

LANCASHIRE SCHOOLS FORUM
Date of meeting 5 July 2022

Item No 9

Title: Recommendations of the Early Years Block Working Group

Executive Summary

On 16 June 2022, the Early Years Block Working Group considered a number of reports, including:

Background

On 16 June 2022, the Early Years Block Working Group considered a number of reports. A summary of the information presented, and the Working Group's recommendations are provided below:

- Early Years SEN Inclusion Fund Group;
- Supporting Actions to Raise Awareness of EY Funding Issues with DfE;
- LCC Family Safeguarding Model;
- 2021/22 Schools Budget Outturn Report;
- School Balances and Clawback 2021/22;
- Schools Forum Annual Report 2021/22;
- Funding Agreement/ Memorandum of Understanding 2022/23;
- Early Years Working Group Questionnaire;
- 2 Year Old Staffing Ratio Change;
- SENCO Level 3 Qualification;
- Working Group Chair.

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 16 June 2022;**
- b) Ratify the Steering Group's recommendations.**

Background

On 16 June 2022, the Early Years Block Working Group considered a number of reports. A summary of the information presented, and the Working Group's recommendations are provided below:

1. Early Years SEN Inclusion Fund Group

It was confirmed that the invitation to the last SEN Inclusion Group meeting had been extended to the whole EY working group membership, to facilitate wider discussions with the service.

The Working Group:

- a) Noted the information.**

2. Supporting Actions to Raise Awareness of EY Funding Issues with DfE

Subsequent to earlier representations, CC Jayne Rear, the Cabinet Member for Education and Skills had written to the Secretary of State for Education, highlighting the key concerns around funding and recruitment/retention impacting on the sector in Lancashire. A response had been received from Will Quince MP, Parliamentary Under-Secretary of State for Children and Families. Following the reply, a visit to Lancashire had been arranged with senior DfE officials and visits to a maintained and PVI setting were being scheduled.

The Working Group:

- a) Noted the information:**
- b) Welcomed the proposed visit by DfE officials.**

Subsequent to the meeting a copy of the letter from the Cabinet Member and the response were circulated to working group members for information.

3. LCC Family Safeguarding Model

Officers reported that some initial enquiries had been made following questions raised by the group. It was agreed that a meeting would be arranged with relevant Early Help officers to take discussions forward. Philippa Perks and Jan Holmes volunteered to represent the group at the discussions.

The Working Group:

- a) Noted the information:**
- b) Welcomed the proposed meeting with County Council Officers.**

Subsequent to the meeting a link was circulated providing further information about the Family Safeguarding Model, which is available [here](#)

4. 2021/22 Schools Budget Outturn Report

This report provided the Working Groups with details of the 2021/22 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 2021/22 showed an underspend of circa £8.4m.

Further details were provided in connection with each funding block and members concentrated on the Early Years Block position. It was noted that the Early Years Block outturn position for 2020/21 indicated a circa £1.5m underspend which meant there would have been an overspend without the circa £2m transfer from Schools Block.

Key issues discussed included:

Commissioned Services

Commissioned Services in the Early Years Block related to the Inclusion Fund and expenditure was circa £55k below budget.

Previous years underspends on this budget have prompted the Early Years Working Group to agree significant changes to the inclusion fund process, with increased funding rates, expanded eligibility and a streamlined application process introduced from September 2021.

It was estimated that the full year effect of the changes introduced part way through 2021/22 would mean that inclusion fund expenditure will in future be up to the agreed budget level, or perhaps beyond it.

Members commented that the childminder eligibility for the fund had not been introduced from September 2021 as originally planned and was now due to take place from September 2022.

DSG Grant

Grant payment calculations for the early years block were temporarily amended by the DfE for 2021/22 so that the payments were based on actual take up each term. The actual grant income for the year was some £3.5m below the original budget, as early years take up was below the level forecast in the original 2021/22 budget. Members commented that the take up of places in the 3 and 4 year old offer may be related to the post pandemic recovery.

It was noted that adjustments could still be applied in relation to the spring term 2022 which are scheduled by the DfE to be actioned in July 2022.

Confirmation was provided that the Early Years underspend could be used to assist with any early years DSG adjustment required in July 2022 and towards the additional £1m contribution agreed in the 2022/23 early years budget.

The Working Group:

- a) Noted the report and the 2021/22 Schools Budget final financial outturn position.**

5. School Balances and Clawback 2021/22

This report set out the year end position of schools' delegated budgets at 31 March 2022. A copy of the full report presented to the working group is provided as an appendix to the Schools Block summary report.

