025/26. Final allocations will be updated following termly headcounts in summer and autumn 2025, and the January 2026 census.

- (e) **The 6th form funding** grant is issued on an academic year basis. Funding for September 2024 to March 2025 will be finalised in March 2025. The last change in the 16 to 19 funding rates was a 4.7% increase for 2020/21. Despite last year's Autumn Budget announcement of a £300 million cash-terms boost for colleges and sixth forms in 2025–26 due to rising student numbers and inflation (even if the entire amount were directed to 16–19 education) it is expected that this would only maintain funding per student at current levels in real terms.

National Comparison of London boroughs funding

2.18 Using a similar approach to earlier London Councils reports gives the following analysis of London Councils position in the overall national DSG funding allocations for 2025/26:

- **Nationally** in 2025-26, £67.1 billion will be allocated through the total DSG across England, an increase of 10.54% since 2024/25. London Boroughs will receive £11.23 billion, an increase of 8.42% from 2024/25: the lowest increase of all authority types with Upper Shire Counties increasing the most by 11.61%. London’s share of the total DSG blocks will fall by -0.33%, and Upper Shire Counties’ share will increase the most by up to +0.33% (see table 2 below).
- **For Schools Block**, there was a national increase of 7.25% from 2024-25. London boroughs will receive £7.85 billion in funding, representing an increase of 6.27% when compared to 2024-25, the lowest of all authority types with Metropolitan Districts receiving the highest annual increase of 7.48%. London’s share of the total national schools block (£48.23 billion) will decrease again by -0.15%: with the Shire Counties having the highest change of + 0.06%.
- **For High Needs block** in 2025/26 there was a national increase of 7.84% - up from last years increase of 3.78%. London boroughs will receive a total of £1.96 billion, representing an improvement to last year’s increase of 3.08% The London HN increase is still the lowest for all authority types with Metropolitan Districts receiving the highest increase of 8.29%. London’s share of the total national High Needs block will again fall by - 0.20%, with the Metropolitan Districts increasing the most by 0.10%.
- **For the Early Years Block** In 2026-26, £8.48 billion will be allocated nationally compared £6.09 billion last year. London will see an increase of 26.62% from last year. London Boroughs share of EY DSG will be £1,34 billion, an increase of 26.62% remains the lowest increase with Upper Shire Counties at the top with a 47.65% increase. Despite the national increase London Boroughs share of the total EY DSG will again reduce by -1.58% with the Upper Shire Counties increasing the most by 2.08% in 2025/26.

Table 2: 2025-26 Total DSG funding allocations for schools, central schools services, high needs and early years in London Councils

ENGLAND	Total DSG allocations (£m)	Total DSG allocations (£m)	Total DSG allocations (£m)	Total DSG	Total DSG	Total DSG
	Budget £m	Budget £m	% age change	National Share	National Share	change in share
	2024-25	2025-26	0	2024-25	2025-26	0

London	£10,356	£11,228	8.42%	17.06%	16.73%	0.33%
Metropolitan District	£14,298	£15,757	10.20%	23.55%	23.48%	0.07%
Unitary Authority	£15,352	£17,014	10.83%	25.29%	25.36%	0.07%
Upper tier/ Shire County	£20,696	£23,100	11.61%	34.09%	34.43%	0.33%
England total	£60,703	£67,099	10.54%			

3. Distribution of Resources in Camden 2025/26

Overall distribution

3.1 The majority of the £251.1m total funding (table1 above) will go to Camden schools as shown in column 2 of the following table.

Table 3: Analysis of DSG funding 2025/26 (including any planned use of HN reserves)

Funding Area	2025/26	2025/26	2025/26	
Funding Area	Camden schools	Services provided by Camden including children's centres	External providers Academies & EY	Totals
	£m	£m	£m	£m
Schools DSG	124.87	0.95	11.51	137.33
New Central Support Services Block	0.00	1.24	0.00	1.24
Early years DSG	6.78	11.04	6.73	24.55
High needs DSG	45.88	3.00	12.23	61.11
Pupil premium	10.41	0.00	0.00	10.41
6th form	16.44	0.00	0.00	16.44
Total government funding	204.39	16.23	30.47	251.10
Camden Contribution	0	0	0	0.00
Use of Reserves	0	0	0	0.00
	204.39	16.23	30.47	251.10

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 Rates of Local Funding Formula by Camden in 2025/26

Schools block DSG

3.2 The 2025/26 NFF Schools block, as in the previous year ensures that any significant effects on individual school allocations have been mitigated by the Minimum Funding Guarantee (MFG) now set in line with ESFA guidance at 0% to -0.5% (thus ensuring a

minimum protected -0.5% change 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 2019 data calculations (which is due to be updated in 2025) can be found at the following [loD link](#) and are summarised in Appendix 6. [Updating the English Indices of Deprivation in 2025](#)

