

Item No. 6	Classification: Open	Date: 22 February 2024	Meeting Name: Education and Local Economy Scrutiny Commission
Report title:		School Funding	
Ward(s) or groups affected:		All	
From:		Kate Bingham, Schools Finance Consultant Children's and Adults' Services	

PURPOSE OF REPORT

1. The purpose of this report is to inform the Education and Local Economy Scrutiny Commission about how school funding works, particularly nursery school funding.

RECOMMENDATION(S)

2. Education and Local Economy Scrutiny Commission note this report.

BACKGROUND

Dedicated Schools Grant (DSG)

3. The Dedicated Schools Grant (DSG) from the Department for Education (DfE) is the principal source of funding for the education of children and young people of statutory school age (age 5 to 16) and is ring-fenced to expenditure for the purposes of education to ensure that local authorities (LAs) allocate the full amount of funding to their schools.
4. The grant received is split between four funding blocks (the allocation of which is governed by [The School and Early Years Finance \(England\) Regulations 2023](#)) (the Regulations):
5. **Schools Block** - funds the Individual School Budgets (ISB) and LA central services for maintained schools, is calculated via the National Funding Formula (NFF) and is allocated through a locally derived formula.¹
6. **High Needs Block** - ring-fenced to cover the education of pupils with high needs, as determined by their Education, Health and Care Plan (EHCP), is calculated via a basic entitlement, historic allocations and local demographics and is allocated through a combination of basic funding per place and top up fees determined by the needs of the child or young person.

¹ The DfE intends to move to a direct NFF from 2027-28 (at the latest) which will be used to determine allocations for individual schools, resulting in a much-reduced role for LAs in sharing out core funding for mainstream schools

7. **Early Years Block** - funding is provided on a per pupil basis (different values depending on the age, from 9 months up to age 4, and the family's personal circumstances) and is allocated through a locally derived formula.
8. **Central Schools Services Block** – funds education services carried out by the LA on behalf of all schools (maintained and academies) and to cover historic commitments, based on historic factors.
9. The DSG is paid to LAs minus deductions ('recoupment') for academies. A detailed explanation of how each block of the DSG is calculated is included at Appendix 1.
10. There is some flexibility for LAs to transfer funding between the four blocks although there is a limit on the movement of funds of 0.5% of the Schools Block allocation and only with the agreement of the Schools Forum after having consulting with all schools.
11. **Schools Forum** is a statutory body which advises the council on issues related to schools' budgets as well as having some have decision making powers. It is comprised of various representatives from local schools (see further para 48 below).
12. Overspends on the DSG are carried forward and between 2017-18 and 2021-22, Southwark's DSG deficit rose to £21.7m due to financial pressures within the High Needs Block as a consequence of increases in the level of high needs education support which far exceeded the equivalent increases in high needs funding.

KEY ISSUES FOR CONSIDERATION

Dedicated Schools Grant - Distribution

15. LAs do not pass DSG funding straight on to schools. In allocating funding, they must consult with their local Schools Forum and with all maintained schools, including nursery schools, and academies in their area.
16. The LA, in consultation with the Schools Forum, determines the overall ISB for schools in the area, any funding to be centrally retained, and whether any funding should be moved between DSG blocks.
17. The LA also determines a local funding formula which is used to distribute the ISB between local schools. This option allows LAs, following Schools Forum authorisation, to apply local rates / amounts to each of the factors that determine the allocation (such as Minimum Funding Guarantee and income deprivation affecting children) prior to the distribution of funding to schools.
18. Southwark's School Forum finalised those decisions on 18th January 2024².
19. A detailed explanation of how each block of the DSG is distributed to Southwark schools and education services is included at Appendix 2.

Additional funding for schools

20. In addition to the DSG, schools receive additional funding to support specific educational and wellbeing outcomes, 'non-statutory' education (16-19 year olds), unavoidable increases in expenditure (e.g. teachers' pay) and capital maintenance programmes.
21. The following additional funding is explained in more detail in Appendix 3:
 - Pupil Premium Grant
 - Primary PE & Sports Grant
 - Free School Meals
 - Recovery Premium
 - 16-19 Funding
 - Teachers Pay Additional Grant
 - Capital Funding

² January 2024 School Forum papers are available @ [Southwark Schools Forum](#)

Safety valve agreement

13. In March 2023, the Council entered into a formal Safety Valve Agreement (SVA) with the DfE, receiving a commitment of £23m revenue and £3m capital funding in return for:
- Improving Special Educational Needs and/or Disabilities (SEND) services in line with Southwark’s SEND Strategy 2022-2025; and
 - Reaching an in-year balance on the DSG by 2024-25 and eliminating that deficit by 2026-27 as set out in the DSG Management Plan³.

Dedicated School Grant – 2024-25 Allocation

14. The total 2024-25 DSG allocation for Southwark is £398 million and is detailed in **Table 1** below, alongside a comparison to the 2023-24 DSG allocation.

Table 1: 2024-25 DSG Allocation

DSG Allocation	Schools Block (£'m)	High Needs Block (£'m)	Early Years Block (£'m)	Central Services Schools Block (£'m)	Total DSG Allocation (£'m)
2024-25	285.88	74.93	34.92	1.91	397.64
2023-24*	285.75	71.77	24.01	1.88	383.41
Increase	0.13	3.16	10.91	0.03	14.23
	0.0%	4.4%	45.4%	1.5%	3.7%

* 2023-24 Schools Block includes Mainstream Schools Additional Grant (£9,032,963) and High Needs Block includes High Needs Additional Grant (£2,945,335) – both rolled into 2024-25 DSG Allocations for the respective blocks

Early Years: Securing and Funding Sufficient Places

LA Responsibilities

15. [The Childcare Act 2016](#), Section 1 places a duty on the Secretary of State (SoS) to secure the equivalent of 30 hours (or 15 hours part time) of free childcare over 38 weeks of the year for qualifying children. Section 2 of the same Act then allows the SoS to discharge their duty by placing a duty on English LAs to secure free childcare for qualifying children⁴.
16. It is the primary duty of the SoS to secure free childcare and the full cost of discharging that duty is financed nationally by way of the Early Years Block of the DSG allocated to each LA. LAs then fulfil their duty by securing and funding⁵ sufficient places, allocating the Early Years Block via a locally-determined,

³ Presented at the Schools Forum 22 September 2022 ([Southwark Schools Forum](#))

⁴ [The Childcare \(Early Years Provision Free of Charge\) \(Extended Entitlement\) Regulations 2016, regulation 33](#)

⁵ [The School and Early Years Finance \(England\) Regulations 2023](#)

transparent formula which set the funding rates for all types of provider before the beginning of each financial year.

