

REPORT TO: Schools Forum
DATE: 26th February 2020
REPORTING OFFICER: Senior Finance Officer
SUBJECT: Early Years Block funding for 2020-21
WARDS: Borough wide

1.0 PURPOSE OF THE REPORT

1.1 To report to the Schools Forum the current position on Early Years funding for 2020-21.

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 are, at the time of writing, preparing the 2020-21 funding formula.

3.2 Update

We have an initial allocation of £9,981,564 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 initial level of £102,258.

The January 2020 headcount has been used to calculate indicative budgets for providers which will be tabled at the meeting.

The funding received by Halton for 2 year old provision has increased from £5.28 in 2019-20 by the standard 8p to £5.36 for 2020-21. However, for 3 and 4 year old provision, the funding received by Halton has remained at the same level of £5.12 per hour.

The number of hours we have been funded for are 1,599,021 for 3 and 4 year olds, while the January census grossed up for the year only gives 1,586,889, a difference of 12,131. Therefore, in all calculations we need to build in a contingency for the repayment of 12,131 hours at £5.12 per hour.

The number of hours we have been funded for 2 year old provision is 279,112 and the January census grossed up for the year gives 276,015, a difference of 3,097. Again we need to build in a contingency for the repayment of 3,097 hours at £5.36 per hour.

As stated at a previous Schools Forum, we will ring-fence the Early Years Block underspend for 2019-20, carry it forward to 2020-21 and include this in the budget calculations. However, it must be noted that the carry forward will result in an increase in an hourly rate which is unlikely to be sustainable in future years.

3.3 Centrally Retained Budgets

The following are the budgets we are proposing to retain centrally, with their comparison to 2019-20.

	2020-21	2019-20
Staffing (3&4 year old plus 2 year old)	£169,350	£166,370
Supplies and Services (3&4yo plus 2yo)	£6,000	£37,240
Premises costs	£24,210	£24,210
Transport costs	£1,000	£3,000
Contribution to the Early Intervention Team	£50,000	£50,000
Early Years Pupil Premium	£142,773	£143,175
Disability Access Fund	£53,505	£45,510
EY SEN Inclusion Fund	£40,000	£40,000

Early Years Pupil Premium and Disability Access Fund are not counted as centrally retained budgets for the pass-through calculation as they are fully devolved to providers throughout the year. For 2020-21 we have reduced the centrally retained budgets by £30,260 (excluding EYPP and DAF) in order to maximise the allocation to providers.

The initial grant funding for 3 and 4 year old provision totals £8,186,988. The elements of the above centrally retained budgets relating to 3&4 year old provision total £246,162. This is well within the maximum of 5% allowed in the regulations.

The initial grant funding for 2 year old provision is £1,496,040. The elements relating to centrally retained budgets for 2 year old provision total £44,398. There is no maximum for centrally retained budgets for 2 year old provision within the regulations.

We are required to get agreement to the centrally retained budgets for 2020-21.

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 initial budgets must be notified to providers by 31st March 2020 for

the 2020-21 financial year. We will endeavour to notify providers earlier than that.

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.

7.0 EQUALITY AND DIVERSITY ISSUES

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