

Item 11

Recommendations of the Early Years Block Working Group

Contact for further information:
Schools Forum Clerk
schoolsforum@lancashire.gov.uk

Brief Summary

On 6 June 2024, the Early Years Block Working Group considered several reports, including:

- **Early Years Block Working Group Chair for the 2024/25 Academic Year**
- **School Budget Outturn 2023/24**
- **School Balances and Clawback 2023/24**
- **Schools In Financial Difficulty Recovery Plan Bids**
- **Early Educations Funding headcount and Interim Payments Consultation Outcome 2024**
- **Early Years Wraparound Funding**
- **Schools Forum Annual Report 2023/24**

A summary of the information presented, and the Working Group's recommendations are provided in this report.

Recommendations

The Forum is asked to:

- a) Note the report from the Early Years Block Working Group held on 6 June 2024.
- b) Ratify the Working Group's recommendations.

Detail

On 6 June 2024, the Early Years Working Group considered several reports. A summary of the information presented, and the Working Group's recommendations are provided below:

11.1 Matters Arising

Members raised one item of matters arising.

Members raised concerns around the lack of communication to the Early Years sector about the SEND Inspection. Officers will follow this up and provide an update shortly.



11.2 Early Years Block Working Group Chair for the 2024/25 Academic Year

In March 2024, members agreed to elect the Schools Forum Chairs annually. Nominations were sought at the working group.

One nomination had been received from Philippa Perks, PVI representative and current working group chair.

The Working Group:

- a) Supported Philippa Perks continuing as Early Years Block Chair from September 2024, unopposed.

11.3 Schools Budget Outturn 2023/24

This report provided the Working Groups with details of the 2023/24 Schools Budget final financial outturn position, in relation to each funding block. A copy of the full report presented to the working group is provided as an appendix to the Schools Block summary report.

The Overall Schools Budget outturn position for 2023/24 showed an overspend of circa £7.4m.

Further details were provided in connection with each funding block and members concentrated on the Early Years Block position. It was noted that the outturn position for the 2023/24 Early Years Block revealed a circa £2m underspend. Some key highlights included:

Additional Early years funding was announced in the 2023 Spring Budget, additional early years funding was announced. The authority received circa £4.7m Early Years Supplementary Grant which increase - rates from September 2023 to March 2024.

Further information is provided below:

Maintained Sector

Early Years Block expenditure relating to maintained providers overspent on 2 year olds and 3&4 year old provision creating a £1.8 overspend overall.

PVI Providers

Early Years Block expenditure relating to maintained providers overspent on 2 year olds and a slight underspend on 3&4 year old provision creating a £320k overspend overall.

Disability Access Fund

This budget line was circa £101k below budget.

Early Years Pupil Premium

This budget line ended the year on or near the agreed budget level.

Commissioned Services

Commissioned Services in the Early Years Block relates to the Inclusion Fund and expenditure was circa £1.3m over budget.



DSG Grant

The actual grant income for the year was some £0.7m above the original budget, as early years take up was above the level forecast in the original 2023/24 budget. It should be noted that the LA are notified of the forecasted Early Years DSG in December 2022, however, final Early Years DSG was confirmed in July 2023.

Overall, the Early Years Block Outturn excluding the additional funding received on £0.7m, would therefore equal circa £1.3m.

The Working Group.

- a) Noted the report and the 2023/24 School Budget final financial position.

11.4 School Balances and Clawback 2023/24

This report set out the year end position of schools' delegated budgets at 31 March 2024. A copy of the full report presented to the working group is provided as an appendix to the Schools Block summary report.

The overall school balances have decreased from c£73m to c£70m, an overall reduction of £3m.

Further details were provided, and members concentrated on the Early Years Block schools. It was noted that, in total 38 schools were in deficit at March 2024, which has decreased from 42 compared to the previous year.

It was noted that the outturn position at maintained nursery schools remained the most concerning phase, with 8 out of 24 schools ending the financial year in deficit, representing 33% of schools in the sector.

It was also noted that the year end position did include grant funding from DfE that was allocated on an academic year basis and analysis provided by schools about their year end position at 31 March 2024 indicated that circa £11.5m of total balances are classed as 'committed'.

Clawback 2023/24

At 31st March 2024, 11 schools held balances above the clawback guidelines. This totalled £52,171. Two schools with excess balances in 2023/24, also held balances above the guideline in 2022/23.

All maintained schools received a letter on the Schools Portal on 8 May 2024, outlining the year end balance in accordance with the clawback policy.

It is proposed to hold the 2023/24 clawback funds in the Schools in Financial Difficulty reserve.

School Balances and Clawback Policy 2024/25

Whilst clawback had been suspended on year end balances at March 2020, 2021 and 2022. In July 2022, the Forum voted to reintroduce clawback at March 2023, and again voted to continue with the clawback policy in July 2023 for March 2024. The policy is as follows:



- 12% of Consistent Financial Reporting (CFR) income for all phases of maintained school
- A £75,000 minimum balance threshold will be applied.

The group were asked to consider the school balances and clawback policy to be applied at 31 March 2025. A number of schools balances and clawback options were available, and the group considered the possibilities. Individual members spoke both for and against the reintroduction of clawback, and highlighted various issues, including the increased inflationary costs pressures facing the sector and the impact of falling rolls on school budgets.