17. LAs are required to review and redetermine provider budgets during the year following termly updates on hours of attendance to reflect actual levels of participation within the financial year, across all sectors.
18. The main requirements imposed on LAs by the Regulations are set out below:
 - pass through a minimum of 95% of funding to providers
 - include a mandatory deprivation supplement in their local formula and only provide further discretionary supplements within the permitted categories and up to a total of 10% of the value of planned funding to providers;
 - pay providers the Disability Access Fund in respect of eligible children;
 - establish a special educational needs inclusion fund
 - pay providers the Early Years Pupil Premium in respect of their disadvantaged three- and four-year-old children.
19. LAs must also submit details of the funding rates they pay providers for all early years' places to the DfE which is then published to enable providers and parents to compare rates across the country.
20. In addition, LAs are required to secure sufficient childcare, so far as is reasonably practicable, for working parents, or parents who are studying or training for employment, for children aged 0-14 or up to 18 for disabled children. These requirements are set out in more detail in the report to this commission of Neil Gordon Orr, Assistant Director, Education Access.

Changes to Nursery Place Funding

22. By September 2025, working parents⁶ will be able to claim 30 hours of free childcare a week, over 38 weeks of the year, from nine months up to their child starting school. Southwark has received approx. £10m additional Early Years Block to fund the increased offer, as can be seen in **Table 1** above.
23. Currently, all 3 and 4 year olds are entitled to 15 hours per week of free childcare or early education, rising to 30 hours for working families, and 15 hours for disadvantaged 2 year olds, over 38 weeks of the year.
24. The increased offer will be rolled out in stages to allow childcare providers time to be able to implement the changes, making sure the places that are needed are available across the country when the offers are introduced:

⁶ Working parents who individually (or each if in a couple) earn more than £8,670 (from April 2023) but less than £100,000 per year (if in a couple: neither one can earn more than £100,000) are eligible.

- From April 2024, working parents of 2 year olds will be able to access 15 hours of free childcare.
 - From September 2024, 15 hours of free childcare will be extended down to the age of 9 months for working parents.
 - From September 2025, working parents of children aged 9 months and upwards will be entitled to 30 hours free childcare per week right up to their child starting school.
25. In addition, LAs and schools will be given more funding for “wraparound care”, so that parents of school-age children can access childcare in their local area from 8am – 6pm, Monday to Friday during term time.
26. This will be rolled out in September 2024, and by September 2026, all parents should be able to access wraparound care, either from their school or other provider.
27. Start-up funding will be available over two academic years to support LAs and providers to introduce or expand childcare provision on either side of the school day, which parents of primary school-aged children will be able to pay to access.
28. Southwark’s maximum grant allocation⁷, upon approval of a delivery plan is outlined in **Table 2** below.

Table 2: Wraparound care maximum grant allocation

2023-24	2024-25	2025-26	(Provisional) Total
£13,037.22	£749,959.02	£352,857.76	£1,115,854.00

29. Full guidance is available @ [National wraparound childcare programme handbook: a guide for local authorities](#).
30. To support LAs in delivering the expansion of the 30-hours early years entitlement for working families and of wraparound provision in primary schools, the Childcare Expansion Capital Grant has been created, based on:
- Likely take up of the expanded 30 hours offer in the LA, based on Part Time Equivalent (PTE⁸) data for the existing 30 hours offer for 3 and 4 year olds (where).
 - The number of maintained mainstream primary schools in the LA that do not offer any existing wraparound provision or only offer before or after school provision (but not both).

⁷ [Wraparound childcare programme: S31 grant determination letter](#)

⁸ a child taking up 15 hours of provision is 1PTE and child taking up the full 30 hours is 2PTE

- 31. The grant funding is subject to certain conditions, as set out in the published Grant Determination document, though un-ringfenced. It is ultimately for LAs to determine how to best use the funding to meet local priorities.
- 32. Southwark’s allocation is £427,729

Financial Position

- 33. As at the end of 2022-23, the number of schools with a cumulative year-end deficit is illustrated in **Table 3** below.

Table 3: Number of schools with a 2022-23 year-end deficit

School Type	Cumulative Deficit
Primary	10
Nursery	3
Secondary	0
Special, Hospital & PRU	0

- 34. All maintained schools in deficit are monitored with regular meetings between Schools’ Finance and the Education Directorate. For those schools in deficit, a budget recovery plan is required to return the school to a balanced or surplus position within three to five years.

Other Financial Support Available

Additional funding to support individual schools in financial difficulties

- 35. In July 2023 the DfE announced that it is providing up to £40 million of additional funding in 2023-24 to support individual schools in financial difficulties with £20m allocated to LAs with the most significant maintained school deficits. The remaining £20m is used to top up the existing financial support that is available to academies.
- 36. Southwark’s allocation of the funding is £516k and is one of the 35 LAs across the country to receive a share of the £20m. This is a one-off payment in 2023-24 and the DfE has no plans to provide similar funding in 2024-25.
- 37. The funding has been allocated to the maintained schools with the greatest forecast 2023-24 deficit balances with the amount awarded to individual schools calculated as a proportion of 2023-24 additional funding allocated.
- 38. As part of the funding, the Council has set specific conditions and payment will be made before the end of the 2023-24 financial year.
- 39. The final funding, should the conditions be met, will be distributed to three Nursery Schools and two Primary schools. Amounts per school range between £175k and £39k.

