

**Agenda Item
12**

Report Status

For information/note
For consultation & views
For decision

Report to Haringey Schools Forum – 9th February 2023

Report Title: The Over Allocation of Early Years DSG Deprivation Funding
Author: Kevin Taggart- Head of Service - Children’s Commissioning
Contact: Kevin.Taggart@haringey.gov.uk
Purpose: <ul style="list-style-type: none">• To provide an overview of the Early Years DSG allocation for 2022 – 2023.
Recommendations: <ul style="list-style-type: none">• This report is for information only.
Date <ul style="list-style-type: none">• 9/2/2023

1 Overview

Errors have been identified in the underlying calculations used for the distribution of the Early Years Dedicated Schools Grant Funding Block (EY DSG) for the financial year 22/23.

This has resulted in an overallocation of the deprivation element of the funding that has then been distributed to all settings providing education to 3- and 4-year-olds in Haringey.

The overallocation is more than £1m and will result in a corresponding overspend in the EY DSG Funding Block. However, the precise level of overallocation will not be known definitively until the end of March 2023.

The council has a statutory obligation to maintain a balanced budgetary position for the EY DSG Funding Block. Therefore, it has had to identify a mechanism that will allow it to operate within a balanced financial envelope.

2 What has happened?

- The EY DSG Funding Block for **ALL 3- and 4-year-olds** has been distributed for the financial year 22/23 on the following basis:
 - Base rate- £5.65 p/h
 - Deprivation supplement of £0.37 p/h
 - **Total hourly rate £6.02 p/h**
- This has resulted in the hourly rate of £6.02 being paid to **ALL settings** providing education to 3- and 4-year-olds rather than a base rate of £5.65.
- However, the deprivation element of £0.37 should only have been paid as a supplement to those settings providing education to 3- and 4-year-olds **eligible for Early Years Pupil Premium (EYPP)**.
- Universal application of the deprivation supplement has resulted in an overallocation of funding of more than £1m being made to **ALL settings** providing education to 3- and 4-year-olds.
- This error was only identified when reviewing and calculating the indicative budgets for the forthcoming financial year, in early January 2023.

3 Constraints

- The council has a statutory obligation to maintain a balanced budgetary position for the EY DSG Funding Block.
- 12 schools are already experiencing financial pressure due to a previous overallocation of funding for 2-year-olds made in 2021-22.
- The overallocation of funding for 2-year-olds has had to be reclaimed from settings to comply with the funding conditions set by central government. Any additional claw back request would further increase financial pressures on these settings.
- Local Authorities are unable to amend the in-year hourly base rate without the approval from the Secretary of State for Education.

4 What are we doing as a result?

- Given the constraints and pressures identified above, Haringey **will not** clawback the overpayment made for 3- and 4-year-olds. It acknowledges the additional financial pressures and disruption this would cause **all** providers.
- An unallocated amount of £344,920 from 2021-22 was reported at the school forum meeting in January 2023. To achieve a balanced budgetary position, this is now required to partially offset the overallocation.
- In addition, the unallocated amount of £879,000 rolled forward from 2020-21, will also now be required to offset the overpayment and achieve a balanced budget position for the EY DSG Funding Block
- All projects proposed by the Early Years Working Group (EYWG) remain under consideration, with officers actively seeking funding from other sources to ensure momentum is not lost nor the investment in EY provision.

Breakdown of the projects proposed:

Activity	Budget request	Proposed Changes / Action	Funding identified	Impact	Source / Status
Work with 3 local community groups who are under achieving	£75,000	Reduce scope of work to 2 community groups.	£20,000	Reduced amount of engagement resulting in reduced take of EY offer	Family Hubs project
Acknowledgment to settings	£13,000	No longer required	£0	None	N/A
Increase the number of free for 2 places	£61,000	Reduce the scope of this project	£29,000	Less ability to engage, train and manage	Family Hubs project
Acknowledgment to settings (nursery)	£283,000	No longer required	£0	None.	N/A
Employment of a community worker	£25,000	Employment of a community worker	£25,000	None	Family Hubs project
Promotion of free for 2 places via Children's centres	£23,000	Do not proceed	£0	Less awareness	N/A
Contingency	£13,000	No longer required	£0	Risk of overpayment	N/A
Development of the Universal pathway in SLCN	£234,000	Reduce the number of staff from 4 to 2	£0	Reduced SLCN offer	Bid submitted to ICB NCL
Resources for settings who adopt training	£9,300	Remove incentives	£0	Reduced SLCN offer	None
Backfill of PVI staff to attend training	£39,000	No changes	£39,000	Reduced take up of training	None
Resources to nurseries that take up training for community champions	£77,700	No changes	£0	Reduced SLCN offer	None
Changes in Deprivation funding	£26,000	No longer required	£0	No longer required	N/A

As shown in the table above, to date funding has been identified through the Family Hub budget to support:

- Targeted community groups
 - Recruitment and training of parent champions
 - Promotion of the Family Hub offer
- Confirmation of actual unallocated funds will be known at the end of March 2023.
 - Once known, we will consult on how any unallocated funding can be used to best meet the aims of the projects previously proposed by the EY Working Group.

6. Moving forward

- The Assistant Director (AD) of Commissioning, will look into the reasons for the errors and ascertain how the errors in overallocation occurred. The AD needs to fully understand what has happened to ensure this situation cannot be repeated going forward.
- A review of the current end to end financial processes is being undertaken which will result in the development and embedding of new policy and procedures, with system gateways being introduced to ensure that mistakes like this do not happen again.
- A Risk Assessment will also be undertaken by officers to understand the impact of the correction in hourly rate on providers.
- The CYP Programme & Commissioning teams are being restructured into a new unified service under a dedicated Assistant Director and moved into Children's Services (from Adult's Services) and brought under the oversight and governance of the Director of Children's Services.
- New internal governance & reporting systems are being introduced to ensure compliance and management oversight at all stages of the process.
- Monthly dashboards will be produced and presented to Haringey's Children's Departmental Management Team, chaired by the DCS to track, and monitor progress and input any measures required to ensure early years sufficiency and, best value.