
Early Years Budget

Report being considered by: Schools Forum on 13th July 2020

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

1. Purpose of the Report

- 1.1 To update on the work of the Early Years Funding Group in preparing a deficit recovery plan for the Early Years DSG block.

2. Budget 2019/20

- 2.1 The Early Years Block started the year with a deficit of £247k from previous years
- 2.2 As per the Early Years paper that went to Schools Forum in March 2019, the 2019/20 budget was set with an expenditure budget of £9,861,030 against an income budget of £9,646,508 resulting in an in-year deficit budget of £214k, leading to a cumulative deficit of £462k.

3. Outturn for 2019/20

- 3.1 Month 10 was reported as a cumulative deficit of £682k. The yearend outturn position has been finalised as £875k overspend. The difference of £193k is due to a £178k adjustment for the 2019/20 grant plus additional hours totalling £46k and a saving of £31k on the centrally managed funds.

| Early Years 2019/20 outturn | | | |
|---|-------------------------------------|----------------------------------|-----------------------------------|
| Table 1 | 2019/20 Budget Set £ | 2019/20 Outturn £ | 2019/20 Variance £ |
| Funds Delegated to Early Years Providers | | | |
| PVI Providers (90036) | 6,344,850 | 6,413,742 | 68,892 |
| Nursery classes in Mainstream Schools (90037) | 1,323,980 | 1,652,808 | 328,828 |
| Maintained Nursery Schools (90010) | 917,910 | 939,893 | 21,983 |
| 2 Year Old Funding (90018) | 652,970 | 742,314 | 89,344 |
| Pupil Premium Grant (27%) and deprivation funding (73%) (90052) | 131,460 | 157,901 | 26,441 |
| Total Delegated Funds | 9,371,170 | 9,906,658 | 535,488 |
| Centrally Managed Funds | | | |
| Central Expenditure on Children Under 5 (90017) | 266,300 | 223,946 | -42,354 |
| Early Development Intervention Team (EDIT) (90287) | 60,690 | 60,690 | 0 |
| SEN Inclusion Fund (90238) | 90,000 | 87,680 | -2,320 |
| Disability Access Fund (90053) | 23,370 | 9,840 | -13,530 |
| SSRs | 49,500 | 49,500 | 0 |
| Total Centrally Managed Funds | 489,860 | 431,656 | -58,204 |
| TOTAL EXPENDITURE | 9,861,030 | 10,338,314 | 477,284 |
| Early Years DSG Block Funding In Year (see below) | -9,646,508 | -9,404,559 | 241,949 |
| In year overspend | 214,522 | 933,755 | 719,233 |
| Early Years clawback provision from 2018/19 | 0 | -305,807 | -305,807 |
| Early Years DSG Block Overspend from previous year | 247,000 | £247,000 | 0 |
| FORECAST CUMULATIVE DEFICIT AT YEAR END | 461,522 | 874,948 | 413,426 |

4. Current Funding Rates

4.1 Current Funding Rates West Berkshire is now using a single base rate. The rate increased from 1st April 2019 to a base rate of £4.40 and a quality supplement of 0.66p per hour.

4.2 The deprivation supplement based upon the current arrangements with the funding being linked to the early year's pupil premium, increased from 1st April 2019 to £1.47.

4.3 The hourly rate to providers for 2 year olds increased from 1st April 2019 to £5.65.

5. Deficit Recovery Update

5.1 The Early Years Funding Group have had little opportunity to meet so some of the initial considerations for deficit recovery have taken place by email.

5.2 A range of options have been developed looking at a time scale over three or five years, changes to the base rate and quality rates and also looking at reductions to

other areas of funding including the two year old rate and the deprivation supplement. These were shared with the group.

- 5.3 Following the recent Early Years Funding Group meeting on Monday 6th July it was clear that there needs to be further time to explore the options available to ensure that the approach is fair and equitable to all types and size of provider.
- 5.4 Therefore the Early Years Funding Group are delaying presenting the deficit recovery plan for the Early Years DSG until the next cycle of meetings.