Schools' Financial Support Panel

40. The Schools' Financial Support Panel (SFSP) manages three funding streams: the Growth Fund; the Falling Rolls Fund; and Schools in Financial Difficulty Fund.
41. The Schools Forum has delegated responsibility to the SFSP which comprises three head teachers, supported by LA officers.
42. The SFSP determines whether to offer financial support to schools, and the amount of any such support, in relation to:
 - contribution of costs for bulge classes (Growth Fund);
 - support where the places are forecast to be needed over the short-medium term (Falling Rolls Fund);
 - severance payments to school employees on the grounds of compulsory and voluntary redundancy, including the ending of a fixed term contract by reason of redundancy (Schools in Financial Difficulty Fund);
 - premature retirement, including ill health retirement (Schools in Financial Difficulty Fund);
 - settlement agreements made to secure resignations (Schools in Financial Difficulty Fund);
 - help addressing a deficit balance which has been licenced by the authority (Schools in Financial Difficulty Fund).

Financial Responsibilities

Governing Body

43. The governing body, supported by information and advice provided by the head teacher, decides the strategic direction of the school. Governors have collective responsibility for financial decisions taken to implement the strategy and are answerable to parents and the wider community.
44. The key financial aspects of the governors role are
 - agreeing the school's financial regulations and scheme of delegation
 - agreeing the school's budget
 - holding the school to account:
 - i. through budget monitoring
 - ii. using the results of the school's audit and ensuring audit recommendations are implemented

- iii. through the annual Schools Financial Value Standard

Head teacher

45. The responsibility for the implementation of financial decisions and day to day management of the budget remains with the head teacher.

Local Authority

46. The Section 151 officer has a responsibility to ensure that schools have sound financial management. If a school is proposing to set a deficit budget (where anticipated in-year expenditure will exceed anticipated income) or is projecting to carry forward a deficit balance, the Section 151 officer requires the school to set out an action plan (using a pro-forma template) that demonstrates how this deficit position will be managed.

47. The key aspects of the LA's role in schools' finance are:

- supporting the operation of the Schools Forum
- maintaining the schools' funding formula
- determining school funding levels
- maintaining an overview of school budget plans and progress against these
- maintaining the Scheme for Financing Schools
- financial governance role – i.e. maintained schools' internal audits

Schools Forum

48. The Schools Forum is a statutory body which advises the council on issues related to schools' budgets as well as having some decision making powers. The respective roles of Schools Forum, LAs and the DfE are summarised in Schools Forum [powers and responsibilities](#). The overarching areas on which Schools Forums make decisions on LA proposals include:

- de-delegation from mainstream maintained schools budgets (separate approval will be required by the primary and secondary phase members of schools forum), for prescribed services to be provided centrally
- to create a fund for significant pupil growth and falling rolls
- agreeing other centrally retained budgets, including for LA statutory responsibilities (where these relate to maintained schools only, voting is by the primary, secondary, special and PRU members of schools forum)

- funding for central early years expenditure, which may include funding for checking eligibility of pupils for an early years place, the early years pupil premium and/or free school meals
- In each of these cases, the LA can appeal to the SoS if the Schools Forum rejects its proposal.

SCHOOLS BLOCK

1. The schools NFF determines how the core funding for 5–16 year-old pupils in mainstream schools is distributed to LAs.
2. Approximately 93.5% of the schools NFF funding is allocated through ‘pupil-led’ factors. The ‘pupil-led’ factors are determined by pupil numbers and pupils’ characteristics. The majority of this funding is allocated through the basic entitlement factor, which all pupils attract. The NFF allocates the rest of ‘pupil-led’ funding through additional needs factors based on deprivation, low prior attainment, English as an additional language and mobility.
3. ‘School-led’ funding is allocated through various factors according to a school’s characteristics. All schools attract a lump sum with small and remote schools receiving additional funding for sparsity. Other school-led funding reflects costs associated with a school’s premises and overheads through four separate factors: rates, split sites, private finance initiative (PFI) and exceptional circumstances.
4. An area cost adjustment (ACA) is applied as a multiplier to formula allocations to reflect higher costs in some parts of the countries, due to differences in salary costs.
5. Finally, the formula offers two different forms of protections for schools:
 - The minimum per pupil level guarantees a minimum amount of funding for every pupil; and
 - The funding floor protects schools from year-on-year funding decreases, by ensuring a minimum increase in pupil-led funding per pupil compared to the previous year.
6. The primary and secondary units of funding values (uplifted each year, as determine by the DfE) are multiplied by the relevant pupil count (previous October) for each sector accordingly added to the historic spend cash value applied for premises, mobility and growth to determine the final Schools Block allocation.
7. The Schools Block is ring-fenced and LAs must pass 99.5 per cent directly onto schools and the remaining 0.5 per cent can be transferred to the High Needs Block with the agreement of Schools Forum.
8. **Table 1A** below provides a summary of the 2024-25 Schools Block for Southwark.

Table 1A: Schools Block Allocation 2024-25

NFF Model Factor	Information	Funding (£'m)
Primary unit of funding	£6558.04 / 20,123.5 pupils	131.97
Secondary unit of funding	£9,120.53 / 16,258.5 pupils	148.29
Premises and Mobility		4.08
Growth Funding		1.54
Total Schools Block (before recoupment)		285.88

HIGH NEEDS BLOCK

9. The high needs NFF supports provision for children and young people with SEND from ages 0-25 years. It also supports alternative provision (AP) for pupils of compulsory school age who, because they have been excluded or suspended, or because of illness or other reasons, cannot receive their education in mainstream or special
10. The formula consists of factors designed to indicate the level of need within a LA and also includes funding floor and gains limit factors, to ensure a minimum level of increase for every LA and to reduce the impact of year-on-year changes to their funding levels. A brief description of each funding factor is outlined in **Table 1B** below.

Table 1B: High Needs Block Funding

Funding factor	Description and factor information
Basic entitlement factor	Allocates funding on the basis of data on the pupil and student numbers in special schools and special post-16 institutions. The funding rate is £4,660 per pupil or student and is subject to an area cost adjustment.
Historic spend factor	Provides 50% of the LA's 2017-18 spending on high needs to reflect past spending patterns, given the constraints that the local demand for and supply of provision will continue to place on future spending
Proxy factors	The remaining high needs funding, after deducting the basic entitlement factor funding, hospital education factor and historic spend factors, is then available for the proxy factors, listed below: <ul style="list-style-type: none"> • Population factor • Free school meals (FSM) factor • Income deprivation affecting children index (IDACI) factor • Bad health factor • Disability factor • Key stage 2 low attainment factor • Key stage 4 low attainment factor Weightings for each of these factors differ depending on whether the formula is providing a LA with funding for SEND, AP or both and all are subject to an area cost adjustment.

