

REPORT TO: Schools Forum

DATE: 22 March 2017

REPORTING OFFICER: Senior Finance Officer, Financial Management Division

SUBJECT: Early Years Funding for 2017-18

1.0 PURPOSE OF REPORT

1.1 To report to the School Forum the Early Years National Funding Formula cash values for 2017-18.

2.0 **RECOMMENDATION: That the report be noted.**

3.0 SUPPORTING INFORMATION

3.1 Background

Following the Early Years National Funding Formula (EYNFF) consultation in January and subsequent decision to follow the majority of responses, Schools Forum agreed to the proposed funding formula at the January meeting. We have now received the January headcount data in order to calculate the actual cash values for the formula for 2017-18.

We are waiting on the EFA to release a data validation exercise regarding the ring-fenced transitional protection funding for the Maintained Nursery Schools. Until we have a confirmed level of funding for this we are unable to complete the budget calculations. Therefore all figures given below are draft figures and are subject to change.

As long as we have a definite Maintained Nursery School transitional protection funding level by the day of Schools Forum, we will table proposed cash values at the meeting.

3.2 Funding retained by LA's for central spend

For 2017-18 local authorities are required to pass through a minimum of 93% to providers with this figure rising to a minimum of 95% in 2018-19. For 2017-18 our central spend is 3.23%, within the final requirement of the EYNFF.

Local authorities are allowed to hold a contingency fund for in-year demographic growth which would be not be counted as central spend as it is eventually shared with providers. Such contingency fund is to be kept at a minimum level to maximise the hourly rate going to providers. Based on the projections of the Early Years Team, we estimate a contingency of £1.3m will be needed for the Additional 15 hours free entitlement for 3 and 4 year olds from September 2017. We are also proposing a contingency for the universal 15 hours free entitlement for 3 and 4 year olds currently in place. At this point in time that contingency is £142,800 which equates to roughly 50 additional

children accessing the free entitlement.

3.3 Funding to providers – the proposed National Funding Formula

The main, mandatory factor is the Universal Base Rate can be the same for all providers or we can have a transitional period for a maximum of two years where the Maintained Nursery Schools are funded at a different rate. The rate (or rates) will also be the base rate(s) for the additional 15 hours per week free entitlement for working parents from September 2017. At this point in time, we are working on all providers receiving the same base rate of £4.67 per hour.

3.4 Supplementary factors

The mandatory supplementary factor is for deprivation. Through the consultation and Schools Forum a decision was taken to continue to use the Income Deprivation Affecting Children Index which is based on children's postcodes. For 2016-17 the total funding passed through the deprivation factor amounted to 5.11%. At this point in time we have set the level at 5%. This is half of the maximum allowed through the supplementary factors and is in line with our current level of funding, it also reflects the high level of deprivation. 25% of children and young people below 16 in the borough live in poverty.

3.5 At this point in time the Quality supplement, again as per the majority of consultation responses and Schools Forum in January, is set at the remaining 5% allowed to be paid as a supplement. This is not yet the proposed level of funding for this supplement but is the maximum given that we have proposed deprivation is set at 5%. The quality supplement is payable to all settings who meet the criteria.

3.6 Transitional protection for Maintained Nursery Schools

It has been announced that the transitional protection for maintained nursery schools will be in place until the end of this parliament. As mentioned in paragraph 3.1 the current level of funding as set by the Education Funding Agency of £62,060 is under review to ensure it is sufficient for our nursery schools.

3.7 Special Educational Needs and Disabilities

The Inclusion Fund, as required by the EYNFF will continue to be funded from the High Needs Block of the Dedicated Schools Grant.

The Disability Access Fund (DAF) will be paid at £615 as set out by the Education Funding Agency and Halton will receive a total of £43,050. We have had no further information detailing at what point in the year this will be paid to Halton.

Two year old funding

The proposed rate for 2 year old provision will see an increase from £4.95 to £5.05 per hour.

4.0 **POLICY IMPLICATIONS**

4.1 None.

5.0 **OTHER IMPLICATIONS**

None.