

REPORT TO: School Forum
DATE: 16th January 2019
REPORTING OFFICER: Senior Finance Officer
SUBJECT: Early Years Funding for 2019-20
WARDS: Borough wide

1.0 PURPOSE OF REPORT

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

2.0 RECOMMENDATION: That the report is noted.

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 are now preparing for the 2019-20 funding formula.

3.2 Update

The Early Years NFF Operational Guidance was released at the end of November with no major changes to the NFF requirements. We have also been notified of the hourly rate that we will be funded for 2019-20 and the indicative grant allocation. This will be updated during the year.

The hourly rate we received from the DfE for 2017-18 was £5.40 which reduced to £5.13 for 2018-19. This is reducing slightly to £5.12 per hour for 2018-19. Due to the lack of DSG reserves it is likely that the only way to keep within budget is to reduce the hourly rates.

The table below shows the 2019-20 Early Years Grant Allocation as of 17th December 2018. It shows that we have a total indicative allocation of £9,629,236 for 2019-20.

It is worth noting that if the hourly rate had stayed at the current level of £5.13 the total allocation would have been £9,644,593. This is a £15,357 reduction in funding. However, if the hourly rate remained at £5.40 per hour as in 2017-18 the total allocation would have been £10,059,239, a difference of £430,003 in funding.

3.3 Early Years Grant Allocation 2019-20 as at 17-12-18

	Per Hour to LA	PTE Nos	Cash Allocation
3&4yo Universal entitlement	£5.12	1,892.37	£5,522,682.88
3&4yo Universal entitlement	£5.12	801.88	£2,340,220.20
2yo entitlement	£5.28	491.27	£1,478,536.21
Early Years Pupil Premium			£ 143,175.26
Disability Access Fund			£ 45,510.00
MNS Transitional Protection			£ 99,111.60
Total Indicative Allocation			£9,629,236.16

3.4 Next Steps

Once the January headcount data is received work can commence on calculating the likely grant allocation and the cash values for our funding factors for 2019-20. A further report will be brought to Schools Forum in March.

4.0 FINANCIAL IMPLICATIONS

4.1 We are required to pass through a minimum of 95% of DSG Early Years Block funding for three and four 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 providers 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 have actually received 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 reserves.

7.0 EQUALITY AND DIVERSITY ISSUES

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