



## SCHOOLS FORUM

### 2021/22 Early Years Block Deficit

29 September 2022

Content Applicable to;		School Phase;	
Maintained Primary and Secondary Schools	X	Pre School	X
Academies	X	Foundation Stage	
PVI Settings	X	Primary	
Special Schools / Academies	X	Secondary	
Local Authority	X	Post 16	
		High Needs	

### Purpose of Report

Content Requires;	By;
Noting	Maintained Primary School Members
Decision	Maintained Secondary School Members
	Maintained Special School Members
	Academy Members
	All Schools Forum

1. This report sets out the background to the 2021/2 Early Years Block deficit and the actions to be taken to enable its recovery.

### Recommendations

2. That Schools Forum note the content of this report.

### Background

3. The Early Years Block Dedicated Schools Grant (DSG) should, in theory, be a fully funded service (albeit with timing variances) however over the previous 18months a deficit of £4m has arisen between funding provided and payments made to providers.

4. This has arisen due to a number of factors including providers not submitting full census data (so providers have been paid but funding not received from the DfE); submission errors relating to the way stretched hours were treated and additional support provided to providers during the pandemic based on DfE guidance at that time.
5. Discussions have been held with the DfE who have confirmed that prior year's DSG will not be updated; there will be no further funding and that recovery needs to be led by Leicestershire in conjunction with providers.
6. It is proposed that recovery of the deficit will commence in 2023/24 when, under proposals currently being consulted on by the DfE, Leicestershire will receive an additional £0.25 per hour. Five options for recovery have been considered as set out below:

	Model 1	Model 2	Model 3	Model 4	Model 5
Recovery Timeframe (years)	2.4	2.7	3.4	3.7	4.6
Recovery per year	-£1,654,587	-£1,498,507	-£1,186,349	-£1,092,701	-£874,190
Contingency rate per hour	£0.23	£0.21	£0.16	£0.15	£0.12
Increase in PVI rate per hour	£0.02	£0.04	£0.09	£0.10	£0.13
% increase for PVIs	0.5%	0.9%	2.0%	2.3%	2.9%

7. All options hold the additional DSG per hour as a contingency and whilst providers will not receive the full £0.25 per hour, all will receive an increase in the hourly rate. Consultation with all providers will be undertaken in the autumn term prior to funding rates for 2023/24 being set in February 2023.

### **Resource Implications**

8. Local authorities can only contribute to DSG with the approval of the Secretary of State. However, the financial position of the local authority does not allow for any contribution to offset the deficit so recovery from future years funding is the only option available. There is a requirement for 95% of Early Years DSG to be allocated to providers. The proposals above allow Leicestershire to meet that requirement.
9. Aligned to the implementation of a new IT system to collect Early Years data; manage payments and provide improved management information, a working party has been set up comprising the Early Years service, Finance, Business Support and Audit staff to implement any other required improvements.
10. A key element will be to ensure that processes are in place to make sure that all providers have submitted their January Census data. This is being addressed with Senior Managers. This is a significant piece of work given that there is a reliance on over 600 Private Providers of varying sizes to provide Early Years education.

Officers to Contact

Sara Bricknell  
Finance Business Partner  
Email : [sara.bricknell@leics.gov.uk](mailto:sara.bricknell@leics.gov.uk)  
Tel : 0116 3057869

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