- 3.3 For 2025/26 the NFF uplift in per pupil funding resulted in an overall 7.55% increase in the per pupil rate for Camden Schools (comprising 2.25% annual uplift and 5.3% inclusion of Pay Grants into base budgets) and hence its total schools block funding. There have been no significant changes to the local schools block DSG formula allocation. (which now include the 2024/25 TPAG, TPECG and CSBG Grant in its base budget at approximately 5.3% of the Camden per pupil rate).
- 3.4 Subject to the continuing ESFA statutory NFF “transitional mirroring “constraints” for 2025/26 the increase has been fully passed on to schools by a corresponding 7.55% uplift to the local funding formula factors where applicable for 2025/26 individual school budgets. As indicated above the overall 7.55% increase comprised of 2.25% from annual NFF uplift and 5.3% from the incorporation of last year’s pay grant funding into the mainstream base DSG schools block budget.
- 3.5 Subject to continuation of its current local exceptions for Rent the council has made no further applications to the ESFA to change its local formula and has ensured that its local formula factors comply with the ESFA statutory bands stipulated 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 continues 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 2025/26 under its revised process now identifies and allocates Schools Business Rates (NNDR) under “premises funding” to Camden using “actual spend in the Jan 2024/25 APT”. Whilst appearing in the DSG budget figures there will be no cash transfers to schools budgets for this item. From 2022/23 (NNDR) has been 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 2025/26 after allowing provision for growth costs of £0.250m 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 Camden’s early years provision will be reported in the Early Years team report to this forum. The key features are
- 3.9 For 2025/26 the ESFA have funded Camden at the following basic levels.

Table 4: Early years ESFA funding rates 2025/26 - per 18.Dec 2024 ESFA Notification

2025/26 ESFA FUNDING RATE	2024-25 £ / hr)	2025/26 £/ hr	difference	percentage change
ESFA EY NFF hourly rate for 3-4 year olds for 2025/26	£9.04	£9.23	£0.19	2.10%
ESFA Hourly rate for 2 year olds for 2025/26	£11.83	£12.23	£0.40	3.38%

3.10 The 2025/26 distribution of DSG Early years funding is outlined by Camden’s early years team in their schools forum report. After adjustments for any dis-applications, deprivation and inclusion funding the proposed hourly rate to providers for 2025/26 will be £7.42 for 3 to 4 year olds and £14.19 for 2 year olds per hour as set out in table 5 below and Appendix 5.

Table 5: Proposed Hourly Rates to providers for 2025/26 pending approval

	2024-25	2025-26
Scheme	Hourly Rate £	Hourly Rate £
3&4 Year Olds	£7.22	£7.42
2Year Olds	£9.50	£9.78
under 2's	£12.66	£14.19
Maintained Nursery School (Universal 3&4YOs only)	£4.64	
Camden Enhanced Offer	£5.30	

High needs DSG distribution

3.11 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.

3.12 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. The current High Needs DSG report to schools forum currently forecasts a £2.6m overspend in the 2024/25 budget with the potential for this to continue into 2025/26.

3.13 The service will continue to work to ensure that forecast spending is within the annual 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

- 3.14 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.
- 3.15 Pupil premium for 2025/26 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.
- 3.16 The premium was extended to covers 3 and 4 year olds under the early years pupil premium and from April 2024 it now also covers 2 year olds and under. The rates were uplifted by 1.6% for 2024/25. The current rates for 2024/25 remain 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

- 3.17 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 2025 to March 2026 expected to be announced in April 2025.
- 3.18 Despite last year's Autumn Budget announcement of a £300 million cash-terms boost for colleges and sixth forms it is expected that this would only maintain funding per student at current levels in real terms An Institute for Fiscal studies (IFS) [Further Education 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 detailed announcement on the variance to these factors for next year.

4. Funding Pressures - Preparation by Schools for Future pressures

- 4.1 The October 2024 Budget announced an additional £2.3bn to the core schools budget with £1billion for SEN and £1.3bn extra for mainstream schools. This funding has now been rolled into the schools national funding formula in 2025/26. This resulted in a net 2.25% per pupil uplift to Camden's NFF schools block budget (net of 5.3% uplift for building past pay grants into the base budgets for 2025/26). The High needs budget also saw a 7% (£3.8m) uplift to the 2025/26 budget.
- 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 26.07% to DSG in the 7 years from 2018/19 to 2024/25. With all the increases to DSG schools block only starting from 2018/19 it is estimated that Camden schools 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).
- 4.4 In addition, 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 continued 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.
- 4.5 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 2024