The final outturn position against schools delegated budgets at 31 March 2022 was an underspend of £5.173m. This meant that school balances had increased by £5.173m in 2021/22, to a total of £95.325m.

Further details were provided, and members concentrated on the Early Years Block schools.

It was noted that the outturn position at maintained nursery schools remained the most concerning phase highlighted through these tables, with 6 out of 24 schools ending the financial year in deficit, representing 25% of schools in the sector.

Members noted that substantial work had now been undertaken at the schools with the most serious deficits and the budget positions had now been stabilised. However, the size of accumulated deficits at some of the schools meant that the deficits were not repayable in the statutory 3 year period and the county council was considering what options were available as part of the maintained nursery school review.

A change to the legal status relating to the leasing of school buildings was discussed, which was impacting on the ability of some schools to generate further income. Officers agreed to raise this issue with the LCC Estates and Legal teams, with relevant directors and with DfE officials when they visited Lancashire.

School Balances and Clawback Policy 2022/23

Whilst clawback has been suspended on year end balances at March 2020, 2021 and 2022, the guideline balance policy remained unchanged, as follows:

- 12% of Consistent Financial Reporting (CFR) income for all phases of maintained school
- A £60,000 minimum balance threshold will be applied.

The group were asked to consider the school balances and clawback policy to be applied at 31 March 2023.

Clawback Exemption Request 2022/23

Members also considered an exemption from clawback for a Lancashire secondary school that has been saving funding towards a sports hall.

Schools Budget Reserves 2021/22

The 31 March 2022 position on Schools Budget Reserves was also considered, and it was noted that the total of all schools reserves was £126.872m, an increase of circa £16m.

Members considered questions posed around the School Teaching and Support Staff Supply Reimbursement Scheme reserve, which ended the year with an underspend of circa £0.4m, leaving an outturn position of circa £2.3m. The overall in year position includes a surplus on the teacher scheme of just under £0.6m, which was offset by a circa £0.2m deficit on the support staff scheme.

The Forum had previously agreed that any year end balance above £1.25m should be redistributed to scheme members. The working group considered if £1.25m remained an appropriate maximum level for the reserve or if it should increase to say £1.5m.

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 on school balances at 31 March 2022, including the individual school level information provided in the report;
- c) Noted the further considerations that were taking place around the financial position of some maintained nursery schools;
- d) Requested that officers investigate the leasing of school buildings issues;
- e) Recommended that clawback of revenue balances above the guideline figure should be reinstated at 31 March 2023, at previous levels:
 - A clawback rate of 50% is to be applied to any balance above guideline in the first year a school exceeds the guideline (after adjusting for exemptions);
 - A clawback rate of 100% is to be applied to any balance in excess of guideline where the guideline has been breached for two or more consecutive years (after adjusting for exemptions);
(Note: As clawback was suspended in 2021/22, no school would be subject to the 100% clawback rate in 2022/23).
- f) Recommended that the minimum balance threshold be increased to £75,000, to offer greater protection for small schools, including nursery schools;
- g) Supported a clawback exemption applying to a Lancashire secondary school saving towards a sports hall project;
- h) Noted the underspend on the supply scheme budget at 31 March 2022 and recommended that the level of scheme reserve be increased to £1.5m and any funding in excess of this at March 2022 be reimbursed to scheme members, on the basis of contribution levels to the teaching staff scheme only;

6. Schools Forum Annual Report 2021/22

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 2021/2022 was presented for consideration, and the HNB issues were highlighted.

The Working Group:

- a) Noted the report;
- b) Recommend to the Schools Forum that the 2021/22 Annual Report be approved for publication, subject to the correction of a typographical error on page 5.

A copy of the updated version of the 2021/22 Annual Report is provided as an appendix to the Schools Block summary support.

7. Funding Agreement/ Memorandum of Understanding 2022/23

A report was presented that provided a final version of the 2022/23 Funding Agreement/ and Memorandum of Understanding.

The Early Years Consultative Group were given the opportunity to comment and feedback on the proposed changes to the new agreements prior to the final versions being signed off

by LCC senior managers. The feedback received was supportive and in agreement to the changes proposed.

The report summarised the changes to each document.

At the working group, members did query the changes in both documents to section 11 'Notice Period and Transfer of Entitlement' around the reasons for the amendment to allow the parent/carer/guardian to reduce the number of funded hours outlined in the agreement.

