

ITEM 4

Outturn for Early Years 2021/22

Schools Forum – 11 July 2022

Recommendation

The Schools Forum is asked to:

1. Note the 2021/22 overall Early Years outturn position
2. Note the 2021/22 5% Top Slice outturn position
3. Note the 2020/21 Early Years Block reserve distributed in April 2022/23
4. Take action on the recommendations in this paper

Members of Forum allowed to vote: - No vote required on this item. For information only

1. Introduction

1.1 This report provides an overview on the following:

- (a) Overall Early Years Block outturn position for 2021/22
- (b) Detailed allocation of the 5% Top Slice.
- (c) Updates on the Early Years Block reserve distribution
- (d) Issues to consider by the Early Years Working Group

2. Year-End Outturn for the Early Years Block 2021/22

2.1 The final outturn was £27.242m with a final budget of £27.242m, resulting in a total underspend of £467k.

2.2 The reserve balance brought forward from 2020/21 was £2.914m. The DfE later clawed back £774k related to prior year grant as referenced in Table 1 below leaving a total of £2.140m. The final reserves balance at the end of 2021/22 is therefore £2.607m.

2.3 The reserves position reported in the overall DSG and Oracle is £2.892m [£2.607+375k representing Spring Term adjustments not recognised in the accounts at 31st March 2022. This £375k payment was however processed in April 2022.

Table 1. Detailed ESFA Claw back – 2020/21 DSG Allocation

Universal 3-4 year old entitlement funding	Additional 3-4 year old funding for working parents	TWO-YEAR-OLD Allocations	EYPP	SUPPLEMENTARY DEDICATED SCHOOLS GRANT FUNDING FOR 3-4 YEAR OLDS FOR		Total
Amount LA allocated for universal 3-4 year old entitlement funding for the first year	Amount LA allocated for additional hours for 3-4 year olds	Total funding to LAs for 2-year-olds	Early Years' Pupil Premium	Disability Access Fund	Maintained nursery school supplementary funding	
-£460,601	-£89,714	-£199,776	-£4,145	£0	-£20,109	-£774,345

3. Year-End Outturn for the Early Years Block 2021/22

3.1 The Early Years Working Group had already approved £1.4m disbursement of part of the reserves brought forward. This payment is expected to have been processed in April 2022. The final reserves position in oracle after all the two payments processed will be as follows: £2.982m less £375k and £1404k= £1.204m.

Table 2 – Early Years Outturn for 2021/22

Ref	Details	2021/22 Original Budget	2021/22 Budget Change	2021/22 Budget	2021/22 Outturn	2021/22 Variance
1	Universal Entitlement	19,499,066	-2,969,338	16,529,728	16,529,535	-193
2	Additional 15 hours	6,450,876	-611,643	5,839,233	5,828,424	-10,809
3	Providers' allocation	25,949,942	-3,580,981	22,368,961	22,357,959	-11,002
4	Deprivation 1.5% (IMD)	0	358,860	358,860	362,703	3,843
5	95% Pass through rate	25,949,942	-3,222,121	22,727,821	22,720,662	-7,159
6	EY Central- Top slice (5%)		1,196,201	1,196,201	651,048	-545,153
7	2 Year Old Child Hours	3,346,594	-713,308	2,633,286	2,633,071	-215
8	Maintained Nursery Supplement (MNS)	536,405	-102,434	433,971	516,296	82,325
9	Pupil Premium Grant	153,126	-25,011	128,115	129,898	1,783
10	Disability Access Fund	122,385	0	122,385	124,231	1,846
11	Total (In-Year Funding)	30,108,452	-2,866,673	27,241,779	26,775,206	-466,573
12	Reserves Balance B/F					-2,914,199
13	ESFA Prior Clawback					774,345
14	Sub Total	30,108,452	-2,866,673	27,241,779	26,775,206	-2,606,427
15	Spring Adjustment - Add back to Service balance					-375,937
16	Reserve Balance on Oracle at 31/03/2022					-2,982,364
17	Approved reserves paid in 2022/23 £375,937+ £1,403,537					1,779,504
18	Final Reserves Balance post (2) reserves disbursements 2022/23					-1,202,860

* Distribution of previous year's IMD underspend

** The reduction in the 2021/22 MNS budget will result in a claw back from the 5 maintained nursery schools via a reduction in the disbursement of the 2022/2023 MNS budget

*** Distribution of previous year's DAF underspend

4. Early Years 5% Top Slice Outturn Position 2021/22

4.1 The reported outturn for 2021/22 is £651k with a budget of £1.196m. resulting in a total underspend of £545.153. The Local Authority appears to underutilising the central services grant. See below how the local authority could use the funds.

- Centrally retained funding (for central services or services in-kind, including special educational needs and disability (SEND) services)
- any extra hours that local authorities choose to fund in addition to the government's entitlement hours for 3 and 4-year-olds
- any funding movement out of the early years block

Table 3 – Early Years 5% Top Slice Outturn Position 2021/22

REF	DETAILS	2021/22 OUTTURN
1	Early Years Team Staffing	166,164
3	SALT (Speech and Language Contract)	123,000
4	Family Space Croydon (MCA)	71,051
5	Online 2YO Checker (Software for Data Analysis)	3,900
7	SEN Team Support Costs (SEND)	188,822
9	Educational Psychologist (SEND)	33,000
10	DSG Business Support Schools Forum Costs - EYB Contribution	73,000
12	Miscellaneous Expenses	6,846
13	Early Years Training (ELT) Income	-2,409
14	Early Years Forum Income	-12,325
	TOTAL	651,049

5. High Needs Block - funding to Early Years providers

5.1 Appendix C below represents funding from the High Needs block to Early Years providers.

6. Conclusion

The Early Years Working Group should ensure that:

1. The agreed reserves disbursement to the sector has been completed;
2. All should note that the reduction in the MNS budget will be adjusted by a claw back from the 5 schools via a reduction in the disbursement of the MNS budget 2022/2023;
3. Consider a post implementation review of the 75% new funding methodology to ascertain areas of improvement due the significant cash flow issues to the nursery schools;
4. The Finance Team and the Early Years High Needs team to review the targeted High Needs funding payable to nurseries/providers to ensure the funds are indeed allocated to support those that meet the threshold;
5. Any potential clawback from providers including Maintained Nurseries Schools should be communicated on time whilst the LA should consider use of their central services budget to support providers with high needs pupil with complex needs in a form of the mini locality model;
6. The LA should ensure that the 5% central allocation is put to use, as currently we are seeing high levels of underspend.

Recommendation: that Schools Forum note the final outturn position of the 2021/22 Early Years DSG and the recommendations in this paper.