Funding factor	Description and factor information
Funding floor factor	This ensures local authorities do not fall below a minimum level of funding. The factor is applied to the funding calculated through historic spend factor and proxy factors. There are two elements: <ul style="list-style-type: none"> • on a per head basis, these elements of the formula will increase by at least 3% in 2024-25 over the 2023-24 funding baseline • for LAs with decreasing populations, no LA will receive less funding than the equivalent figure from the 2023-24 baseline
Gains limit factor	Limit placed on allocations such that no LA may receive greater than a 5% increase per head on their 2023-24 baseline amount.
Alternative Provision factor	Hospital education and historic teachers' pay, pensions and pensions supplementary grant funding
Import /export adjustment	Allocations are subject to adjustments to account for high needs pupils and students that attend provision in a different LA from that in which they are resident.

11. **Table 1C** below provides a summary of the 2024-25 High Needs Block for Southwark.

Table 1C: High Needs Block Allocation 2024-25

NFF Model Factor	Information	Funding (£'m)
Basic Entitlement	915 special school places	5.17
Historic spend	2017-18 baseline	24.34
Proxy factors		43.20
AP factor		3.73
Funding Floor		0
Gains limit		0
Import/export adjustment		-1.51
Total High Needs Block (before recoupment)⁹		74.93

12. The import/export adjustment of £1.51m is a provisional allocation based on the previous year's import/export. In the summer term (June) 2024, the Education and Skills Funding Agency (ESFA) will update the import and export adjustments to reflect the latest data from the January 2024 school census which may alter the total High Needs Block allocation.

⁹ Final allocation notified 19/12/23

EARLY YEARS BLOCK

13. There are eight elements to the formula on which LA Early Years Block allocations are calculated:

- funding for the 15 hours entitlement for 9-month-old up to 2-year-old children of eligible working parents
- funding for the 15 hours entitlement for disadvantaged 2-year-olds
- funding for the 15 hours entitlement for 2-year-old children of eligible working parents
- funding for the universal 15 hours entitlement for all 3 and 4-year-olds
- funding for the additional 15 hours for 3 and 4-year-old children of eligible working parents
- supplementary funding for maintained nursery schools (MNS) for 3 and 4-year-olds
- funding for the early years pupil premium (EYPP) for 3 and 4-year-olds, 2-year-olds and under 2s
- funding for the disability access fund (DAF) for 3 and 4-year-olds, 2-year-olds and under 2s

14. The indicative allocations¹⁰ for the new under 2's, 2-year-olds and 3-and-4 year-olds funding streams as well as MNS and EYPP are calculated as follows:

- the number of PTEs taking up the entitlements as recorded on the January 2023 schools, early years and AP censuses
- multiplied by 15 hours × 38 weeks × LA's hourly funding rate.

15. **Table 1D** below provides a summary of the 2024-25 Early Years Block for Southwark.

¹⁰ The Education and Skills Funding Agency will update these indicative allocations in July 2024 based on January 2024 PTE census numbers

Table 1D: Early Years Block Allocation 2024-25

NFF Model Factor	Information	Funding (£'m)
15 hours entitlement - 9-month-old up to 2-year-old children of eligible working parents ¹¹	370.23 PTEs / £14.98 per hour	3.16
15 hours entitlement - 2-year-old children of eligible working parents ¹²	730.72 PTEs / £10.97 per hour	4.57
15 hours entitlement - Disadvantaged 2 year olds	590.8 PTEs / £10.97 per hour	3.69
Universal entitlement for 3 & 4 year olds	3,727.13 PTEs / £7.60 per hour	16.15
Additional entitlement for 3 & 4 year old children of eligible working parents	1,196.51 PTEs / £7.60 per hour	5.18
Supplementary funding - MNS	348 PTEs / £7.52/hour	1.49
EYPP	1,339.84 PTEs / £0.68 per hour	0.52
DAF	174 PTEs / £910 per year	0.16
Total (Indicative) Early Years Block		34.92

16. The indicative allocations are based on an assumed 100% take up of the free entitlement across the age ranges. Consequently, the majority of (if not, all) LAs can expect a reduction in the Early Years Block when the final allocations are notified in July 2024.

CENTRAL SCHOOL SERVICES BLOCK

17. The Central School Services Block (CSSB) provides funding for LA central functions for maintained schools and academies, created from the Schools Block funding that was held centrally by LAs, and the retained duties element of the Education Services Grant (ESG), which no longer exists.
18. The CSSB is split into funding for historic commitments¹³ and funding for ongoing responsibilities for all schools. Funding to LAs for ongoing responsibilities is allocated according to the CSSB formula distributing 90 per cent based on a per-pupil factor and 10 per cent on a deprivation factor with both elements adjusted for area costs.
19. From 2024-25, a copyright licences funding factor has been introduced within the ongoing responsibilities element. Funding for ongoing responsibilities includes a protection to ensure no LA sees losses of greater than 2.5% per pupil and a gains gap at 5.51%, compared to 2023-24.

¹¹ The total annual hours used in the calculation of PTEs is based on 26 weeks, to reflect the September 2024 start for this entitlement

¹² April 2024 start for this entitlement

¹³ Southwark does not receive any funding for historical commitments

20. Table 1E below provides a summary of the 2024-25 Central School Services Block for Southwark.

Table 1E: Central School Services Block Allocation 2024-25

NFF Model Factor	Information	Funding (£'m)
Ongoing commitments	36,382 pupils	1.91
Total Central School Services Block		1.91

SCHOOLS BLOCK

1. The School Block funds Southwark's mainstream primary and secondary schools via the School Budget Share (SBS) which is allocated through a locally derived formula.
2. A number of items can be deducted (top sliced) from the total Schools Block, prior to the determination of the SBS, as prescribed by the Regulations:
 - Schools Block Transfer: a maximum of 0.5 % of the Schools Block can be transferred to the High Needs Block with the agreement of Schools Forum:
 - Growth Fund: used to contribute to the cost of bulge classes where these have been set up and managed by the Schools' Financial Support Panel (SFSP);
 - Falling Rolls Fund: also managed by the SFSP, with allocation criteria set by national regulations with limited scope to adjust them locally.
3. Individual mainstream schools' SBS is determined by the local funding formula. For 2024-25, the funding attracted by individual pupils is set out at **Table 2A**.