It was noted that providers could protect themselves against losses due to the staffing commitments they may have made by increasing the number of week's written notice that was needed to implement the reduction.

The Working Group:

- a) **Noted the report and the revised agreements.**
- b) **Requested clarification of the amendment to section 11 Notice Period and Transfer of Entitlement around the reasons for the amendment to allow the parent/carer/guardian to reduce the number of funded hours outlined in the agreement.**

8. Early Years Working Group Questionnaire

Previous discussions at the working group have highlighted challenges facing the sector.

In order to facilitate feedback from the sector to help inform working group discussions with officers and members, the Working Group Chair initiated the development of a questionnaire, seeking views on some key issues. These included the hidden costs of meeting children's individual needs and ensuring high quality learning when children have additional needs and also about the support available and recruitment and retention issues.

Officers and Early Years members of the Schools Forum contributed to the refinement of the questionnaire and once finalised, this was published as an eform.

A communication was issued on 3 May 2022, via email for the PVI sector and on the portal for maintained settings, inviting colleagues to participate and share their views by completing the eform. A reminder was also issued to all providers on 17 May 2022.

Responses were requested by 27 May 2022 and by the closing date 121 responses had been received.

An analysis of the responses and all the comments received were provided for consideration by the working group.

Initial comments from the group included:

- 121 replies were a positive response rate from the sector
- Overall, the responses validate many of the views expressed by the working group about some of the key challenges facing the sector

It was noted that the Speech and Language service received a number of negative comments and less favourable approval ratings. Early years officers present at the meeting explained that there were meeting in the near future with Public Health Specialists who were involved

with this service and the matter could also be aired at the 'Best Start in Life' Board. Early feedback suggested that officers were already aware of some of the challenges and were open to making service improvements.

The number of referrals being received by the service was also highlighted, and it was noted that not all referrals were for appropriate children. Work was being undertaken to develop a Speech and Language roadmap to help settings determine appropriate referrals to the service.

The Group also discussed some concerns about other service highlighted in responses, for example Health Visitors. It was agreed that a priority remained to ensure Child minders had access to the Inclusion Fund from September 2022. Work was underway to develop systems that were more joined up across services to assist with targeting delivery, but it was noted that a number of IT challenges remained.

Considerable challenge's remained in connection with the recruitment and retention of staff in the sector and this was further evidenced by the questionnaire responses. The development of a workforce strategy was highlighted, as was the need for colleges to develop relevant courses.

It was note that many of the challenges highlighted in the responses provided useful evidence that could be shared when the DfE visited the County, to highlight the challenges being faced by the sector in Lancashire.

The Working Group:

- a) Noted the report and the questionnaire analysis and comments;**
- b) Welcomed the actions highlighted in response to concerns raised;**
- c) Note that evidence from the response would be shared with DfE officials.**

9. 2 Year Old Staffing Ratio Change

The children and families minister Will Quince confirmed that the Department for Education will consult 'before the summer' on plans to raise the number of two-year-olds that one member of staff can care for in early years settings in England from four to five.

Information was provided for the group which had been produced by the Working Group Chair, setting out some initial concerns about the proposals.

It was note that the information had also been presented to the Education Recovery Board.

Members discussed this possible DfE staffing ratio change development and supported the concerns set out in the report.

The Working Group is asked to:

- a) Note the report;**
- b) Supported the concerns set out in the report about the proposed staffing ratio change.**

10. SENCO Level 3 Qualification

Officers provided a verbal update on proposals to develop and offer a SENCO level 3 qualification for Lancashire providers.

A pilot programme covering 2 tranches of learners was suggested.

In line with questionnaire feedback, the costs of provision were seen as a potential barrier to the development and finance colleagues had indicated that it may be possible to pay for the pilot programme centrally, perhaps using some early years block underspends from 2021/22. Initial forecasts estimated a cost of circa £20k.

The Working Group:

- a) Noted the information;**
- b) Welcomed the proposed development;**
- c) Supported the use of reserves to meet the estimated £20k costs of the pilot programme.**

11. Working Group Chair

Peter Hindle reported that he would be resigning from the Forum and the working group after the October 2022 round of meetings.

Philippa Perks had kindly volunteered to Chair the group after Peter's departure.

A formal item on the next working group agenda would seek to confirm the new appointment.

The Working Group:

- a) Noted the information.**