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# Early Years Budget

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**Report being considered by:** Schools' Forum on 7<sup>th</sup> December 2020

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**Item for:** Information **By:** All Forum Members

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## 1. Purpose of the Report

1.1 To update the Schools' Forum on the forecast position for the Early Years Block for 2020/21.

## 2. Expenditure Forecast 2020/21

2.1 The current expenditure forecast is made up of the actual payments for the summer and autumn terms, with estimated hours for the spring 2021 term. The estimates have been based on prior year actual hours.

2.2 From the start of the autumn term 2020, the guidance was that local authorities should continue to fund providers which are open at broadly the levels they would have expected to see in the 2020 autumn term had there been no coronavirus (COVID-19) outbreak. They should also continue to fund providers which have been advised to close, or left with no option but to close, due to public health reasons. Local authorities should not fund providers which are closed, without public health reason, from the start of the autumn term.

2.3 The intention is to fund on the basis of 'as if autumn term 2020 were happening normally'. In order to do this, local authorities might, for example, use the numbers of children in places in the previous autumn to inform funding levels this autumn.

2.4 As the result of Covid-19, any providers who had fewer number of hours compared to autumn 2019 were issued with a top up amount as shown in table 1 below.

2.5 There are savings due to the reduced hours for Autumn 2020, but this is off-set against the top up payment, resulting in a net overspend on expenditure of £191,146.

2.6 There are currently no variances reported on any of the centrally managed funds.

2.7 The expectation is to return to the normal early years funding process and use the January 2021 census count to drive funding allocations for the 2021 spring term.

2.8 The DfE also expect local authorities' funding to providers to return to the normal approach (that is, 'funding following the child') for all providers from 1 January 2021.

## 3. Grant income

3.1 The original grant income allocated to the Early Years Block for 2020/21 was £9,651,877

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- 3.2 Following the end of year adjustment for 2019/20, the revised grant income for 2020/21 is £10,229,324.
- 3.3 This is an increase in grant of £577,447, made up of two elements. £331,901 relates to the actual hours from September 2019 to March 2020 based on the January 2020 census. The balance of £245,546 relates to the increase in hours from the January 2020 census for expected hours between April & August 2020.

## 4. Net Forecast 2021/22

- 5.1 The net forecast on the Early Years block is currently £1,197,228 overspend, which is a £280k lower underspend than budgeted.

### Early Years 2020/21 forecast

Table 1	2020/21 Budget Set £	2020/21 Forecast £	2020/21 Variance £
<b>Funds Delegated to Early Years Providers</b>			
PVI Providers (90036)	6,423,350	6,314,038	-109,312
Nursery classes in Mainstream Schools (90037)	1,650,420	1,651,967	1,547
Maintained Nursery Schools (90010)	938,110	892,123	-45,987
2 Year Old Funding (90018)	756,830	691,337	-65,493
Pupil Premium Grant (27%) and deprivation funding (73%) (90052)	188,380	208,386	20,006
Additional payment re Autumn 2020	0	390,384	390,384
<b>Total Delegated Funds</b>	<b>9,957,090</b>	<b>10,148,236</b>	<b>191,146</b>
<b>Centrally Managed Funds</b>			
Central Expenditure on Children Under 5 (90017)	258,450	258,450	0
Early Development Intervention Team (EDIT) (90287)	51,950	51,950	0
SEN Inclusion Fund (90238)	90,000	90,000	0
Disability Access Fund (90053)	23,370	23,370	0
SSRs	66,152	66,152	0
<b>Total Centrally Managed Funds</b>	<b>489,922</b>	<b>489,922</b>	<b>0</b>
<b>TOTAL EXPENDITURE</b>	<b>10,447,012</b>	<b>10,638,158</b>	<b>191,146</b>
Early Years DSG Block Funding In Year (see below)	-9,651,877	-10,229,324	-577,447
<b>In year overspend</b>	<b>795,135</b>	<b>408,834</b>	<b>-386,301</b>
Early Years clawback from 2019/20	0	-86,554	-86,554
Early Years DSG Block Overspend from previous year	682,380	874,948	192,568
<b>FORECAST CUMULATIVE DEFICIT AT YEAR END</b>	<b>1,477,515</b>	<b>1,197,228</b>	<b>-280,287</b>

## 5. Conclusion

- 5.1 To date we have protected our local early education and childcare providers using the guidance from government to ensure that all providers are being funded at about the same level as in the autumn of 2019.

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- 5.2 As can be seen in the report on the financial impact of COVID-19 the numbers of children accessing funded places and the hours they are attending has decreased.
- 5.3 There was an expectation that there would be a steady recovery with more children accessing their entitlements. However although there is some evidence that a small number of parents have taken up additional hours, recovery is slow. We will be monitoring this closely
- 5.4 As discussed previously we need to work to ensure that the in-year arrangements are managed within the available budget and where possible do not add to the already difficult deficit position.