Table 2A: Schools Block Allocation

Factor type	Factor	NFF Value		Units		Local Formula Allocation £'000
		Primary	Secondary	Primary	Secondary	
Age Weighted Pupil Unit	Key Stage 1 and 2 (Years R to 6)	4,626.36		20,163.83		93,285
Age Weighted Pupil Unit	Key Stage 3 (Years 7 to 9)		6,628.09		9,736.00	64,531
Age Weighted Pupil Unit	Key Stage 4 (Years 10 to 11)		6,649.45		6,580.00	43,753
Deprivation	Free School Meals	515.18	515.18	7,438.95	6,083.66	6,967
Deprivation	Free School Meals (Ever6)	948.73	1,388.39	7,702.46	7,142.77	17,225
Deprivation	IDACI Band F	246.79	382.48	1,621.69	1,493.19	971
Deprivation	IDACI Band E	299.64	506.23	5,349.67	4,278.05	3,769
Deprivation	IDACI Band D	467.86	724.20	3,644.94	2,980.72	3,864
Deprivation	IDACI Band C	561.14	798.33	3,310.55	2,659.10	3,981
Deprivation	IDACI Band B	597.07	856.18	1,384.31	1,068.25	1,741
Deprivation	IDACI Band A	713.83	1,093.36	422.80	344.15	678
English as an Additional Language	EAL3 Primary	620.31	1,666.00	4,055.43	682.43	3,653
Prior Attainment		1,230.12	1,879.38	5,781.29	2,876.57	12,518
Mobility	Pupils starting outside normal entry dates	1,110.71	1,596.65	225.21	86.83	389
Sub total: pupil led funding						257,322
Premises	Lump sum				180,023.52	16,022
Premises	Split Site - Lump Sum	Lump sum	62,130.55	Distance	31,123.13	504
Premises	Rates					3,566
Sub total: school led funding						20,092
Additional Lump Sum for Amalgamating Schools						252
Minimum Funding Guarantee @ 0.5%						6,355
Transfer to High Needs Block @ 0.42%						1,200
Growth Fund						50
Falling Rolls Fund						300
Other Adjustments to 2023-24 Budgets Shares						309
Deductions for ESFA payments to National Non Domestic Rates						- 3,566
TOTAL SCHOOLS BLOCK ALLOCATION						282,316

4. As part of the move towards the implementation of the NFF as a means to allocate schools' budget shares, the ESFA have introduced funding bands for each formula

factor, within which each LA's funding rates must fall. These bands will narrow each year, bringing LA funding rates ever closer to the NFF.

5. Funding for LA education services can then be deducted from the SBS to support central functions (central retentions) for maintained schools, as set out in **Table 2B**. School Forum members for maintained schools must approve these elements be removed from the formula before schools budgets are issued.

Table 2B: Schools Block Central Retentions

Funding factor	Description	Allocated Funding
De-delegated services	The services de-delegated are: <ul style="list-style-type: none"> - Additional school improvement services - Contingencies (including schools in financial difficulties and deficits of closing schools) - Behavior support services - Free school meals eligibility - Staff costs supply cover (maternity and trade union facility time) 	£3,210,000
Education services for all maintained schools	The services funded are <ul style="list-style-type: none"> - Education management team, - Family Early Help - Property Management - Corporate Overheads 	£246,000

HIGH NEEDS BLOCK

6. The high needs funding system has two main components of distribution: core funding & top-up funding.
7. Core funding is paid by the LA (for maintained schools & Alternative Provision) or by the ESFA (for academies and free schools). It is allocated to institutions in a number of ways:
 - Mainstream school and academy budgets, derived from the DSG schools block and the pre-16 local funding formulae. For pupils in mainstream schools, schools funds the first £6,000 for mainstream provision.
 - Post-16 providers, including mainstream schools, academies, Further Education institutions, Independent Learning Provision (ILPs) and Special Post 16 Institutions (SPIs), through the 16-19 NFF (sometimes called element 1) alongside place funding of £6,000 (sometimes called element 2 in post-16 settings); and
 - £10,000 per place, depending on the institution and place type which is drawn from the High Needs Block.
8. Top-up funding is allocated by the LA to institutions and is sometimes referred to as element 3. The funding is paid from the High Needs Block of the LA in which

the pupil or student is resident or to which they belong. If the cost of providing for the pupil is more that allocated through core or place funding the LA will allocate the institution additional top up funding.

9. Top-up funding is based on individual pupils:
 - Pupils with an EHCP in Mainstream Schools
 - 4 EHCP funding bands
 - Pupils in a SEN Unit/Resource Base
 - based on need catered for by the SEN unit
 - Pupils in Special School
 - single funding rate based on pupil need served
 - Adjusted in-year for joiners/leavers/changes

10. Table 2C sets out core funding and top-up funding by maintained schools.

Table 2C: SEND Funding

Costs	Mainstream Pupils	SEN Unit Pupils*	Special School Pupils
£0 - £4k Basic Need	Met From SBS Formula	Met From SBS Formula	Met From Place Funding
£4k - £6k Low Need SEN	Met From SBS Formula	Met From Place Funding	
£6k - £10k High Need SEN	Met From Top Up		
Over £10k High Need SEN	Met From Top Up	Met From Top Up	Met From Top Up

* SEN Units/Resource Bases receive £10k for empty places

11. In 2023-24, all LAs received a High Needs Additional Grant (paid as a separate allocation to the 2023-24 DSG). Whilst the grant has been rolled into the 2024-25 High Needs allocation, maintained special schools and PRUs, special and AP academies (including free schools) and maintained and academy hospital schools will continue to receive a separate allocation equivalent to the additional funding allocations in 2023-24.

12. The DSG conditions of grant for 2024-25 require LAs to pass on the same level of additional funding, at the same amount per place, to these schools (as detailed below).

13. Southwark's 2023-24 additional grant allocation was £2.945m which supported an 3.4% increase in the top up rates for:

- Special Schools, Hospital Schools and Alternative Provision;
- Resource Bases and holders of EHCP's in all mainstream settings;
- 'Inclusion Fund' (supporting the most inclusive schools who have the highest levels of pupils with EHCP's).