Schools Budget Reserves 2023/24

The 31 March 2022 position on Schools Budget Reserves was also considered, and it was noted that the total of all schools reserves was £97.743m, an decrease of circa £11m.

Members considered questions posed around the School Teaching and Support Staff Supply Reimbursement Scheme reserve, which ended the year with an underspend of circa £37,000. This is a significant reduction in comparison with recent year end scheme levels due to the in year changes agreed by Forum in January 2024. The overall in year position includes a surplus on the support staff scheme of just over £0.9m, which was offset by a circa £0.86m deficit on the teaching staff scheme.

The Forum has previously agreed that any year end balance above £1.5m should be redistributed to scheme members. It is proposed the £37,000 underspend is held in reserves.

Members raised concerns around the deficits within the maintained nursery sector. These concerns were noted and Officers confirmed these schools are working towards a recovery plan. All schools in a deficit positions are continually monitored throughout the years and reports are and shared with the wider organisation.

Members discussed key issues highlighted in the report and made a number of recommendations.

The Working Group.

- a) Noted the report.
- b) Noted the overall position of school balances at 31 March 2024, including the individual school level information provided in the report.
- c) Recommended that clawback of revenue balances above the threshold figure should be applied to balances at 31 March 2025.
- d) Noted the slight underspend on the supply scheme budget at 31 March 2024 and recommended that the level of scheme reserve be held in reserves.

11.5 Schools in Financial Difficulty Recovery Plan Bids

This report outlined the proposals to support schools in financial difficulty and working towards a recovery Plan.

The Schools Forum voted to implement the Clawback policy to excess school balances at 31 March 2023 due to the continued high level of balances across the



authority. As a result, circa £751,000 was clawed back from eighteen Schools. During their meeting on 18 October 2023, the Schools Forum agreed to use these funds to support schools in financial difficulty who are actively working with the authority to reduce their deficit.

In line with the Schools in Financial Difficulty policy, schools will be eligible to 33% of the greater of the 2022/23 or 23/24 outturn deficit. This will be allocated over two financial years. The second year allocation will only be payable in 2025/26 if the schools continue to work with the authority and are actively working to reduce the deficit in line with their approved recovery plan.

The LA identified ten schools who are eligible for this support and analysis was provided at the working group.

The allocated funding totals circa £328,000.

The Working Group.

- a) Noted the report.

11.6 Early Educations Funding headcount and Interim Payments Consultation Outcome 2024

Considering the feedback received from some providers around the current payment terms, a consultation went live on 20 March 2024 to gather feedback. The consultation closed on 19 April 2024, we received 405 responses in total which represents just under 48% of all PVI providers and Childminders.

The Early Years Block Working Group met at an extraordinary meeting on 9 May 2024 to discuss the results of the consultation and agree the payment terms going forward.

Due to the result of the consultation showing divided opinions across providers, officers proposed to implement two payment term options; of receiving 12 monthly payments, or one interim payment and one final balance payment. The working group supported this recommendation.

As a result the funding agreement, has been amended following these changes and a summary document created which was provided to members.

In additional to the payment terms changes, the funding agreement has also been updated to include the extended entitlements and there was an update in the inadequate policy. The agreements was circulated to setting in early June 2024.

The Working Group.

- a) Noted the update.
- b) Thanked the Early Years funding team for their work on the payment terms.

11.7 Early Years Wraparound Funding

A verbal update was provided to members by Kate Dewhurst. Briefing session were held in May and setting had the opportunity to express interest for the wraparound funding. The deadline has since passed and the team will be reviewing the



information submitted by settings and hold panels in the summer term to allocate funding.

The Working Group.

- a) Noted the update.

11.8 Early Years Inclusion Fund Update

The working group received a verbal update from the Early Years Inclusion Fund meeting which was held on 4 June 2024. Key issues from the meeting were discussed at the working group. A summary is provided below;

Inclusion Fund Process Notes

Process notes have been drafted and shared briefly with the group and the BSO team. All area teams will now follow this process however, it may take some time to see improvements due to the backlog of work in some areas. This will be shared with the sector shortly.

SEN Inclusion Fund Payments 24/25

24/25 payments currently paid at 23/24 rate. Officers are discussing the processing the top up between the rates. £83 is the weekly confirmed rate for 2024/25, colleagues have been informed.

Delayed EHCP's

This is currently being reviewed and Forum will be updated in due course.

Early Years High Needs Funding from EYBWG

Currently this is local discretion and early years high needs funding is funded from the EYBWG. This will be presented at Schools forum prior to the budget setting process

The Working Group.

- a) Noted the information.

11.9 Schools Forum Annual Report 2023/24

Each year the Schools Forum publishes an annual report setting out items of business in which the Forum has been involved

A draft report for 2023/2024 was presented for consideration.

The Working Group:

- a) Noted the report.
- b) Recommend to the Schools Forum that the 2023/24 Annual Report be approved for publication subject to a minor correction.

A copy of the updated version of the 2023/24 Annual Report is provided as an appendix to the Schools Block summary support.

