

REPORT TO: Schools Forum
DATE: 20th March 2019
REPORTING OFFICER: Senior Finance Officer
SUBJECT: Early Years Block funding for 2019-20
WARDS: Borough wide

1.0 PURPOSE OF THE REPORT

To report to the Schools Forum the current position on Early Years funding for 2019-20.

2.0 RECOMMENDATION: That

- 2.1 The report is noted.
- 2.2 That the centrally retained budgets be agreed.

3.0 SUPPORTING INFORMATION

3.1 Background

Halton moved to the new Early Years National Funding Formula as required by the Department for Education in April 2017. We have now prepared the 2019-20 funding formula.

3.2 Update

As reported in January, we have an indicative allocation of £9,629,236 for the provision of Early Years support. We are continuing to follow the Early Years Funding Formula with a universal base rate for all sectors, a deprivation factor using IDACI and the quality factor for staff across all sectors who are qualified at Level 5 and above. The maintained schools transitional protection has been set at an indicative level of £99,111.60.

The January 2019 headcount has been used to calculate indicative budgets for providers, as set out in Appendix A for 3&4 year old provision and Appendix B for 2 year old provision.

We have reduced the 3&4 year old hourly base rate by £0.01, equivalent to the reduction in the hourly rate to the LA, giving £4.40 per hour to providers. Taking the Base Rate as 92% of the available funding for 3&4 year old provision, the Deprivation funding remains at 5% with the Quality supplement accounting for the remaining 3% of the allocation.

However, it should be recognised that the January headcount when grossed up for the year amounts to 68,219 more hours than we have been funded for in the indicative grant allocation. This means we are setting a total Early Years budget (using the indicative budgets in Appendix A) that is higher than the indicative grant we have been allocated. We should receive the additional funding when the final grant adjustment is issued in June/July 2020, providing the increased hours are sustained.

For 2 year old provision, we are setting the hourly rate at £5.05, an increase from the 2018-19 rate of £4.97 per hour. The difference between the hours used by the DfE to set the indicative grant allocation and the January 2019 headcount is much smaller – only 2.4 fte per week. The contingency for 2 year old provision has therefore been set at £11,806 which covers the variance and allows for a slight increase in 2 year old provision.

3.3 Centrally Retained Budgets

The following are the budgets we are proposing to retain centrally, with their comparison to 2018-19.

	2019-20	2018-19
Staffing (3&4 year old plus 2 year old)	£166,370	£160,740
Supplies and Services	£37,240	£45,740
Premises costs	£24,210	£24,210
Transport costs	£3,000	£3,000
Contribution to the Early Intervention Team	£50,000	£50,000
Early Years Pupil Premium *	£143,175	£120,270
Disability Access Fund *	£45,510	£37,515
Contribution to Capital post	Nil	£5,000
EY SEN Inclusion Fund *	£40,000	£80,000

* Early Years Pupil Premium, Disability Access Fund and EY SEN Inclusion Fund are not counted as centrally retained budgets for the pass-through calculation as they are devolved to providers throughout the year.

The elements of the above centrally retained budgets relating to 3&4 year old provision total £235,128 which equates to 3.00% of the total grant allocation. This is well within the maximum of 5% allowed in the regulations.

The contingency budget needs to be set at minus £45,359 to balance the budgets to the grant.

The elements relating to centrally retained budgets for 2 year old provision total £45,692 which equates to 3.09%. There is no maximum for centrally retained budgets for 2 year old provision within the regulations.

Appendix C details the indicative grant allocation we are receiving and how that grant is being allocated.

4.0 FINANCIAL IMPLICATIONS

- 4.1 We are required to pass through a minimum of 95% of DSG Early Years Block funding for 3 and 4 year old free entitlement to providers. The funding formula must be set by March 2019 for the 2019-20 financial year. Unlike the Schools Block element of DSG, the Early Years Block allocation is updated throughout the financial year it relates to and again in the following financial year. The funding formula must be based on the estimated hours set by the Department for Education which can be different to local estimates. We therefore may not receive grant allocation for costs incurred until the following financial year.

5.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

5.1 Children & Young People in Halton

It is essential that schools and education support services receive sufficient funding to allow them to support all children and young people.

5.2 Employment, Learning & Skills in Halton

None.

5.3 A Healthy Halton

None.

5.4 A Safer Halton

None.

5.5 Halton's Urban Renewal

None.

6.0 RISK ANALYSIS

- 6.1 There is a risk that if the funding formula based on estimated hours given by the DfE does not reasonably reflect the actual provision we may be paying providers more funding than we actually receive in grant income. Although we should receive funding in the following financial year in such cases, the cashflow of the Council will be affected given we have no DSG reserve. We will review the Early Years funding formula in preparation for 2020-21.

7.0 EQUALITY AND DIVERSITY ISSUES

- 7.1 The Local Authority must discharge its statutory responsibilities in relation to all schools and settings.