

NORTH LINCOLNSHIRE COUNCIL

**CHILDREN, FAMILIES AND CULTURE
CABINET MEMBER**

EARLY YEARS DEDICATED SCHOOLS GRANT FUNDING 2020/2021

1. OBJECT AND KEY POINTS IN THIS REPORT

- 1.1 For Cabinet Member to consider the proposed Early Years Funding Formula (EYFF) values for the 2020-21 financial year for providers of Early Education to two, three and four year olds.
- 1.2 The Local Authority is required to give notice to providers of the indicative funding allocations prior to implementation from 1 April 2020.

2. BACKGROUND INFORMATION

- 2.1 It is a statutory duty of the LA to provide up to a maximum of 15 hours funded early education for 38 weeks of the year for all three and four-year olds in North Lincolnshire, and an additional extended 15 hours for children of working parents that meet an eligibility criteria. More than 90 per cent of three and four-year olds take-up their universal 15 hours entitlement to early education, of these approximately 40 per cent take-up additional extended hours. In the autumn term almost all (97 per cent) of eligible two-year olds took-up their early education place, considerably higher than the national average of 68 per cent.
- 2.2 Two-year olds can claim up to 15 funded hours of early education for 38 weeks of the year where their family circumstances make them eligible. To meet the criteria families must be eligible for free school meals (FSM) or be in receipt of Universal Credit/tax credits and have an annual income of under £16,190 before tax or where a child is or was looked after by a Local Authority.
- 2.3 The Education and Skills Funding Agency publish operational guidance 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. Local authorities determine their own local formula that meets the requirements of statutory guidance in

consultation with Schools Forum. Early years' providers receive funding based on participation of individual children each term.

3. OPTIONS FOR CONSIDERATION

3.1 The funding rates from the Education Skills and Funding Agency have increased by 8p per hour per child to £5.28 per hour per child for two-year olds and £4.38 per hour per child for three and four-year olds.

3.2 Three scenarios were presented to the sector and Schools Forum for consideration. All three proposed passing the full increase of 8p per hour per child for two-year old funding to providers. The scenarios presented differences in the base rate and deprivation funding supplement for three and four-year olds.

3.3 For Cabinet Member to consider the proposed EYFF values of the scenario as endorsed by Schools Forum for the 2020-21 funding formula payable to providers of Early Education for two, three and four-year olds.

- Two-Year Old Funding rate - £5.28 per hour per child
- Base rate (three & four year olds) - £4.13 per hour per child
- Deprivation - 0.05p per hour per child
- Sufficiency lump sum - £3000 / £7000
- Early Years Pupil Premium (national rate) - 0.53p per hour per child
- Disability Access Fund lump sum (national rate) - £615 lump sum
- The base rate for three and four year olds is the same for universal and the extended hours.

4. ANALYSIS OF OPTIONS

4.1 All scenarios presented to providers and Schools Forum were affordable within the Early Years DSG allocation and meet statutory funding requirements.

5. FINANCIAL AND OTHER RESOURCE IMPLICATIONS (e.g. LEGAL, HR, PROPERTY, IT, COMMUNICATIONS, etc.)

5.1 North Lincolnshire Council's initial funding allocation for Early Years Dedicated Schools Grant 2020-21 is £9,573,417. The council retain £347,000 towards early years support services.

Early Years National Funding Formula Grant Allocations

Early Years Dedicated Schools Grant	£
Two-year old funding	1,369,068

Three and four-year old funding	
Universal hours	5,880,867
Extended hours	2,132,746
Less Centrally retained funding	347,000
Allocation for funding formula	9,035,681
Early Years Pupil Premium (ring fenced)	153,863
Disability Access Fund (ring fenced)	36,900

5.2 Actual allocations for 2020/21 are based on 5/12th of January 2019 part time equivalent (pte) child numbers (to cover April 2020 to August 2020) and 7/12th of the January 2020 pte child numbers (to cover September 2020 to March 2021). Final funding allocations for 2020/21 are based on pte numbers of children recorded on the January 2021 census.

5.3 To present options for appraisal, the funding has been modelled based on take-up of children in the calendar year 2019. The part-time equivalent numbers of children are lower than the DfE funding allocations, as such there is contingency funding of £579,211 is available to meet fluctuations in numbers of children.

6. OTHER RELEVANT IMPLICATIONS (e.g. CRIME AND DISORDER, EQUALITIES, COUNCIL PLAN, ENVIRONMENTAL, RISK etc.)

6.1 There are no other relevant implications.

7. OUTCOME OF INTEGRATED IMPACT ASSESSMENT (IF APPLICABLE)

7.1 Not completed. The Department for Education have completed a national Equality assessment.

8. OUTCOMES OF CONSULTATION AND CONFLICTS OF INTERESTS DECLARED

8.1 All providers delivering funded early education have been consulted on the scenarios. Twenty-seven per cent of providers returned the questionnaire (40 responses). The large majority (77 per cent) chose scenario one, an increase to the base rate. Respondents felt that an increase to the base rate allowed them more flexibility to respond to the needs of children in their provision. An increase to staff wages was a priority to enable them to retain staff in the sector and meet requirements of the national living wage.

8.2 The proposed EYFF and values were presented to Schools Forum on 14 January 2020. Members supported the sectors view that the scenario set out in 3.3 allowed more flexibility and recommended this formula for 2020/21.

9. **RECOMMENDATIONS**

- 9.1 That the Cabinet Member approves the use of the formula factors and values as presented in 3.3.

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Date: 30 January 2020

Background Papers used in the preparation of this report

Report to Schools Forum January 2020