14. While the majority of a LA's high needs budget is spent on place and top-up funding for schools and colleges, LAs can also use high needs funding to provide additional or targeted support for children and young people with SEND, as permitted under schedule 2 of the Regulations. This can take the form of additional funding to schools and colleges, which may be paid on the basis of a service level agreement, or access to specialist services or expertise commissioned by the LA.

15. In 2024-25, the centrally retained element of the High Needs Block is detailed in **Table 2D**. The Schools Forum is expected to discuss the details, including funding and effectiveness of these services.

Table 2D: High Needs Block Central Retentions

Service	Description	Allocated Funding
Autism Support Team	The team support mainstream schools with children with ASD and, whilst not a statutory requirement, has been supported by the forum for over 10 years. OfSTED has also commented on the need for the service.	£367,614
SEN Inclusion Team	This budget supports strategic management of the service and a small team of teachers to provide this statutory service. A small amount of non-statutory work relates to supporting schools with pupils on SEND support.	£582,423
Hearing And Visual Impairment Team	This budget is used for staffing of the Hearing And Visual Impairment Team. This is a Statutory Service.	£717,496
Speech and Language Therapy (SALT)	The funding is to meet any statutory SALT provision written into part F of children's EHCPs in Southwark special schools The service is mostly Statutory SALT provision for the Southwark maintained special school population.	£320,000
SENDIF	To supplement the increased contribution from the Early Years Block for support for eligible children with SEN taking up any of the early years free entitlements, as detailed in paragraph 23 below	£100,000

Service	Description	Allocated Funding
Corporate Overhead	The above pays for share of the corporate support for running the services met out of the DSG	£163,586
Total High Needs Block Central Retention		£2,252,119

EARLY YEARS BLOCK

16. As a result of the expansion of the age ranges covered by the free early years entitlements, Southwark carried out a consultation with providers on proposed amendments to its Early Years Funding Arrangements (with a total of 60 responses). The outcomes of the consultation informed the funding rates, in the following way:

- establishing two separate funding formulas for 2 year olds, one for the disadvantaged households provision and one for the working households provision. The separate formulas have been established in case of future need for flexibility
- extending the Deprivation supplement to the additional age ranges,
- using the same Deprivation supplement rates on all age ranges,
- the Teacher Pay & Pension supplement to remain only for 3&4 year old pupils (the supplement does not and is not intended to cover the full additional cost of a teacher).

17. The funding rates for Early Years providers, as outlined in **Table 2E**, will form the basis of the funding formula calculation for 2024-25¹⁴ with a slightly larger contingency to provide future flexibility (if required) due to the extent of the changes to early years' childcare entitlement over the next 18 months.

18. The proposed rates are set at the maximum of what the LA has modelled as affordable based on estimates from a combination of the indicative Early Years NFF allocations and local intelligence of actual reported number of hours delivered during 2023-24.

19. Any variations to the final allocations are reported to the DfE and may result in an adjustment in the form of clawback of unused funding or additional payments for new childcare places.

¹⁴ These rates may change following the final allocations received in July 2024 based on January 2024 PTE census numbers

Table 2E: Early Years Single Funding Formula

Funding Elements	3 and 4 year olds			
	Hourly Rate	PTE	Funding	
Hourly Rate Received	7.60	4,923.64	21,329,208	
Universal Base Rate	6.21	4,269.48	15,112,679	84%
Targeted - Deprivation	0.48	4,269.48	1,165,649	6%
Teachers Pay & Pension	0.21	4,269.48	514,102	3%
SENDIF	0.12	4,269.48	300,000	2%
Contingency	0.29	4,269.48	713,272	4%
5% Holdback	0.28	4,269.48	689,686	4%
Funding Elements	2 year olds			
	Hourly Rate	PTE	Funding	
Hourly Rate Received	10.97	1,321.52	8,263,332	
Universal Base Rate	9.02	913.90	4,698,725	86%
Targeted - Deprivation	0.69	913.90	359,329	7%
Teachers Pay & Pension				
SENDIF	0.39	913.90	203,000	4%
Contingency	0.56	913.90	289,801	5%
5% Holdback	0.31	913.90	163,670	3%
Funding Elements	Under 2 year olds			
	Hourly Rate	PTE	Funding	
Hourly Rate Received	14.98	370.23	3,161,246	
Universal Base Rate	12.38	230.55	1,626,920	79%
Targeted - Deprivation	1.09	230.55	143,837	7%
Teachers Pay & Pension				
SENDIF	0.11	230.55	15,000	1%
Contingency	0.92	230.55	121,198	6%
5% Holdback	0.47	230.55	61,644	3%
Per Pupil Hourly Funding				26,178,513
Early Years Pupil Premium				519,323
Disability Access Fund				158,340
Maintained Nursery School Supplementary Funding				1,491,668
TOTAL EARLY YEARS BLOCK FORECAST				28,347,844

20. Early Years Pupil Premium rate for all age groups is set at £0.68 per hour, the Disability Access Funding rate for all age groups at £2,000 per year and the 3 and 4 year old rate to distribute the TPAG funding is set at £0.40 per hour.
21. The indicative Supplementary Maintained Nursery Funding is £1.492m, although there is a well-established downward trend in MNS 3&4 year old numbers, so the final allocation is expected to be lower. Southwark's maintained nursery schools will determine how they want this distributed.

22. LAs are required to establish a Special Educational Needs & Disability Inclusion Fund (SENDIF) budget to work with providers to address the needs of individual children with SEND who are taking up the 3 and 4 year old entitlements. From April 2024 this requirement will be extended to children taking up the 2 year-old entitlement, and from September 2024 to children taking up the under-2 entitlement.
23. For 2024-25, the SENDIF budget has increased to £518,000 to address the expansion in Early Years provision (supplemented by £100k from the High Needs Block). It is expected that LA's will pass the majority of their SENDIF to providers on a case by case basis, but it can also be used to fund specialist SEN services.
24. The LA retains a proportion of the Early Years Block (at a maximum of 5% of the for 3 and 4 year olds universal and extended entitlement budget) in order to meet its statutory duties in respect of early education and childcare as set out in the Childcare Act of 2016 and related guidance. In 2024-25 that will be set at £915k and funds the central LA services outlined in **Table 2F**.

