



## SCHOOLS FORUM

### Early Years Funding Update

September 2024

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	X	Maintained Primary School Members	
Decision		Maintained Secondary School Members	
		Maintained Special School Members	
		Academy Members	
		All Schools Forum	<b>X</b>

1. This report sets out for Schools Forum information on the progress towards the historic debt from the Early Years DSG

#### Recommendations

2. That Schools Forum note the contents of this report

#### Introduction

3. Historically Leicestershire has not held a contingency fund, which is funding that may be set aside to respond to the financial implications of changes in the number of

children taking up the entitlements throughout the year. However, in 2021/22 the Early Years Block of DSG recorded a deficit of £4.26 million, as previously reported to Forum. This shortfall increased to £5.2 million at the end of March 2023 due to the increased number of children who had claimed funded hours in the financial year.

4. To respond to this position in 23/24 13p was taken from the 3- and 4-year-old FEEE to support the deficit. The contingency fund created in 2023-24 recovered £950,000 of the deficit. The shortfall reduced to £3,147,601 at the end of 2023/24 which is better than forecast. This was in part due to the 13p withheld from the FEEE, vacancies held within the service and savings made within the services budget to offset the loss.
5. For 2024/25 a further 2p is being retained as has been previously reported to Schools Forum to continue to recoup the deficit.

### **Resource Implications**

6. The remaining deficit is forecast to be recovered over the following 3 years. The recovery mechanism will be reviewed alongside future funding levels whilst ensuring the sector remains sustainable. No funding is being withheld to repay the deficit from that provided for the extension of childcare to 2 year or 9 months plus funding streams this is to ensure the sector remains sustainable and receives as much of the government funding the local authority receives as possible.
7. Currently the DfE have set the pass-through rate for early years funding at 95% which will be reduced to 97% in future years once the expansion of childcare has been embedded. Leicestershire has chosen to ensure 97% of the Early years funding is passed through for the two's and under funding. The 3% centrally retained funding meets the cost of the local authority's centrally managed services including checking eligibility of codes and administering payments to providers in line with funding regulations. The expansion of childcare has expanded the number of children receiving funding by additional 5,000 children whose funded hours need processing. It should be noted Leicestershire is funded at the lowest national rate of all local authorities.

### **Background Papers**

[2021/22 Early Years Block Deficit 29 September 2022](#)

### **Officers to Contact.**

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