

**NORTH LINCOLNSHIRE COUNCIL**

**CHILDREN FAMILIES AND LEARNING  
CABINET MEMBER**

**EARLY YEARS FUNDING FORMULA 2017-18**

**1. OBJECT AND KEY POINTS IN THIS REPORT**

- 1.1 For Cabinet Member to consider the proposed unit values for the 2017-18 funding formula for providers of Early Education to 2, 3 and 4 year olds.
- 1.2 An urgent decision is requested as the Local Authority is required to give notice to providers of the indicative funding allocations prior to implementation from 1 April 2017 (new financial year).

**2. BACKGROUND INFORMATION**

- 2.1 The Education Funding Agency (EFA) publish an operational guide annually, outlining the arrangements to help local authorities and their schools forums plan the local implementation of the early year's national funding formula for the forthcoming financial year.
- 2.2 It is a statutory duty of the LA to provide up to a maximum of 15 hours funded early education for all three and four year olds in North Lincolnshire, and from September 2017 an additional 15 hours for children of working parents that meet an eligibility criteria. It is also a duty of the LA to ensure that there is sufficient childcare to meet the needs of working parents and those with children eligible for funded early education.
- 2.3 Two-year old funding is for children where their family circumstances make them eligible for free school meals (FSM), where the family is in receipt of Universal Credit or Working Tax Credit with an income of no more than £16,190 per annum. Or where a child is or was looked after by a Local Authority. Eligible children can claim up to 15 hours funded early learning and care per week for 38 weeks of the year.

- 2.4 The number of two year olds each term varies with an average take-up of 634 children each term during 2016. In the autumn term 2016, 86 per cent of eligible children took up their place.
- 2.5 The 'pass-through' funding level is set at a national rate of 93 per cent in 2017-18 and will increase to 95 per cent from 2018-19. This means that centrally retained funding will be constrained to 7 per cent in the first year and 5 per cent in the second year. The centrally retained funding in North Lincolnshire is currently 4.8 per cent of the funding allocation ensuring a higher proportion of funding available locally to fund providers of the free places.
- 2.6 Local authorities can determine their own local formula that meets the requirements of statutory guidance in consultation with Schools Forum. Early years' providers receive funding based only on actual take-up of places.
- 2.7 The Disability Access Fund will support three and four year old children in receipt of Disability Living Allowance to access a childcare place at their chosen provider. An Inclusion Fund is also available for providers to apply to for additional funds to support children with a lower level or emerging SEND as well as children in receipt of an Education Health and Care Plan.

### **3. OPTIONS FOR CONSIDERATION**

#### **3.1 Option 1**

For Cabinet Member to consider the proposed unit values for the 2017-18 funding formula for providers of Early Education to 2, 3 and 4year olds.

#### **3.2 Option 2**

Cabinet Member considers the retention of the existing funding formula factors.

### **4. ANALYSIS OF OPTIONS**

#### **Option 1**

- 4.1 The proposed formula units and values are in line with the views of the schools forum and is affordable within the early years DSG allocations. The proposals meet the requirements of the statutory guidance.

#### **4.2 Option 2**

The current funding formula is not affordable based on the Early Years DSG allocation.

## 5. RESOURCE IMPLICATIONS (FINANCIAL, STAFFING, PROPERTY, IT)

- 5.1 North Lincolnshire Council's initial funding allocation for Early Years Dedicated Schools Grant 2017-18 is £7,211,659. The council retain £347,000 towards early years related support services. Funding for the extended 15 hours is for part of the financial year, reflecting that the policy begins in September 2017.

### Early Years National Funding Formula Grant Allocations

	£	£
Full year allocation		7,211,659
Less central retained (4.8%)		347,000
Funding for local formula:		6,864,659
Universal 15 hours - full year	5,834,960	
Extended 15 hours – September onwards	1,029,699	
	6,864,659	

### Additional Ring-fenced Grant Allocation

	£
Early Years Pupil Premium	162,228
Disability Access Fund	36,900
SEND Inclusion Fund	Determined locally from DSG

Actual allocations for 2017/18 are based on 5/12<sup>th</sup> of January 2017 part time equivalent child numbers (to cover April 2017 to August 2017) and 7/12<sup>th</sup> of the January 2018 (to cover September 2017 to March 2018). Final funding allocations for 2017/18 are based on part time equivalent numbers of children recorded on the January 2018 census.

## 6. OUTCOMES OF INTEGRATED IMPACT ASSESSMENT

6.1 None

## 7. OUTCOMES OF CONSULTATION AND CONFLICTS OF INTERESTS DECLARED

- 7.1 Consultation was undertaken nationally on a new funding formula in the autumn term. Council Officers presented the data to the sector at a number of events and providers were asked to complete a questionnaire on the potential make up of a new formula. At that time providers preferred a higher base rate with no supplements.

Two members of the schools forum have worked with the council to develop a number of scenarios to present to the sector. The scenarios are reflective of on-going discussions within the sector and the response to the earlier EYSFF

consultation questionnaire. The response of providers were presented at the forum meeting.

7.2 The proposed formula units and values were presented to Schools Forum on 8 February 2017 and were the favoured option from the majority of members.

## 8. **RECOMMENDATIONS**

8.1 That the Cabinet Member approves the use of the formula factors and values outlined in Appendix 1.

### DIRECTOR OF GOVERNANCE AND PARTNERSHIP

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Date: 26th February 2017

#### **Background Papers used in the preparation of this report:**

Report to Schools Forum February 2017

## APPENDIX 1

Local Formula for calculating funding for delivery of free early years places

	£/hour	£ lump sum	Transitional protection
2 Year Old Funding rate	5.20		
Base rate (3 & 4 year olds)	4.00		
Deprivation	0.05		
Sufficiency		3000 / 7000	
Universal 15 hours only			-5%
Early Years Pupil Premium (national rate)	0.53		
Disability Access Fund		615	

The base rate for three and four year olds is the same for universal and the extended entitlement.