Table 2F: 2024-25 Early Years Block Central Retention

Service	Description	Allocated Funding
Early Years Teams Staffing	<ul style="list-style-type: none"> manages the free early education offer process, including termly headcount/claims process, funding to early years settings and promoting the free entitlement to parents. provides information, advice, and support to the 150 early years group care settings and 350 childminders in Southwark. provides information, advice, and support to schools in relation to the Early Years Foundation Stage 	£579,000
Early Help Service	<ul style="list-style-type: none"> delivers whole family approach and supports the integration of Under 5s work within LA commissioned Children & Family Centres (CFCs) ensures that all children and adults within a household are offered support. 	£336,000
Total Early Years Block Central Retention		£915,000

CENTRAL SCHOOL SERVICES BLOCK

25. The CSSB provides funding for LAs central functions on behalf of maintained schools and academies. While the LA proposes how much is spent on each of the headings, the Schools Forum makes the decision. In the event of a dispute, the DfE adjudicates. If the Schools Forum disputes the amounts, it would need to consider the areas within the defined legislation where the LA needed to refocus its attention.

26. For some central services, including Education Management and Learning and Achievement, there is a cross-over of funding streams between CSSB, Schools Block central retentions and general fund.

27. **Table 2G** sets out the distribution of the CSSB for 2024-25.

Table 2G: 2024-25 CSSB Central Retentions

Service	Description	Allocated Funding
LA duties for all schools	This relates to statutory and regulatory duties for all schools in the borough regardless of whether they are maintained, free or academies.	£600,000
Places in independent schools for non-SEN pupils	A contribution towards the educational costs of looked after children that Southwark is responsible for.	£294,000
Admissions	Admissions is a statutory LA responsibility and therefore funding cannot be delegated to schools to carry out this function.	£463,000
Servicing of Schools Forum	Covers School Forum clerking costs.	£7,000
DfE Licenses & Subscriptions	Copyright licences which are negotiated centrally by the Secretary of State for all publicly funded schools.	£246,000
Additional statutory duties for all schools	This relates to statutory and regulatory duties for all schools in the borough regardless of whether they are maintained, free or academies.	£300,000
Total CSSB Central Retentions		£1,910,000

PAYMENT ARRANGEMENTS

28. The SBS for maintained mainstream schools (primary and secondary) is notified to schools by the end of the February preceded the beginning of the new financial year and is based on the previous October's pupil roll census data. Top up payments for high needs pupils are adjusted on a termly in arrears basis.

29. Maintained special schools and maintained schools' based special provision are also notified of the estimate of the financial year's High Needs Block allocation before the beginning of the new financial year. Top up payments are adjusted on a termly in arrears basis.

30. In accordance with the Scheme for Financing Schools, maintained schools receive their monthly budget share payment of schools block and high needs block as follows:-

- 1/9th April
- 1/12th May to February
- 1/18th March

31. The ESFA funds academies (including free schools, university technical colleges and special academies) on the same basis as maintained schools. The relevant budget share for academies is deducted from the LA's overall DSG allocation (recoupment) and allocations and payments are based on an academic year, compared with financial year for maintained schools.
32. Maintained nursery schools and primary schools with nursery classes receive estimate of the year's funding, get paid monthly with a termly payment to bring them up to funding levels based on actual participation rates.
33. Private, voluntary and independent providers (PVI's) are notified of hourly rate changes each January and issued with an indicative budget statement for the next financial year towards the end of each financial year, detailing the level of funding received and a forecast for the following year. Payments are made on a termly basis (spring, summer, autumn), following the pupil census dates as prescribed by the DfE, supplemented by a headcount spreadsheet, with details of each eligible child and hours attendance for the relevant entitlements as at the census date. Qualifying providers¹⁵ are also paid a 50% advance payment at the beginning of each term.

¹⁵ Providers that are not in debt to the Council and they have claimed funding in the previous term

PUPIL PREMIUM GRANT

1. Pupil Premium grant funding is allocated to LAs for two separate objectives:
 - raising the educational attainment of disadvantaged pupils of all abilities to help them reach their potential
 - providing support for children and young people with parents in the regular armed forces
2. Each LA allocation is calculated by ESFA, based on Free School Meal (FSM)
3. Ever 6¹⁶ data from the previous October’s pupil census, and published in June. Pupil Premium grant is also allocated based on the number of looked-after children (LAC) supported by the LA.
4. The LA must distribute the grant to each maintained school based on the number of pupils in year groups reception to year 11.
5. In 2023-24, Southwark received £20.074m in Pupil Premium Grant for all schools (maintained and academies) for 15,492 eligible pupils.
6. The funding rates for the 2024-25 pupil premium grant are detailed in the **Table 3A** below.

Table 3A: 2024-25 Pupil Premium rates

	Funding Rates (per pupil)
Primary Pupils	£1,480
Secondary Pupils	£1,050
Looked after Children	£2,570
Children who ceased to be looked after	£2,570
Service Children*	£340

*Eligible service children attract this rate in addition to any other PP grant eligibility rate.

7. Full guidance is available @ [Pupil premium 2023-24: conditions of grant for local authorities.](#)

PRIMARY PE & SPORTS GRANT

8. The Primary PE & Sports Grant is paid to schools with primary-age pupils to ensure all children have equal access to high-quality PE provision and opportunities to experience and participate in a wide range of sports and physical activities.

¹⁶ recorded as eligible for FSM or have been recorded as eligible in the past 6 years

9. Schools cannot use the funding for core-type school activities but to make additional and sustainable improvements to the PE, sport and physical activity they provide.
10. Each LA’s funding is determined by using the previous January school census and for 2023-24, the amounts payable were:
 - schools with 16 or fewer eligible pupils receive £1,000 per pupil
 - schools with 17 or more eligible pupils receive £16,000 and an additional payment of £10 per pupil.
11. The LA receives two payments (7/12 of the funding allocation in October and the balance in April) and pass this funding to maintained primary schools based on the number of pupils they have in years 1 to 6.
12. In 2023-24, Southwark primary schools (maintained and academies) received £1.43m. 2024-25 allocations will be notified before March 2024.
13. Full guidance is available @ [PE and sport premium for primary schools](#).

