

## Schools Forum

23<sup>rd</sup> June 2022

### Early Years – Proposed Use of DSG Reserves

This report relates to members of the Schools Forum who are in the Early Years sector and is for information.

#### Recommendation(s)

The Schools Forum is recommended to:

- Note the proposed use of DSG Reserves for Early Years.

#### 1. Introduction

- 1.1. This report sets out the position of the DSG Reserve as at the 31<sup>st</sup> March 2022 and the proposed usage of a proportion of these reserves.

#### 2. 2021/22 Reserves

- 2.1. Table 1 summarises the DSG reserves position as the 31<sup>st</sup> March 2022. It should be noted that the DSG reserve is a single reserve overall. It is notionally split to indicate the source of the blocks of the DSG that have contributed to the overall DSG reserve. The overall reserve is in deficit at £11.098m which is predominant due to insufficient funding on the High Needs Block resulting in overspends. This deficit is being addressed through the DSG recovery plan. Any use of the reserves will mean an increased deficit.

Table 1: 2021/22 Reserves	Opening Balance 01/04/2021	In Year Drawdowns	Effect of outturn	Forecast Closing Balance as at 31/03/2022
	£m	£m	£m	£m
Schools Block	2.969	(2.405)	0.897	1.461
High Needs Block	(13.850)		(2.130)	(15.980)
Early Years Block	2.109		0.823	2.932
Central School Services Block	0.500		(0.011)	0.489
<b>Total DSG Allocation</b>	<b>(8.272)</b>	<b>(2.405)</b>	<b>(0.421)</b>	<b>(11.098)</b>

\*Brackets reflect an over-drawn reserve

2.2. The notional position of the Early Years Reserve is a surplus of £2.932 million.

**3. Use of the DSG Reserve for Early Years DSG purposes.**

- 3.1. As part of the “Early Years NFF 2022-23” paper that was brought to the Schools Forum in January it was recommended that the Early Years Working group review recommendations to utilise an appropriate proportion of the DSG reserve that would benefit all Early Years providers.
- 3.2. It is prudent to ensure that a sufficient amount of reserves would be retained due to continued uncertainty around future funding for all early years providers allowing for the continuation in maintaining the increase in universal rates in 2023/24.
- 3.3. On the 9<sup>th</sup> May 2022 a proposal was taken to the Early Years working group for a number of grants that would be open to all Early Years providers in order to help with post covid-19 recovery in the Primary Areas of Learning and continuous support and development for providers.
- 3.4. The views of both Schools Forum and the Early Years Working group are greatly important to us in the Council. With this in mind we are looking for support on this proposed use of reserves which has already been unanimously supported by the Early Years Working group.
- 3.5. Full take up by every provider of each of the 5 grants would result in £1.665million of the DSG reserves being utilised. On top of this £0.163 million of reserves will be utilised for the phasing out of the additional funding for Mainstream Nursery Schools.
- 3.6. Details of the Grant and amounts can be found in Appendix 1.
- 3.7. As agreed in January, any further future allocation of DSG reserves for Early Years services will be allocated to all providers on the same basis.

**Brian J. Smith**

**Finance Portfolio Lead for Education, Children & Families**

Email: [briansmith@warwickshire.gov.uk](mailto:briansmith@warwickshire.gov.uk)

Tel: 01926 742462