

# Early Years Deficit Recovery Update

**Report being considered by:** Schools' Forum on 19<sup>th</sup> July 2021

**Report Author:** Avril Allenby and Lisa Potts

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

## 1. Purpose of the Report

1.1 To update the Forum on the deficit recovery for the Early Years Block.

## 2. Deficit Recovery Plan

2.1 The Early Years Funding Group were consulted on reductions to the funding rates to recover the deficit on the Early Years Block. The option chosen is shown below:

	Year 1	Year 2	Year 3	Year 4	Year 5
3 & 4 year olds	3p	4p	6p	7p	8p
quality rate	3p	3p	4p	4p	5p
2 year olds	10p	12p	14p	14p	15p
deprivation	25p	35p	45p	50p	60p

2.2 The following rate changes come into effect from 1<sup>st</sup> April 2021:

	previous rate	Rate from April 2021
3 & 4 year olds	£4.40	£4.37
quality rate	£0.66	£0.63
2 year olds	£5.65	£5.55
deprivation	£1.47	£1.22

## 3. Deficit position at the end of March 2021

3.1 The table below summarises the current position as at the end of March 2021.

3.2 It shows that we had a planned budget to overspend by £461k in 2019-20 but the final figures were overspend of £875k. In 2020-21 we had a planned budget to overspend by £1.5m but by the end of the year the actual overspend was £970k.

	2019-20		2020-21		2021-22	
	budgeted overspend	outturn	budgeted overspend	actual outturn	budgeted overspend	current forecast
Expenditure	9,861,030	10,338,314	10,447,012	10,440,331	9,978,717	9,978,717
Income	-9,646,508	-9,404,559	-9,651,877	-10,229,324	-10,161,500	-10,161,500
in year overspend/(underspend)	214,522	933,755	795,135	211,007	-182,783	-182,783
carry forward	247,000	247,000	682,380	874,948	1,257,629	970,730
grant adjustment	0	-305,807	0	-115,225	0	0
Overall position	461,522	874,948	1,477,515	970,730	1,074,846	787,947

3.3 It is worth noting that these figures represent the position before any changes to the rates.

#### **4. Conclusion**

4.1 We will continue to monitor the deficit over the planned 5 years recovery period and update the group on an annual basis