FREE SCHOOL MEALS

14. All pupils in Southwark schools, from nursery to year 13, are entitled to free healthy school meals. There are various funding streams that fund this entitlement, as outlined in **Table 3B** below.

Table 3B: School Meal Funding Streams

Academic Year	Families in receipt of certain benefits	Nursery pupils	Reception, Year 1 & 2 (UIFSM)	Years 3 to 6 (Key Stage 2)	Years 7 to 13 ¹
2022/23	DfE	Southwark Council	DfE	Southwark Council	
2023/24				Greater London Authority	Southwark Council
2024/25				Greater London Authority	

¹ for pupils from families who get Universal Credit but currently miss out on FSM due to earning over the national threshold (£7,400 a year as a family)

15. In 2024-25, Southwark’s allocation within the DSG for FSM entitlement is £6.967m. In 2023-24, the additional grant for Universal Infant Free School Meals (UIFSM) for all primary schools (maintained and academies) was £2.565m and over the same period, the by Southwark Council allocated £0.440m for nursery and meals. The funding provided by the Greater London Authority is £3.634m for the 2023/24 academic year.
16. Full guidance is available @ [Universal infant free school meals: 2023 to 2024](#).

RECOVERY PREMIUM

- 17. The Recovery Premium is part of the government’s package of funding to support pupils whose education has been impacted by COVID-19. The menu has been developed in line with the Education Endowment Foundation’s 3-tiered approach to help schools allocate spending across the following 3 areas:
 - supporting high-quality teaching, such as staff professional development
 - providing targeted academic support, such as tutoring
 - tackling non-academic barriers to academic success, such as difficulties with attendance, behaviour and social and emotional wellbeing.

- 18. LA receive an allocation of recovery premium based on pupil premium eligibility in mainstream schools, special schools, PRUs and Hospital schools. For other eligible schools, and special educational needs units in mainstream schools, recovery premium allocations are based on all pupils registered at the school.

- 19. Recovery premium for academic year 2023/24 is paid to LAs in four instalments in September 223; December 2023; March 2024 and June 2024 and passed on to eligible schools.

- 20. The funding rates for the 2023/24 academic year Recovery Premium allocations are detailed in the **Table 3C** below with Southwark receiving £0.908m and £0.888m (for maintained and academies) in September and December 2023, respectively.

Table 3C: 2023/24 Recovery Premium rates

	Mainstream education (per pupil)	Other eligible schools (per pupil)	Minimum payment (per school)
Primary	£145	£290	£2,000
Secondary	£276	£552	£6,000

- 21. Full guidance is available @ [Recovery premium: overview](#).

16-19 FUNDING

- 22. A separate funding stream exists for young people aged 16 – 19, where the ESFA funds LAs, sixth-forms in schools and academies, special schools, special academies, sixth-form colleges, further education colleges, independent learning providers, special post-16 institutions and some higher education institutions (HEIs). These institutions are funded to provide study programmes for young people.

23. The funding covers students aged 16 to 19, students up to the age of 25 when they have an EHCP¹⁷, 14- to 16 year-olds who are directly enrolled into eligible FE institutions and home educated students of compulsory school age at any FE college.
24. Each institution's funding allocation, based on a national funding formula, is calculated each academic year. Special schools and special academies are funded based on place numbers only. LAs pass the 16-19 funding on to the relevant institutions, in full.
25. In 2023/24, Southwark' 16-19 funding allocation for maintained settings is £2.998m.
26. Full guidance is available @ [16 to 19 funding: how it works.](#)

TEACHERS PAY ADDITIONAL GRANT

27. In 2023-24 the new Teachers Pay additional grant (TPAG) grant was introduced to support schools with the September 2023 teachers pay increase. This grant is continuing into 2024-25 for the full financial year, before the funding is rolled into the DSG funding for 2025-26.
28. Allocations for 2024-25 will be calculated using twelve sevenths of the funding rates in 2023-24 and is being split between mainstream schools, special schools and AP, early years, and 16 to 19 provision.
29. The ESFA will pay the funding to LA who then pay maintained mainstream schools at the published rates for individual schools. The DfE will publish school level allocations of the mainstream schools' portion of TPAG for the 2024-25 financial year in May 2024.
30. For 2024-25 maintained special schools and AP settings will continue to receive a separate allocation, following consultation and agreement about the method of distribution. New for 2024-25, maintained Hospital schools will receive a separate allocation to the other specialist settings.
31. Southwark received £2.606m for mainstream schools and £0.292m for special schools for the 2023/24 academic year.
32. The TPAG will not continue as a separate grant in 2024-25 for early years since that funding has been rolled into the core early years funding instead. Details for the post-16 TPAG for academic year 2024-25 will be announced in due course.

¹⁷ Paid at the rate of £6,000 per place by the ESFA, from deductions(recoupment) made from LA's High Needs Block with 'top up' funding is paid directly by the LA

33. Full guidance is available @ [Teachers' pay additional grant for 2023 to 2024](#).

CAPITAL FUNDING

34. The DfE allocate capital funding for maintained schools in the form of:
- school condition allocations (SCA), with funds paid to eligible bodies responsible for maintaining school buildings; and
 - devolved formula capital (DFC) which is allocated for individual schools and other eligible institutions to spend on capital projects that meet their own priorities.
35. SCA and DFC funding for community schools is paid to the LA, the former allocated according to need and the latter distributed to individual schools. Funding for Voluntary Aided (VA) schools is paid to the relevant VA group¹⁸.
36. In addition, the LA receives High Needs Provision Capital Allocations (HNPCA) to support the provision of new places and improve existing provision for children with special educational needs and disabilities or requiring alternative provision.
37. **Table 3D** details Southwark's capital allocations for 2023-24 financial year. There have been no announcements regarding 2024-25 LA capital allocations

Table 3D: 2023-24 Capital Allocations

	DFC	SCA	HNPCA (2021-24)
Southwark Council	£354,712	£2,088,794	£12,604,595
Diocese of Southwark	£747,836	£5,135,518	
Archdiocese of Southwark	£958,220	£6,961,002	

Full guidance is available @ [School capital funding](#).

¹⁸ Diocese of Southwark or Archdiocese of Southwark