- 4.6 The ESFA continues to be very supportive to schools through free training sessions for schools staff and regular updates of its most recent announcements on a wide variety of issues that it wishes to inform schools and Councils of- accessible at - [ESFA Update - GOV.UK](#)
- 4.7 A major issue for schools since the October 2024 Budget may be the impact of the National Insurance costs on schools.
- 4.8 The October Budget 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.
- 4.9 The government 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 [Schools to be funded for national insurance rise Tes](#)

5. Reserves

- 5.1 The table below outlines the historic and proposed use of reserves (one-off cash balances) in 2024/25 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 reflects 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 drawdown of £2.6m to the HN DSG reserves element to cover the current HN DSG overspend in 2024/25. The tabled High Needs report to this forum in section 2.4 indicate that this level of overspend is expected to continue in 2025/26 despite the net £3.8m increase to HN DSG for 2025/26 and that cumulative reserves HN DSG will still be exhausted by 2026/27. 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 2025

	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>2023/24 actual movement</i>	686,180	283,607	1,408,500	709,450	3,087,737	22,342,767
<i>sub total - Current balance</i>	5,002,764	3,624,442	10,111,042	3,604,518	22,342,767	
Planned 2024/25 HNB Drawdown from DSG Reseve 24/25 estimated 21.01.25			-2,600,000		-2,600,000	
ESG deduction from 2022/23	-250,000				-250,000	
<i>sub total of planned use 2024/25</i>	4,752,764	3,624,442	7,511,042	3,604,518	19,492,767	19,492,767

5.2 It is noted that the historic build up of the DSG reserve by the HN DSG from unexpected and significant increases in grant income is no longer expected to continue and that the current level of HN DSG expenditure is forecast to exhaust the current HN DSG reserves by 2026/27. The High Needs team will need to continue to work with stakeholders and forum on an ongoing basis to ensure that they bring the HN DSG expenditure in line with the annual DSG block allocation.

5.3 As agreed in previous years by the Council and Forum, other elements of the DSG reserve will continue to be used to support schools in the current economic climate by relieving them of the former charge of £15 per pupil as schools contribution to discontinued Education Support Grant (ESG) central duties grant from 2017. This application of DSG reserve will continue to be used to support schools budgets in 2025/26 and continue to remove the approximately £250,000 that would have historically been chargeable to their budgets

5.4 This overall position may change beyond 2024/25 due to potential pressures from inflation, possible future school and class reorganisations in response to falling rolls and other potential exigencies that may also 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.

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 2024 Forum previously approved services to be delivered centrally which will total £0.982m in 2025/26 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 around £0.133m.

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: 2025/26 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	8,556	£86.61	£51.19	£2.33	£8.24	£15.96	£8.89
Secondary Rate Per Pupil	6,486	£35.42	£0.00	£2.33	£8.24	£15.96	£8.89
Total Charge per heading	15,042	£982,703	£449,998	£35,001	£123,997	£239,997	£133,710

6.3 The ESFA plans that following the introduction of the “hard” NFF (now postponed from 2025/26) 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 LAZER. Energy prices saw steep rises from July 2022 and there still remains variability in the market.

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

8 Schools Funding Timetable

8.1 To help keep schools informed of key school funding dates a summary of the key steps towards the finalisation of the 2025/26 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 2025/26 based on the ESFA notification and guidance of 18 December 2024 and invites forum for comments.

9.2 The distribution of the DSG funding is made within the available ESFA funding for 2025/26 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 2025/26 and changing levels of DSG reserves and continue to consider the appropriate actions to manage this level of DSG reserves in the context of spending pressures.

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 2025/26 schools funding allocations in accordance with the ESFA Guidance and requirements for 2025/26 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 significantly 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. Money between the mainstream schools budget and the high needs budget.

11. Environmental Implications

11.1 This report is not expected to result in any environmental impacts

12. Appendices

Appendix 1: Camden's School Funding Formula 2025/26

Appendix 2: Funding Formula Allocations 2025/26 – Primary and Secondary Schools (provisional)

Appendix 3: Timetable (extract) - ESFA DSG: Operational Guide 2025/26 section 47.1 Timetable

Appendix 4: De-delegation 2025-26 -Totals per school and Per-Pupil Rates.

Appendix 5: (Extract) - Early Years Dedicated Schools Grant Local Funding Formula 2025/26

Appendix 6: Extract From ESFA - How are the Indices of Deprivation 2019 different to the Indices of Deprivation 2015

Appendix 7: The schools national funding formula (NFF): 2025/26 -Schools Block allocations for LAs – published 28th November 2024

REPORT ENDS

